



**TGI**  
Grupo Energía Bogotá

**SUSTAINABLE  
MANAGEMENT REPORT**

**2018**



**FIELD COLLABORATOR**  
Mariquita, Tolima

# Credits

We thank the teams that supported the drafting of this management report

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Message from the presidents

GRI 102-14

2018 HAS BEEN A YEAR FULL OF GOOD NEWS FOR THE TRANSPORTADORA DE GAS INTERNACIONAL (TGI).

The first, and most important, is that we achieved outstanding results in accident prevention among our employees and contractors. We had zero fatalities. We have progressed satisfactorily with our goals and we have set an even more ambitious vision that includes zero incidents among collaborators and contractors.

The results presented in this Sustainable Management Report are achieved thanks to the passion for people, care, superior performance and operational discipline that each of our 424 employees demonstrate at work.

During 2018 we confirmed the strength of our company, which remains as one of the largest companies in Colombia and stands out for its net profit, which in 2018 reached 137 million dollars. Our risk ratings remained investment grade and we successfully completed the largest international issuance of Colombian corporate bonds in 2018, for an amount of 750 million dollars, reaching a demand of 3.5 times the offer. The final rate was 5.55%, improving the former one at 5.70%. This operation generates to the company savings for 11.25 million dollars in the payment of interests for the next 10 years. This result also commits us to the bondholders, who trusted in the ability of our team to continue with positive operational results.

Through the genuine, transparent and permanent relationship that we continue to build with the communities, we identify fundamental inputs for the design of our Sustainable Development Strategy

GENUINE ENGAGEMENT WITH THE COMMUNITIES

Manizales, Caldas



Consolidating our Key Issue, where we declare that TGI creates and provides “Midstream” hydrocarbon solutions to large users, producers and energy market developers, connecting sources with consumption centers through long-term relationships and intensive business in capital, we develop projects and strategic initiatives that allowed us to:

Expand the benefits of natural gas; we expanded our operational capacity by 57 million cubic feet per day (MMpcd) and increased the reliability and supply in the service provision. The Cusiana - Apiay - Ocoa projects, which include the gas compression stations of Villavicencio and Paratebueno, have contributed to this achievement; Zarzal - La Tebaida Loop, which adds 37 km of gas pipeline and impacts the regions of Valle del Cauca and Quindío; and the subfluvial crossing in the Magdalena River, with which we guarantee service reliability in the interior of the country.

Regarding the business perspective, we had important advances in the promotion of the use of natural gas. In the first place, thanks to the articulated work of the natural gas chain, where we actively participate with companies, authorities, regulators and other actors, we managed to consolidate in Colombia cities such as Palmira, Medellín and Manizales a fleet of 831 bu-

## 741 natural

gas-powered buses will be incorporated into Transmilenio: more clean air for Bogotá.

ses and heavy vehicles dedicated to natural gas, with the incorporation of 741 gas-powered buses for Transmilenio as a remarkable aspect: more clean air for Bogotá.

Secondly, we identified a potential increase in natural gas demand of around 100 MMcfd to be used in industry, cities, mobility and generation. From the above we have already managed to activate a significant consumption percentage of nearly 20% and we are proposing actions to ensure the thermal consumption of natural gas.

This increase in demand also leads to our commitment to support the identification of new sources of natural gas supply for the country. We support the National Government in its promotion of exploration in the different modalities, on and offshore and also in its reliability policy for domestic supply, with the new gas import infrastructure in the Colombian Pacific.

And, third, but not least, we carry out corporate coherence actions. Since 2018, TGI moves with Vehicle Natural Gas (VNG). We carried out the conversion of 20 vehicles from TGI

## The acquisition of carbon credits corresponding to 12 thousand tons is part of our compensation plan.

global standards, sharing experiences and influencing the national agenda of natural gas promotion.

From the social perspective, and in accordance with the guidelines of the Grupo Energía Bogotá, through the genuine, transparent and permanent relationship that we continue to build with the communities, we identify fundamental inputs for the design of our Sustainable Development Strategy with four clear scopes of action: the corporate strategy of climate resilience, the transformation of territories towards the use of cleaner energies, the promotion of their use among different social actors, and the promotion of innovation and collaboration in the sector as a path towards a sustainable economy.

In 2018, we undertook a process to assess the company's leaders, aimed at strengthening skills to allow us to fulfill corporate objectives and to be promoters of change management. We carry out a process of reflection, definition and promotion to the attributes of our organizational culture. The passion for people, for caring, for superior performance and for operational discipline guides our organizational culture and will allow us to continue fulfilling our goals.

to the VNG system. During the first quarter of 2019 we will reach 40 vehicles with this system, meeting our goal of having 100% of the operation and maintenance fleet using natural gas. Furthermore, TGI also operates with natural gas: we carried out the conversion of four backup plants in the operational work centers, to Bi-Fuel systems.

One of the most relevant advances in relation to the market in 2018 was the way we relate to the sector, giving a new momentum to the natural gas agenda in the country with actions such as the TGI 2018 Gas for Progress Forum, the campaign “Use Gas, is Natural”, and the promotion of joint efforts with different actors in the chain. We also consolidate our sectoral ties in the international arena with our active participation in the International Gas Union (IGU), which allow us to give a global perspective to the challenges and discussions that we address locally, adopting



**ASTRID  
ÁLVAREZ HERNÁNDEZ**  
Chairman of the Board of Directors TGI S.A. ESP.

At the environmental level, we generated a specific compensation plan, which included the acquisition of carbon credits corresponding to 12 thousand tons and the evaluation of compensation options, such as support for sustainable land use alternatives with the communities in the areas of influence of the company and the habitat banks, among other ecosystem services projects.

As we achieve great results, in 2018 we also faced important challenges and we managed to overcome them. Particularly in two events: in January, in Ballena, Guajira; and, in June, in Páez, Boyacá. The experience, skills and availability of the company's team were tested and, in both cases, we timely addressed the contingencies, and we rapidly repaired and recovered the service, with zero incidents, and with the corresponding mitigation of the impact on the service provision.

We are a company where sustainable development is part of its DNA: we transport a competitive energy, we are ally of the air and the quality of life, and we do so following the principles of the Global Compact and assuming our contribution to the achievement of the Sustainable Development Goals (SDG).

We are proud to contribute to the economic growth of the country, the welfare of its inhabitants and contribute to make the world a cleaner and more competitive place. We are pleased to put at your disposal this Sustainable Management Report, where not only the results are set out, but also the experiences and learning achieved in 2018.

**We are a company where sustainable development is part of its DNA: we transport a competitive energy, ally of the air and the quality of life.**



JAIME ORJUELA VÉLEZ  
President (acting) TGI S.A. ESP.



**CATALOG**  
**“Banned species, protection for progress”**



About this  
report

02

**Eighth  
Sustainable  
Management  
Report  
presented by  
TGI**

GRI 102-50

This document includes the main data of the activities developed by the Transportadora de Gas Internacional S.A. ESP (TGI) throughout 2018, in the period between January 1 and December 31, in addition to analyzing the impacts and contributions of the operation in economic, social and environmental matters.

GRI 102-51, 102-52

TGI presents this reporting exercise for the eighth consecutive year, thus giving continuity to the last report published in March 2018, which analyzed the performance corresponding to the year 2017.

GRI 102-45, 102-32

The report gives an account of the financial figures of TGI S.A. ESP and has been reviewed and approved by the president of the company, the Presidential Committee and the Corporate Governance Committee of the Board of Directors. It also sets out the actions and initiatives implemented as a contribution to the Sustainable Development Goals (SDG), where TGI can generate the greatest impact and which also respond to the corporate commitment to the Ten Principles of the United Nations Global Compact.

GRI 102-54

The contents have been selected and included in accordance with the GRI, Global Reporting Initiative standards, in their essential option, which can be identified by the numbered labels throughout the report.

For TGI, it is important to perform the external verification of the figures and the content of this document and that is why the Top Management of the Company has designated the Internal Audit Management to manage this process.

The external verification was carried out by the firm KPMG Advisory, Tax & Legal SAS. The External Verification Report is included in the annex.

GRI 102-53

The point of contact for questions and / or related concerns is Carolina Bonilla Portilla, who can be contacted via email at carolina.bonilla@tgi.com.co



**ADMINISTRATIVE AREA COLLABORATOR**  
Bogotá, D.C.



# Organization Profile

# 03

More than  
**25 years**  
of experience  
behind us

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# 3.1 Profile of Grupo Energía Bogotá

## More than 120 years of history

The Grupo Energía Bogotá has come a long way to position itself as one of the main conglomerates of the energy sector in Colombia, Peru, Brazil and Guatemala.

It has presence throughout the energy chain of electricity transmission, generation and distribution, and natural gas transportation and distribution through its own companies and participation in large companies of the two sectors.

In Colombia, it is number one in natural gas transportation with our company Transportadora de Gas Internacional S.A. ESP (TGI) and number two, in transmission of electrical power.

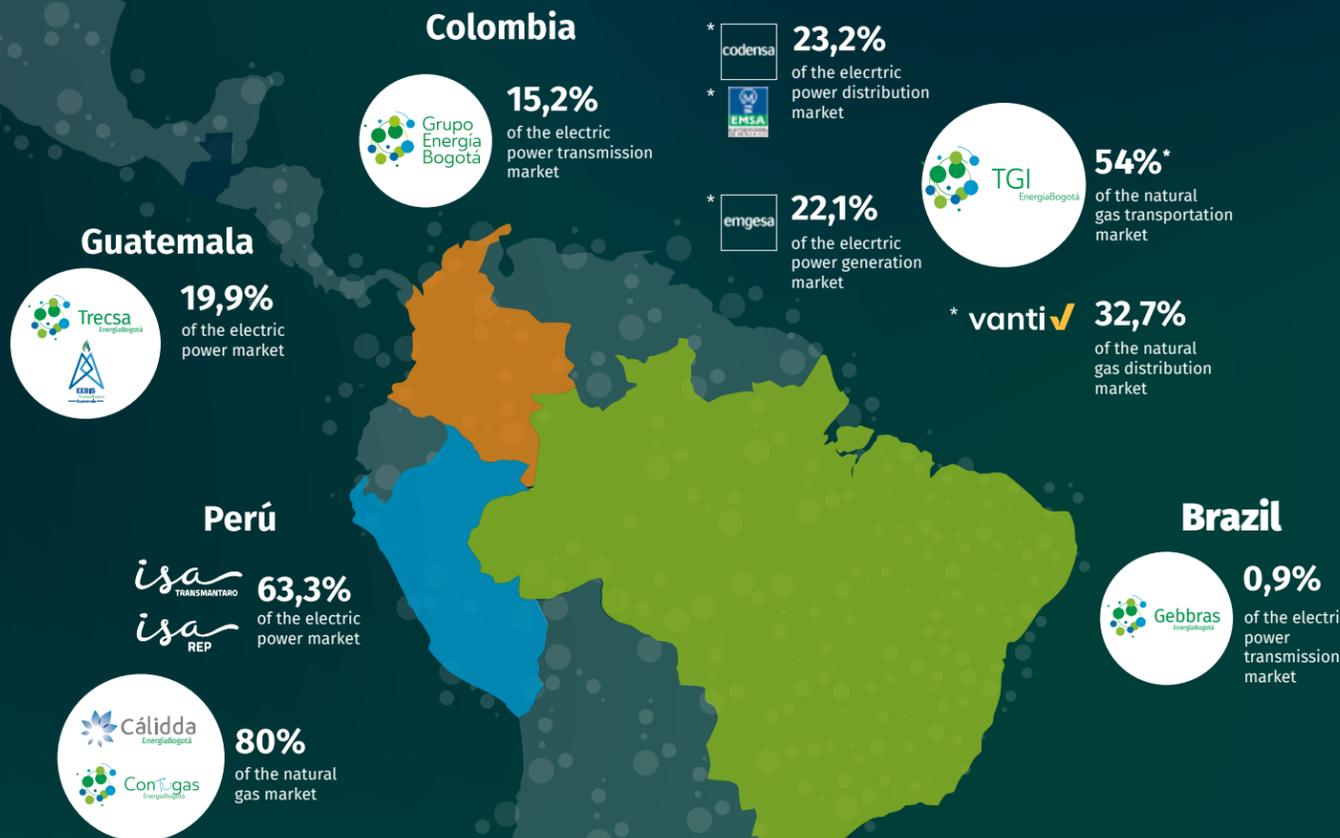
In Peru, it is number one in the distribution of natural gas with the companies Gas Natural de Lima and Callo S.A. - Cálidda y Contugas SAC and is a leader in electricity transmission.

In Brazil, with the company Gebbras, it has 1,100 km of transmission lines that carry power to the city of Sao Paulo.

And in Guatemala it is number one in transmission of electric power with the companies Transportadora de Energía de Centroamérica S.A. (Trecsa) and EEB Ingeniería y Servicios S.A. (Eebis).

**#1**  
in transportation of natural gas with our company Transportadora de Gas Internacional (TGI)

Figure 1. GEB Presence



\*By pipe section length (km). By gas volume transported, TGI's market share is 56%

SOURCE: GEB S.A. ESP.

# 3.2 Transportadora de Gas Internacional

GRI 102-1, 102-2, 102-3, 102-4

TGI creates and provides solutions for intermediate activities of the --midstream-- hydrocarbon industry to large users, producers and energy market developers, connecting sources with consumption centers, through long-term relationships and capital-intensive businesses.

This is how it safely and reliably operates and maintains an extensive network of 3,994 kilometers of gas pipelines in Colombia with 193,911 hp compression capacity, and more than 291 km of gas pipelines in Peru, in partnership with GEB, bringing natural gas to the different sectors of the economy.

TGI is a --public and private-- mixed organization, belonging to the public services sector, with headquarters in Bogotá.

Figure 2. Map of operations of TGI, geographic coverage of gas pipeline network

GRI 102-6

We bring wellbeing and progress to nearly 65% of the Colombians using natural gas

More than 25 years of experience

99,2% gas transportation asset availability

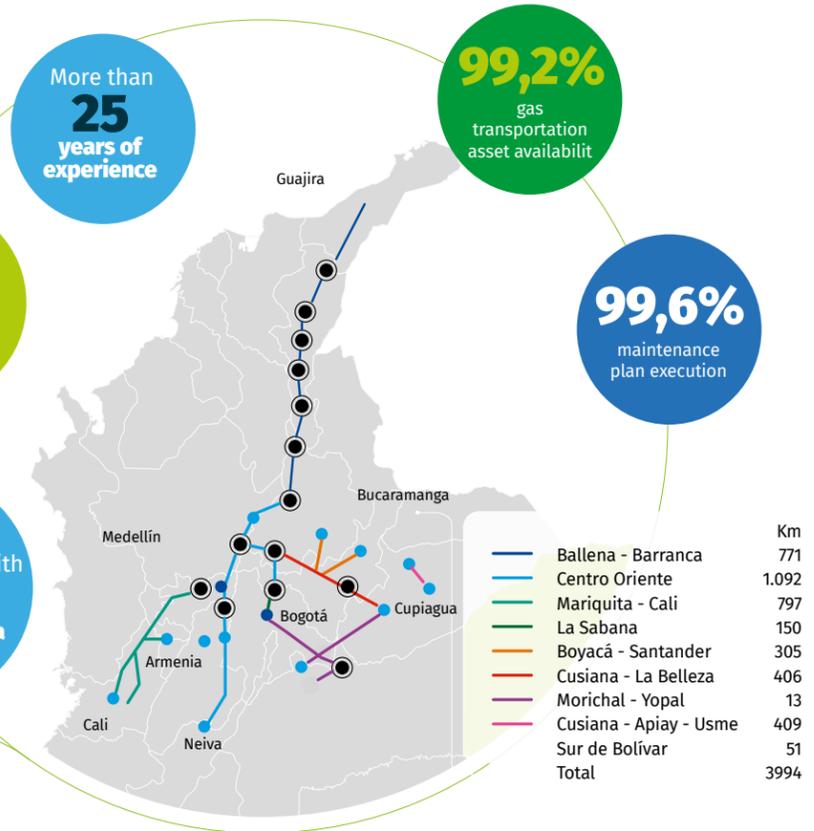
99,6% maintenance plan execution

We bring natural gas through 15 Departments in Colombia

We operate and maintain 3.994 km of gas pipelines

We connect 8 thermal plants with 1.299 MW de potencia efectiva

We have a committed human team of 424 TGI supporters



SOURCE: GEB S.A. ESP.

<sup>1</sup> In english: horse power. In spanish: caballos de fuerza.

## 3.2.2 Value proposals

TGI provides its service through its defined value proposal for each of the business units with which it develops its competitive strategy:

» **Major cities:** destined to contribute to the construction of cleaner, more comfortable and more competitive urban centers for its inhabitants. To achieve this, TGI works hand in hand with the distributors, developing initiatives to promote gas consumption on two main fronts:

**HOUSEHOLD AND TRADE**      **VEHICLE TRANSPORT**

» **Generation:** responsible for supplying gas as a source of generation for assets that are part of the back-up to the electric system. It is a unit that thinks about a highly seasonal business, which generates mainly at times of drought. This leads to a highly flexible and creative unit as to the way it designs products and contracts, taking advantage of a profound regulatory knowledge of the business.

» **Industry:** aimed at promoting more competitive and environmentally friendly industries hand in hand with distributors. For this, it knows about industrial processes and technologies, which are intensive in terms of the use of gas-operated energy and advises its customers by suggesting changes that represent more efficient operations and with lower emissions of CO2 and particulate matter.

» **Midstream:** develops projects in a comprehensive and flexible way so that the production of natural gas is viable and connects to the market, offering natural gas solutions as an efficient energy for the refining and production of hydrocarbons.

» **Shared Energy Infrastructure:** effectively operates the current infrastructure, while executing the CAPEX of the 4 businesses. Simultaneously, it is responsible for the geoexpansion and inter-connection of Colombia with other gas markets.

In 2018 TGI served the following sectors:

GRI 102-6

**Table 1. Sectors served by TGI in 2018<sup>2</sup>**

Market		Recipient
Regulated	Non-regulated	
Traders	Traders	-
Distributors	Distributors	Homes, shops, industry
Industrial	Industrial	Substitution of coal, cogeneration, cofiring
NA	Thermal	Power generation
NA	VNG	Mobility

SOURCE: TGI S.A. ESP.

22

Our current service portfolio is comprised of:

GRI 102-7

### Regulated Gas Transportation Services.

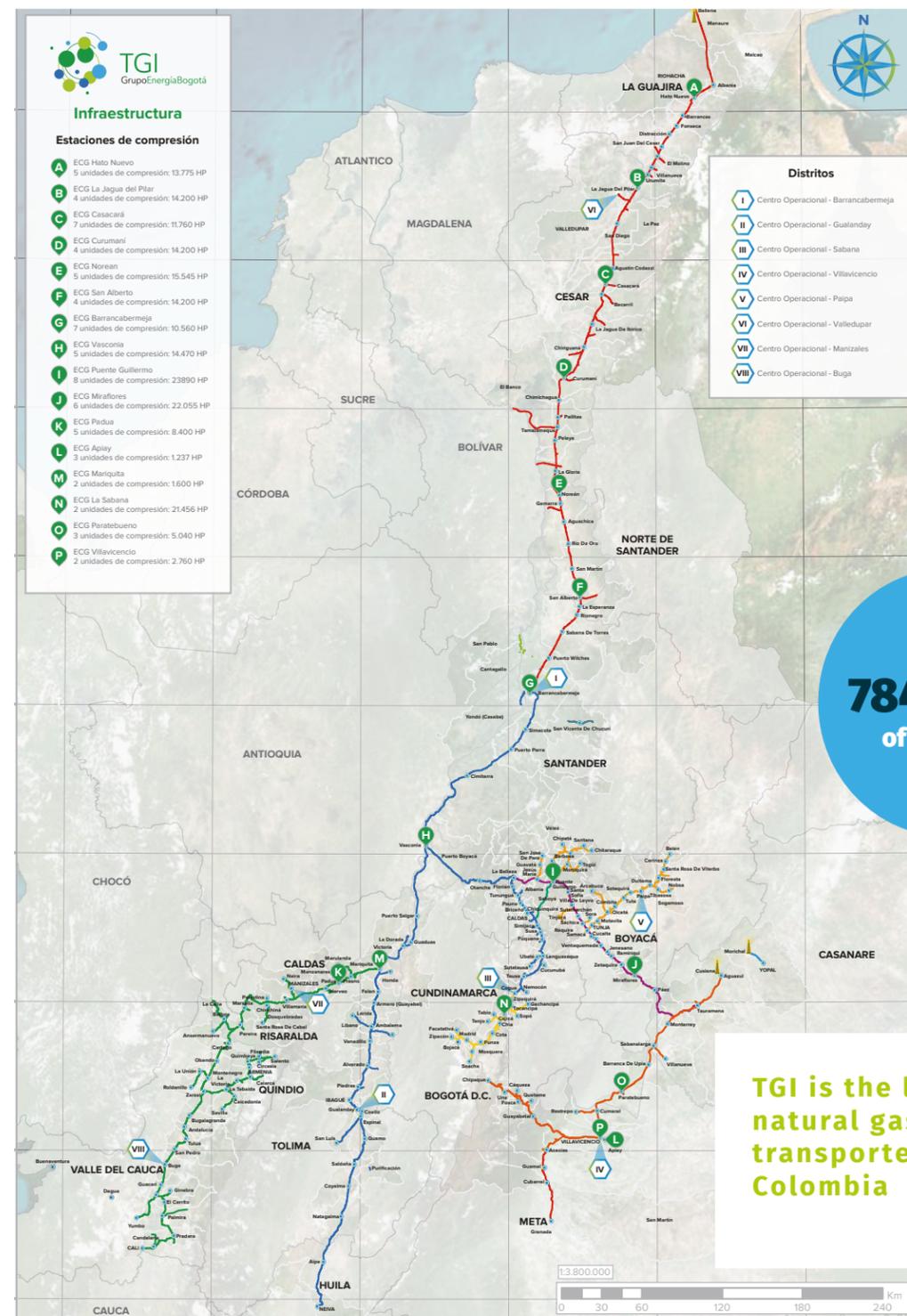
### Other non-regulated services.

- » Parking and / or gas loan.
- » Marketing of balance accounts.
- » Crossing of balance accounts.
- » Interruptible transportation.
- » Rolling parking.
- » Parking in industrial sector on weekends.
- » Dehydration.
- » Gas outside of RUT specifications.

<sup>2</sup>The types of clients are broken down in annex 1, included at the end of the document.

## 3.2.1 Gas pipeline network and transport capacity

GRI 102-4; 102-7



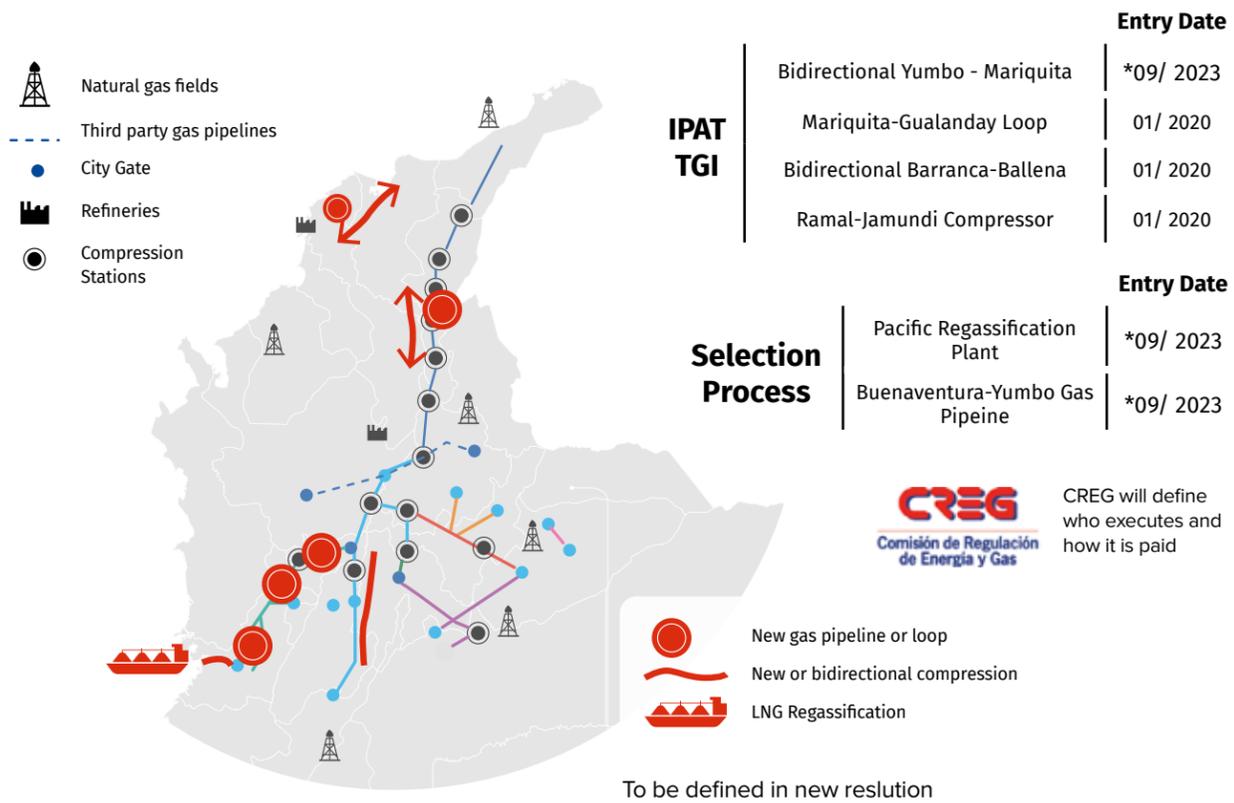
SOURCE: TGI S.A. ESP.

23

### 3.2.3 Business opportunities to expand the system

TGI will continue developing the projects of interest defined by UPME and will work to ensure the definition and incorporation of other expansion projects in the New Long-term Supply Plan.

**Figure 4. Projects in the Colombian natural gas infrastructure of interest to TGI. Transitory Plan of Supply, Res. MME 40006 January 2017**



**FIELD COLLABORATOR**  
Mariquita, Tolima

### 3.2.4 Sector context

#### Change in the World Energy Matrix

International climate change mitigation policies have generated a variation in the global energy matrix based on efforts to limit greenhouse gas (GHG) emissions and achieve a market approach that transitions to a low carbon economy. This affects the distribution of the matrix in the different scenarios, projecting significant growth in the penetration of renewable energies and gas, the latter with lower emissions compared to other hydrocarbons and fuels such as

coal. Furthermore, some scenarios show that coal would have a decrease in energy demand with respect to 2016. However, in the case of crude oil, growth is marginal in each of the long-term scenarios. These changes in the energy matrix require large investments given the emergence of new business opportunities, which must be leveraged by state policies that encourage the use of clean energy sources.<sup>3</sup>

Considering the above, the development of markets and the assurance of sources of natural gas supply is promoted, in the transition between conventional energies such as coal, diesel and gas to renewable energies.

<sup>3</sup>Source: UPME, Energy price projection for electric generation, 2018-2040.

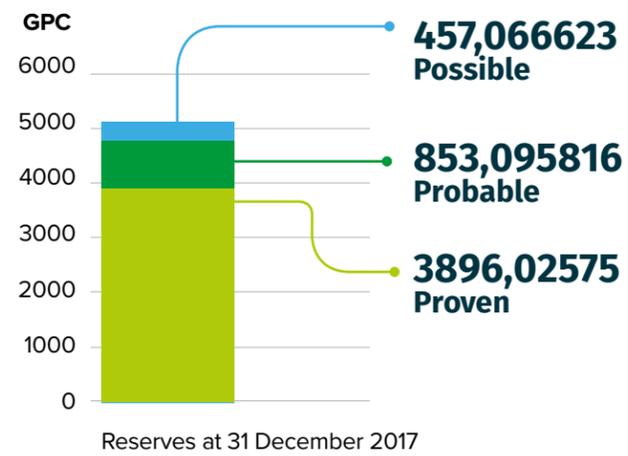
At the international level, TGI will continue to seek and analyze opportunities for growth and globalization in synergy with Grupo Energía Bogotá.

# Analysis of the Natural Gas sector

Natural gas is promoting processes of accelerated energy substitution throughout the world, because it is a resource having those hydrocarbons characteristics, such as storage, transport and adaptability for various uses through different applications and processes, but also produces minor emissions to the atmosphere, has competitive reductions and high reserves in the world, making it the ideal substitute for many of the current energy sources.

Regarding the availability of natural gas in Colombia against the estimated demand, there is a need to establish alternatives to increase the natural gas supply and strengthen the supply, allowing to solve the supply uncertainties related to this activity in the medium and long term, should no new reserves of natural gas be incorporated, in order to ensure supply security and the reliability of the natural gas service.

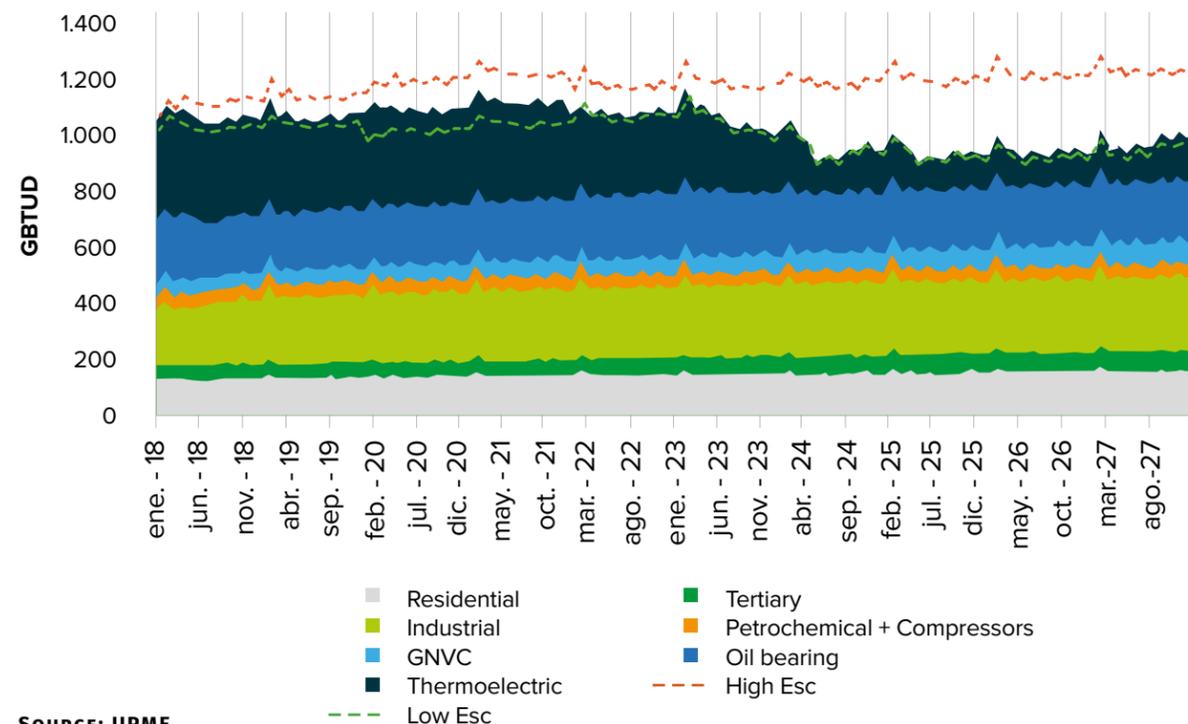
Figure 5. Natural gas reserves



SOURCE: UPME, ENERGY PRICE PROJECTION FOR ELECTRIC GENERATION, 2018-2040.

# Natural gas demand

Figure 6. Natural gas demand projection by sector



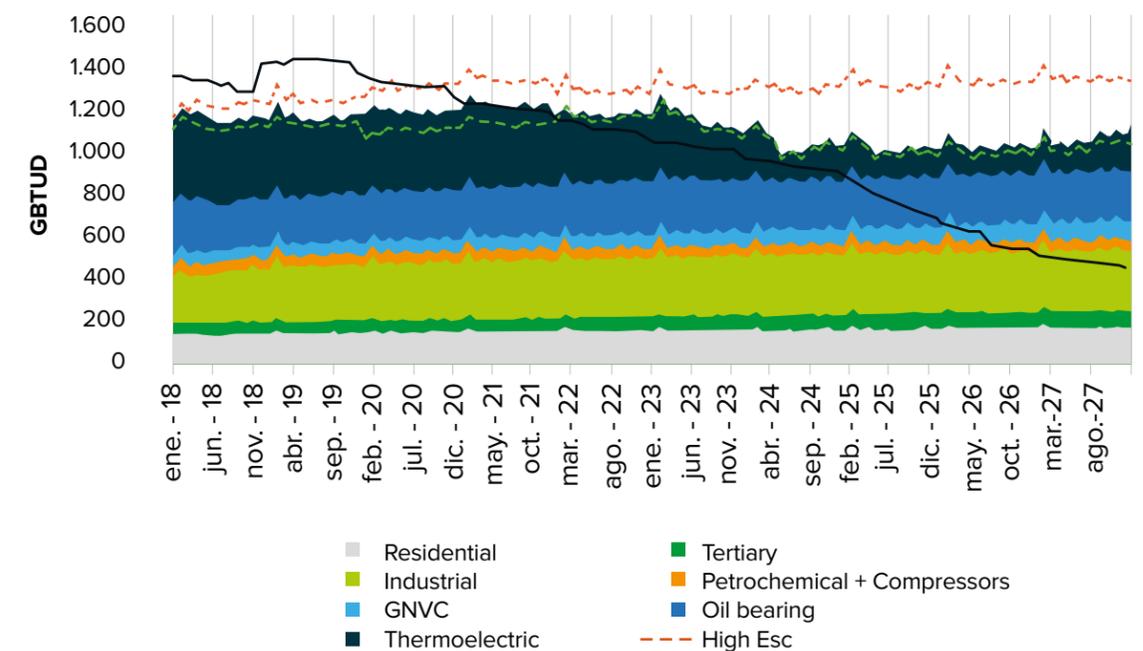
SOURCE: UPME.

The projections and assumptions of the UPME high scenario include natural gas consumption variables in cities, the value added of the manufacturing industry, the price index and the demand for electricity, the response of several segments of the energy system to changes in the prices and levels of demand in the transport sector, available technologies, among others.

To ensure this scenario, starting in 2021, the main results of the competitive strategy currently implemented by TGI in the development of demand and the assurance of sources in the management carried out by its business units must be obtained.

# Supply-demand balance of natural gas

Figure 7. Natural gas supply vs. demand balance



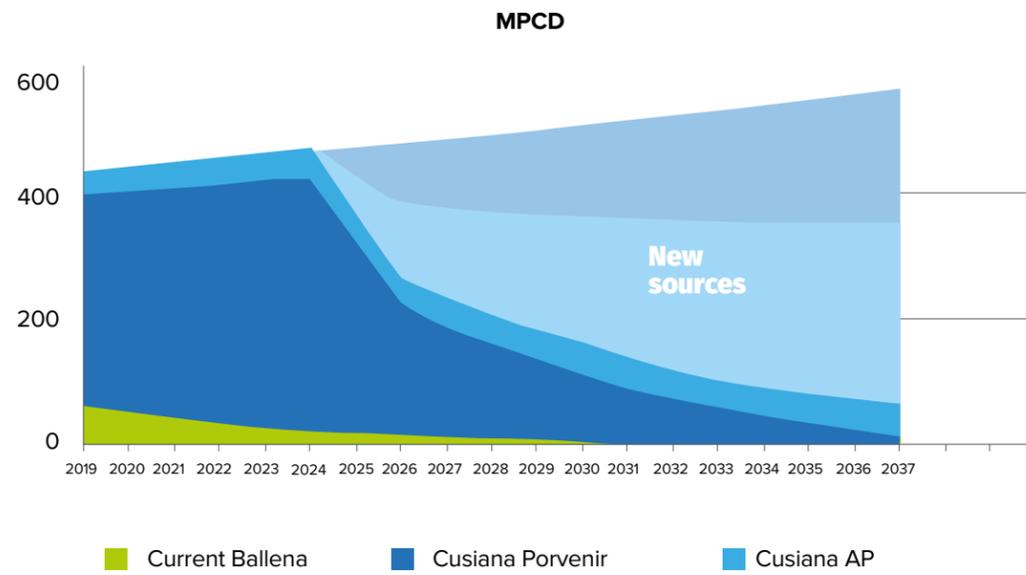
SOURCE: MME, UPME, CONCETRA.

From the "Analysis of supply and reliability of the natural gas sector", it is possible to conclude the generation of a supply imbalance since 2022, where it may be required to import natural gas to provide security in the supply and reliability on the energy system in the country.

Regarding the supply needs for gas transportation service provision, as of the year 2023-2024, the system must be supplied from the Atlantic coast and / or the Pacific Regasification Plant<sup>4</sup>.

<sup>4</sup> Source: Production Declaration, Ministry of Mines and Energy 2018. Growth percentage of volume transported of 1.66% UPME. TGI information on contracts and volumes transported.

**Figure 8. TGI supply analysis**



SOURCE: UPME, ENERGY PRICE PROJECTION FOR ELECTRIC GENERATION, 2018-2040.

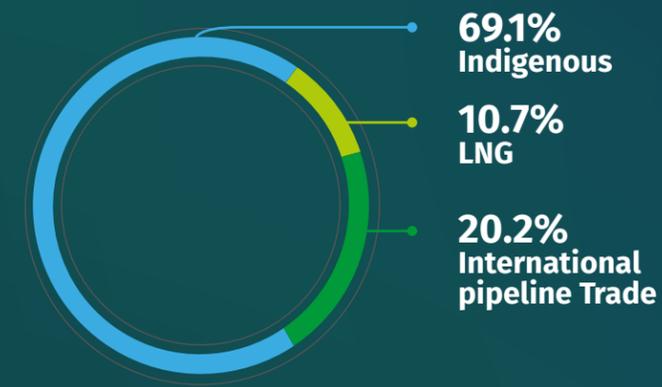
In the national context, Colombia currently has a regasification plant located on the Atlantic coast. Likewise, among the projects adopted by the Ministry of Mines and Energy and identified in the Gas Natural Provision Transition Plan, the commissioning of a new regasification plant located in the Colombian Pacific is considered.

It is clear that an additional supply via liquefied natural gas (LNG) gives high certainty of supply, and requires the presence of interested agents willing to agree on agreements to ensure the financing of the regasification infrastructure from the demand side. However, the growing demand for less polluting, more economic and reliable sources of energy is making LNG a source of great relevance for the future of many countries, as a guarantee of supply and as evidence of less polluting operations against traditional fossil fuels<sup>5</sup>.

...the growing demand for less polluting, more economic and reliable sources of energy is making LNG a source of great relevance for the future of many countries

<sup>5</sup>Source: UPME, Energy price projection for electric generation, 2018-2040.

**Figure 9. Transportation of liquefied natural gas**



SOURCE: GAS STRATEGIES.

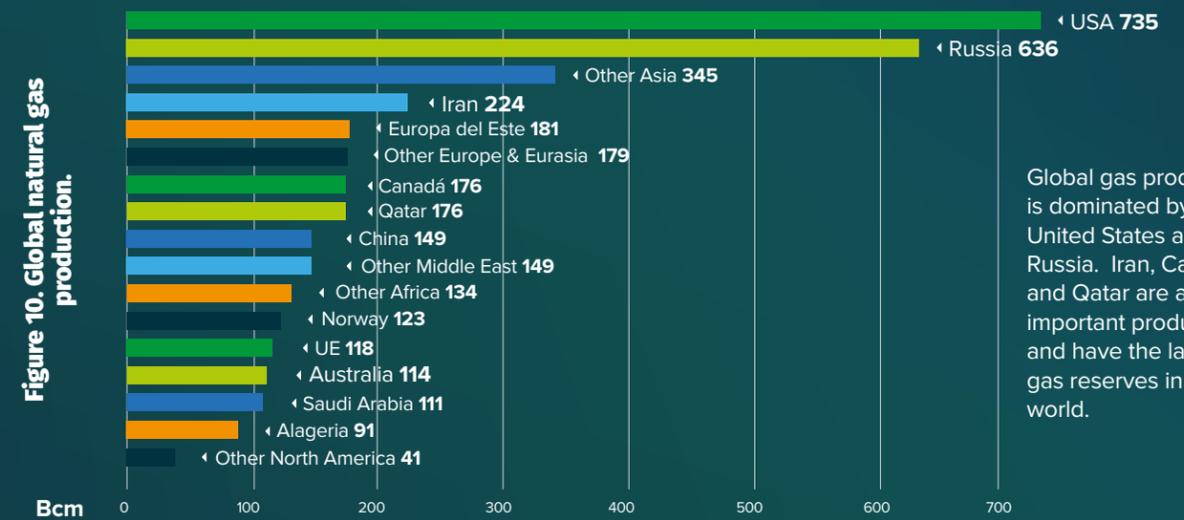
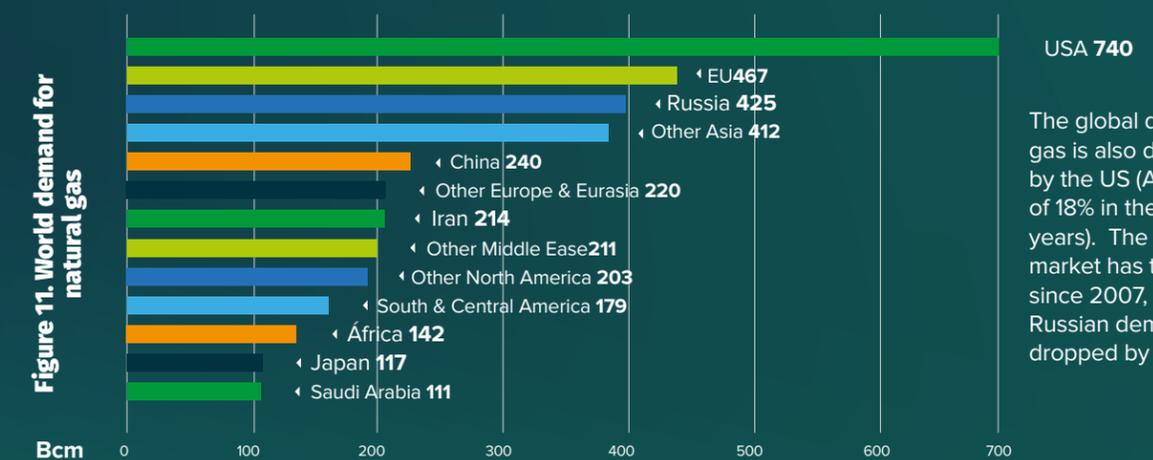


Figure 10. Global natural gas production.

SOURCE: UPME, ENERGY PRICE PROJECTION FOR ELECTRIC GENERATION, 2018-2040.

Global gas production is dominated by the United States and Russia. Iran, Canada and Qatar are also important producers and have the largest gas reserves in the world.



SOURCE: UPME, ENERGY PRICE PROJECTION FOR ELECTRIC GENERATION, 2018-2040.

The global demand for gas is also dominated by the US (An increase of 18% in the last 10 years). The Chinese market has tripled since 2007, while Russian demand has dropped by 1%.

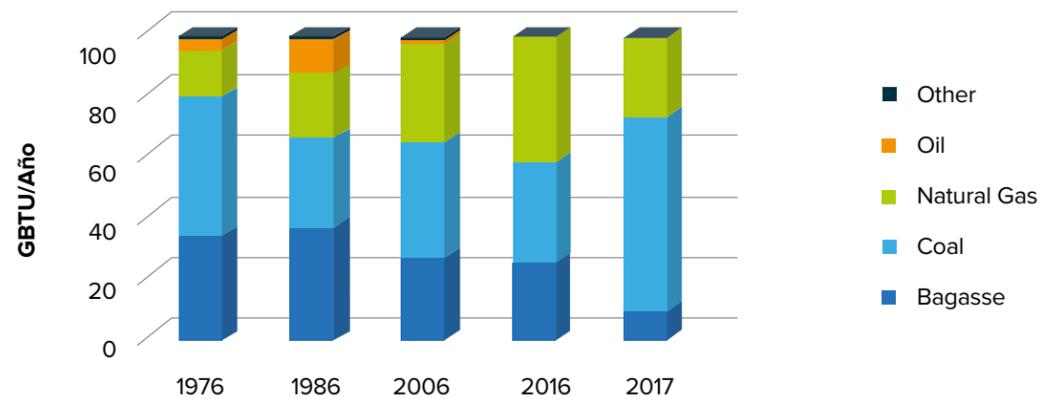
<sup>6</sup>Source: Gas Strategies

# Markets with growth opportunities

## Industrial

The added value of the industrial sector represents more than 30% of the gross domestic product and its value chain includes other sectors such as services, transport, primary feedstock and the supply of electricity and water. For this reason, several studies have addressed industrial productivity and its participation in national production. However, the studies focused on the energy consumption of the industry are scarce, and have been carried out with two different approaches: first, there are macro-focused investigations, carried out primarily by the government, aimed at planning the supply of fuel at the national level. Secondly, research has been carried out with a micro focus, which analyzes the energy consumption of a sector or a particular company, and seeks alternatives to increase energy efficiency.<sup>6</sup>

**Figure 12. Evolution of the fuels used in industrial production in Colombia**



SOURCE, UPME, 2017. TGI CALCULATIONS.

by 2030 an increase of **25%** is expected

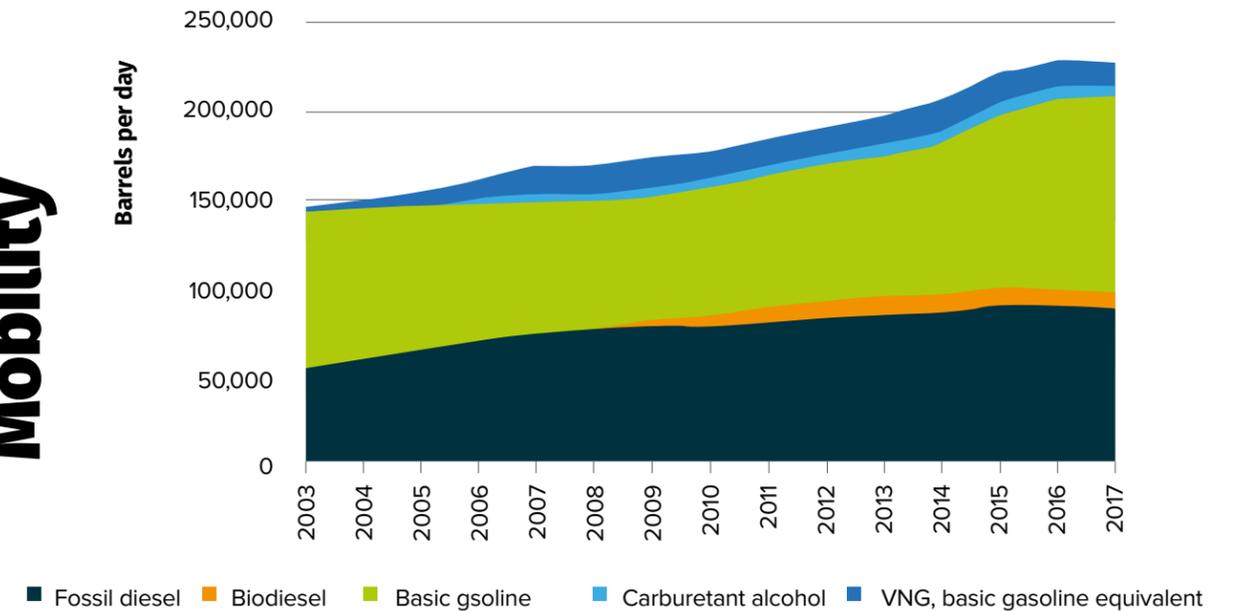
Natural gas can gain its share in the matrix, replacing coal (environmental benefits), bagasse (sugar mills) and electricity (cogeneration).

The UPME projects 3 scenarios of industrial gas demand growth, by 2030 an increase of 25% is expected.

<sup>7</sup>Fuente: Concentra, Consumo industrial de gas natural en Colombia.

## Mobility

**Figure 13. Mobility in Colombia by type of fuel**



SOURCE: UPME, ENERGY PRICE PROJECTION FOR ELECTRIC GENERATION, 2018-2040.

Currently, the automotive sector in Colombia uses oxygenated gasoline (mixtures of basic gasoline and fuel alcohol), diesel-biodiesel and vehicular natural gas (VNG); the latter is a self-propelled fuel in Colombia for more than 20 years, along with ethanol since 2005 and biodiesel since 2008.

The rate of penetration of the new technology with VNG depends on the technical change, but also on the replacement of the current fleet. If the environmental and fiscal standards internalize the costs assumed by society for air pollution, the process of migration to clean energy will be very dynamic.

NATURGAS and other entities suggest increasing the consumption of VNG to massive public transport, where the price difference gains special relevance and where there is a clear interest of some local administrations to reduce the pollution index in their cities.

# Creation of shared value and sustainability

## 04

The aspects that are most relevant for each stakeholder are presented in this sustainable management report.

Strategic engagement with our stakeholders ..... 34  
Materiality ..... 36

# 4.1 Strategic engagement with our stakeholders

GRI 102-40; 102-42; 102-43; 102-44

In 2018, we strengthened the spaces and channels of relationship with our stakeholders, in order to expand and improve the management of the impacts of our activities, giving continuity to the joint creation of value and optimizing the response we give to the expectations of the different actors with whom we interact, all under the framework of sustainable and responsible management.

**Table 2. TGI S.A. ESP Stakeholders**

Grupos de interés TGI S.A. ESP					
Supporters	Contractors	Communities	Environmental authorities	Clients	Board of Directors
Shareholders	Investors	Financial entities	Suppliers	Control entities	

SOURCE: TGI S.A. ESP.

In 2017 we reviewed our group map and identified those that are listed in Table 3 as the key actors of our activities, with the purpose of strategically design spaces and contents that allow us to maintain a constant communication, characterized by transparency and clarity, whereby relations of mutual benefit, generate synergies and provide a timely and adequate response to the impacts generated by our activities.

As a result of this engagement approach and the contacts we constantly maintain with the representatives of the different stakeholders, we gather the concerns, issues and aspects that are most relevant to each group, which are presented in this sustainable management report, both through the material issues and in the other contents that are analyzed and developed in this document.

**Table 3 Engagement mechanisms, frequency of contact and relevant issues for the TGI S.A. ESP**

Stakeholder group	Engagement channel	Frequency	Key issues	Content of the related management report
Shareholders and investors	Sustainable management report	Annual	Information on the management of the company, behavior of the action, achievements and challenges in financial matters.	Chapter, Economic value generated
	Corporate governance report	Annual	Management of the company and compliance with the regulatory framework.	Corporate governance report. Corporate governance chapter
	Quarterly results report	Quarterly	Financial, commercial and operative issues.	Sustainable management report
	Results Conference	Quarterly		
Board of Directors	Results and annual reports	Permanent	Management of the company, financial, commercial and operational issues.	Corporate governance chapter and sustainable management report
Financial entities	Requirement response	Permanent	Financial issues	Chapter, Economic value generated
	Quarterly results report	Quarterly	Financial, commercial and operative issues.	Sustainable management report
	Results Conference	Quarterly		
Clients	Forum TGI 2018 Gas for Progress	Annual	Prospects for the supply and use of gas	Chapter Growth and market development
Collaborators and contractors	Internal communication channels	Permanent	Operational issues, labor relations, health and safety, ethical management and corporate governance	Sustainable management report
Authorities and control bodies	Reports and response to requirements	Permanent	Operational issues, environmental, social and regulatory management	Sustainable management report
Communities	Gatherings, meetings Informative, bulletins, web page	Permanent	Operational issues, environmental, social and regulatory management	Territory transformation chapter
Suppliers	Meetings, visits, bulletins, web page	Permanent	Operational issues, environmental management	Chapter Development of contractors and suppliers

SOURCE: TGI S.A. ESP.

## 4.2 Materialidad

In this sustainable management report we give continuity to the monitoring of the management and the activities deployed in each of the topics that make up our materiality, which are being analyzed by the stakeholders, in a process that has convened the participation of external audiences as suppliers, community representatives and clients, which will also include validation with internal bodies such as the presidency committee, the board of directors and the sustainable development committee. The results of this analysis process will be published in the next sustainable management report.

During 2018 and in line with the GEB, we worked on the design of the Sustainable Development strategy that seeks to give new meaning to the actions of TGI under the framework of the shared value regeneration, a process described in the Transformation of Territories chapter, which also describes the strategic focus that guides the company's social relations; as a result of these factors, the material issue known as "Social legacy", is now called Transformation of territories.

**ENERGÍA PARA LA PAZ**  
Planadas, Tolima



**Table 4. Materiality**

Material Subjects	Descriptor
Corporate governance	Ethics, transparency and integrity
	Norm compliance
	Risk management
Operations with integrity, reliability and efficiency	Comprehensive asset management
	Operational efficiency
Environmental responsibility	Action for climate change / emissions management
	Residues
	Noise
	Ecosystem protection
	Compliance with legal requirements
Team with talent, motivation and results-driven	Human talent development
	Human rights
	Priority in safety and occupational health
	Human talent wellbeing
Economic value generated	Economic performance
	Presence in the market
	Indirect economic impacts
Territory transformation	Creation of social value
	Quality service
Growth and market development	Growth projects
	Regulatory management (regulatory framework)
	Development of new markets
Development of suppliers and contractors	Local suppliers
	Extension of good sustainability practices
	Selection, monitoring and comprehensive evaluation of suppliers
	Promotion and respect of human rights

SOURCE: TGI S.A. ESP

# Corporate Governance

# 05

**95%**  
of the company's  
activities were  
evaluated on risks  
associated with  
corruption

Governance structure ....	42
Anti-corruption management .....	45
Risk management.....	49

## 5.1 Why is it relevant?

GRI 103-1

To fulfill the objective of creating and providing midstream solutions characterized by their continuity, reliability and excellence, we develop operations in a framework of integrity and ethics that, aligned with the corporate values of Grupo Energía Bogotá, allows us to respond to the commitments established with the corporate stakeholders and project long-term relationships.

These principles also direct our control architecture and follow-up mechanisms; tools that provide key inputs so that decision-making becomes an informed and transparent process. This way, we seek to ensure compliance with the applicable regulation, the continuous growth and the sustainability over time of TGI.

## 5.2 How is it managed?

GRI 103-2

At TGI, we observe the guidelines of the Financial Superintendence of Colombia, the principles of the Organization for Economic Cooperation and Development (OECD) and the Development Bank of Latin America (CAF), as good practices in Corporate Governance, in order to ensure transparency and equity in access to information for our shareholders and the integrity of our decision-making process.

The implementation of the Corporate Governance model is materialized in the appropriation of the instruments adopted in previous years within the company, through specific rules and procedures that guide strategic decision-making and matters of greater relevance in order to comply with the business objectives. The application of this model has involved a cultural change and a continuous transformation within the work teams of TGI, under the leadership of the Legal and Compliance Vice Presidency and the Corporate Affairs Division.

### 5.2.1 2018 Initiatives and Projects

» Incorporation of a technological tool for managing the information of the Board of Directors and its Committees, in line with the Grupo Energía Bogotá. This mechanism allows members to access documents and data in a more dynamic and efficient way, ensuring user interaction, as well as the quality and confidentiality of information, factors that facilitate the development of meetings and allow a greater scope and depth when addressing the subjects. All users received the corresponding training for the use of the platform.

» Reform of the company's bylaws in order to adjust its components with the best related practices.

» Approval of the policy of administration of conflicts of interest and the policy of operations with related parties.

» The standardization of the website in accordance with the lines of Grupo Energía Bogotá.

» Formalization of the processes and procedures for making decisions in the Board of Directors and its Committees, as well as in the General Shareholders' Assembly.

» Compliance with the Corporate Governance regulations adopted by TGI as a subsidiary of Grupo Energía Bogotá. The quarterly monitoring reports presented by the GEB show compliance exceeding 95% of the regulations adopted.

» The specific committees, as advisory bodies, have created value for the Board of Directors through a support and advice dynamic that, thanks to the frequency and intensity of the work sessions, has provided depth to the debates and a higher level of argumentation and completeness in the decision-making process.

### 5.2.2 2019 Challenges

» With the aim of promoting the adoption of the decision-making culture aligned with the processes and procedures of corporate governance, it is planned to develop a communications strategy that facilitates the disclosure and socialization of the corporate parameters, with emphasis on the spaces of induction and reinduction of collaborators.

» Faced with compliance with Corporate Governance standards, TGI as a subsidiary, will include additional variables in the report, with emphasis on the concept of quality of information in the corporate governance process.

» Review and update of the Corporate Governance instruments of TGI, evaluating the impact of the democratization process of GEB for TGI as a subsidiary, and in accordance with the policies approved throughout 2018.

BOARD OF DIRECTORS, TGI S.A. ESP.  
Bogotá, D.C.



## 5.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

As part of TGI's Integrated Management System, the actions regarding Corporate Governance are analyzed and assessed in detail, a follow-up that is complemented by mechanisms such as:

- » Internal Audits and Grupo Energía Bogotá audits.
- » Internal control system.
- » Quarterly and annual evaluation of Grupo Energía Bogotá to assess compliance with the corporate governance regulations adopted by TGI.
- » Self-evaluation of the Board of Directors.

GRI 102-18, 102-22, 102-23

**a)** General Shareholders' Assembly comprised of:



**b)** Board of Directors.

The Board of Directors of TGI is composed of seven members, two women and five men, three of whom are employees of Grupo Energía Bogotá, the main shareholder with a 99% share.

**ADMINISTRATIVE AREA COLLABORATOR**  
Bogotá D.C.

**Table 5. TGI Board of Directors Composition**

Board of Directors' Issues Principal Members	Board member number 1	Board member number 2	Board member number 3	Board member number 4	Board member number 5	Board member number 6	Board member number 7
<b>Name</b>	Astrid Álvarez Hernández	Moisés Rubinstain Lerner	Álvaro Villasantelosa	Héctor José Fajardo Olarte	Diana Margarita Vivas Munar	Daniel Rodríguez Ríos	José Fernando Montoya Carrillo
<b>Board Chairman</b>	Yes	No	No	No	No	No	No
<b>Independent (yes/no)</b>	No	Yes	No	Yes	No	Yes	Yes
<b>Which shareholder do you represent?</b>	GEB	N/A	GEB	N/A	GEB	N/A	N/A
<b>Company where you work</b>	GEB	Desarrollo Empresarial Ltda.	GEB	Ecopetrol	GEB	Base Property Group	Doblefer S.A. y Serifer S.A.
<b>Job Title</b>	President	CEO	Vice President, Low Emission Generation	Advisor	Legal and Regulatory Vice President	Partner	Legal Representative
<b>Years as a Board Member</b>	2 years	2 years	10 months	1 year	10 months	1 year	2 years
<b>Committee(s) to which you belong</b>	Corporate Governance Committee Compensations Committee	Audit and Risk Committee Financial and Investments Committee	Operative Committee Compensations Committee	Financial and Investments Committee Operative Committee	Audit Committee Corporate Governance Committee	Audit Committee Corporate Governance Committee Compensations Committee	Financial and Investments Committee Operative Committee
<b>Number of companies where you participate as a member of the Board of Directors</b>	5	3	4	1	3	4	0
<b>Name of the companies where you participate as a member of BoD</b>	Emgesa, Codensa, TGI, Calidda and Trecca	TGI, Pretector SAS, Serrano Gómez Pretector Ltda	TGI, GOT MGE (Brasil), Emgesa, Calidda	TGI	TGI, Calidda, Emgesa	Codensa, TGI, Grupo Inmobiliario Valor and M001 SAS	Not applicable.
<b>Name of non-profit entities in which you participate as a member of management bodies</b>	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Asociación Amigos del Parque 80 and Fundación Parque 80	Corporación para la Democracia Luis Carlos Galán <sup>43</sup>
<b>Percentage of meetings attended vs. Board Meetings held</b>	9 of 13 (69%)	11 of 13 (85%)	10 of 13 (77%)	13 of 13 (100%)	7 of 13 (54%)	13 of 13 (100%)	13 of 13 (100%)

### 5.3.1 Governance structure



Aspectos Junta Directiva Miembros principales	Miembro de Junta núm. 1	Miembro de Junta núm. 2	Miembro de Junta núm. 3	Miembro de Junta núm. 4	Miembro de Junta núm. 5	Miembro de Junta núm. 6	Miembro de Junta núm. 7
<b>Competencies and experience related to economic, environmental and social impacts.</b>	Extensive experience in strategic advising to national and international companies. Designed and implemented a new strategic sourcing model in Ecopetrol that achieved annual savings of over 150 million dollars. Specified the transformation of the Empresa de Acueducto de Bogotá, achieving greater business efficiency with high quality.	Extensive knowledge in financial matters. He has occupied the Financial Management of companies such as Manufacturas Eliot S.A. (Pat Primo Group), Filmtex S.A. and Carulla S.A. He also worked as an advisor in the Accounting and Financial area of Ficitec.	More than ten years of experience in development and investment in the renewable energy sector. He has served as director of Business Development in companies: Acciona Energía in Mexico and Grupo ECOS in Panama.	It has areas of expertise including marketing, commercial and business development, operations and pipeline and gas pipeline management. He stands out for his ability to provide direction and to be successful in complex situations experienced in several functional areas and in multicultural environments.	He has experience in consulting and legal advice in the structuring and design of public policies, the normative viability of institutional organization models, and in the implementation of strategic supply models.	Experience in restructuring processes and business re-engineering and development of real estate management focused on the structuring and management of investments, and project development. Participated in the acquisition and restructuring process of the Amper Group of Spain.	Experienced in market recovery, development and management of distribution networks, comprehensive restructuring of companies, cultural transformation of companies. 33 years of cumulative experience in the hydrocarbons industry.
<b>Are you a shareholder of a major supplier or customer? Which one?</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>
<b>Studies</b>	Civil Engineering Studies from the Pontificia Universidad Javeriana, with a Master's degree in International Relations from the University of Ohio; specialization in Integrated Environmental Management and specialization in Strategic Procurement and Supplier Management at the Universidad de los Andes.	Industrial Economist from the Universidad de los Andes in Bogotá, Colombia and Master in Business Administration from the University of New York.	Bachelor in Business Administration and Management from the University of Salamanca, with a Master's in Strategic Management of Human Resources and International Trade.	Bachelor of Science in Chemical Engineering from the University of Tulsa.	Lawyer from the Colegio Mayor de Nuestra Señora del Rosario, specialist in Public Management from the Universidad de los Andes.	Architect from the Universidad de los Andes.	Chemical Engineer from the Universidad Nacional de Colombia, with studies at International Institutions in: finance, operations, leadership, strategic planning, marketing, crisis management, corporate restructuring, corporate governance, corporate social responsibility.
<b>Declaration of conflicts of interest</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

SOURCE: TGI S.A. ESP.

## Main concerns reported to the Board

GRI 102-34

In 2018, through evaluations and corporate monitoring mechanisms, the following aspects associated with the sustainable management of the company were identified, which were communicated to the Board, and analyzed and managed as described below.

Table 6. Main concerns reported to the Board

Number	Nature	Mechanisms used to address and solve the concern
1	When reviewing the gas production figures published by the Ministry of Mines and Energy, there is evidence of a decline in the main sources of natural gas.	The administration, following the guidelines of the Corporate Governance of TGI, first presented the issue to the corresponding internal instances. Next, it was presented to the Financial and Investment Committee of the Board of Directors and finally to the Board of Directors. The TGI strategy was reviewed taking into account the critical concern presented.

SOURCE: TGI S.A. ESP.

GRI 102-16/ ODS 16

## 5.4 Ethical and transparent action

The corporate values that are part of the DNA of TGI and that direct the actions and decisions of all the members of the company are:





**FIELD COLLABORATOR**  
Mariquita, Tolima

In coherence with this behavioral horizon, we have linked ourselves with the United Nations Global Compact, an adhesion that implies observing its ten principles in all our action plans and initiatives in order to contribute to the promotion and respect for Human Rights; generate safe, inclusive, diverse work environments; develop the operation with a preventive approach to the environment and fight against all forms of corruption.

TGI, as part of the Grupo Energía Bogotá, has a Code of Ethics that includes the behavior and performance guidelines expected by the members of the companies that are part of the GEB in their relations and daily and commercial activities with the different company stakeholders. Additionally, TGI employees ratify their commitment to the code annually, and through the form "Declaration of conflict of interest", they express their concerns in this regard, which are analyzed and raised to the Corporate Ethics Committee in case of requiring a more thorough analysis.

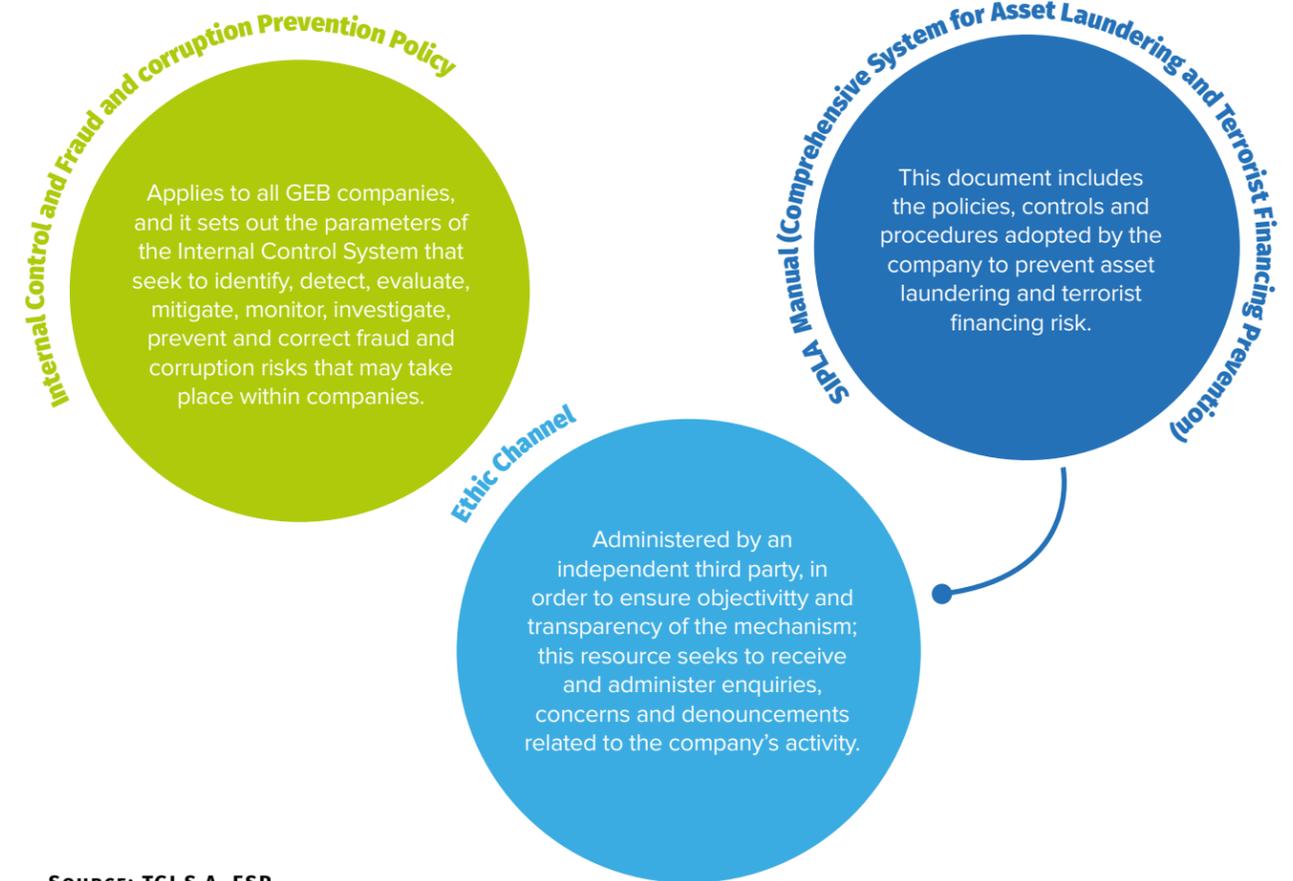
## 5.4.1. Anti-corruption management

### Antifraud and Anti-corruption Program

GRI 102-17, 205-1

It groups the instruments and activities whereby the situations and behaviors associated with fraud and corruption events are prevented, detected and investigated. Figure 12 shows how the program is composed.

**Figure 14. Antifraud and Anti-corruption Program**



**SOURCE: TGI S.A. ESP.**

The company has a Policy on Internal Control and Prevention of Fraud and Corruption that is published at: <https://www.tgi.com.co/nosotros/gobierno-corporativo/politicas>, as well as with the telephone line 01 800 518 2937 and the email: [canaleticogeb@lineadedenuncias.com](mailto:canaleticogeb@lineadedenuncias.com)

In case of any breach of the Code of Ethics, or the Policy of Internal Control and Prevention of Fraud and Corruption, sanctions will be applied according to the severity of the fault. These are verbal reprimands, suspension of one up to 2 months, or if the case requires, termination of the contract for just cause.

In 2018, 95% of the company's activities were evaluated in risks associated with corruption through audits and Management System indicators for the prevention of the risks of fraud, bribery and corruption, which operates in accordance with self-regulation guidelines and compliance with international standards on the matter.

In 2018  
**95%**  
of the company's activities were evaluated on risks associated with corruption through audits.

### 2018 Initiatives and Projects

GRI 205-2

To strengthen the management of ethics in the company, during 2018 the campaign "Brilla con luz propia" was carried out, which included three phases:

- » Presentation of videos with situations related to the Code of Ethics and publication of pieces of communication that reiterated messages related to the integral and transparent management.

» Presentation of videos performed with dramatized situations and everyday examples that allow to understand the ethical concepts.

» Face-to-face training entitled “How privileged are we?”, which sought to sensitize employees about the benefits they have as employees and the current status of life, which is not worth putting at risk due to irregular situations. These sessions were complemented by messages related to the Code of Ethics.

On average,  
**63%**  
of the employees  
were trained

In the framework of the campaign “Brilla con luz propia” we also conducted training with 45 in-house contractors:

**Table 7. In-house contractors trained by department**

Department	No. Participants
Santander	7
Meta	7
Tolima	8
Cundinamarca	5
Valle del Cauca	3
Caldas	5
Boyaca	5
Cesar	5
<b>Total</b>	<b>45</b>

**Table 8. Employees trained in anti-corruption policies and procedures by job category**

Employees informed and trained	TGI				
	Total employees	Employees informed by email		Employees trained	
		Number	%	Number	%
Top Management	14	5	36 %	9	64 %
Mid-Management	39	17	44 %	22	56 %
Advisor					
Professional	189	61	32 %	128	68 %
Support	177	73	41 %	104	59 %
<b>Total</b>	<b>419<sup>2</sup></b>	<b>156</b>	<b>37 %</b>	<b>263</b>	<b>63 %</b>

SOURCE: TGI S.A. ESP.

<sup>2</sup>The payroll of TGI S.A. ESP employees includes 448 jobs. By September 2018, date of training, the company had 419 active employees and the remaining jobs were vacant

**Table 9. Employees trained in anticorruption procedures and policies by department.**

Department	No. of Participants
Santander	20
Meta	12
Tolima	19
Cundinamarca	150
Valle del Cauca	8
Caldas	5
Boyaca	15
Cesar	25
La Guajira	9
<b>Total</b>	<b>263</b>

The commemoration of the International Day Against Corruption on December 9 was carried out through the internal corporate communication channels and reiterated the integrity and transparency messages.

With our clients, suppliers and contractors, we carried out the “Give Yourself Peace” no gift campaign in which, through an email and pieces of communication, we remind you that administrators and collaborators cannot give or receive gifts and entertainment, unless it is about promotional items destined to image positioning and brand recall, in accordance with the provisions of our Code of Ethics.

## 5.5 Risk management

GRI 102-15

The integral risk management allows us to know the uncertainties of the environment to which the company is exposed during the execution of the strategy and the fulfillment of the corporate objectives, in the midst of a globalized environment that broadens the spectrum of growth opportunities and, in turn, the range of risks that the operation faces. This context implies managing the control of multiple adverse situations that may arise, and which involve compliance with regulation in the short term, survival and sustainability at present, and the exploitation of opportunities in the medium and long term.

To achieve these purposes, we have adopted at TGI a risk management policy that establishes the commitments and action framework for the integral management of strategic, operational, project and insurance risks and the steps for the identification, assessment, control and monitoring of the risks and impacts associated with compliance with our strate-

gic objectives. Hence, in 2018, the following results were achieved:

- » Outstanding compliance of the corporate strategic objectives.
- » Promotion of risk management culture at all levels of the organization through workshops and field visits by socializing the corporate risk matrix.
- » Operational continuity of the business, with an indicator of 99.25% availability of the gas transport system.
- » Process for identifying the company’s strategic risks, which will allow the establishment of prevention plans and the promotion of a risk management culture within the organization in 2019

During 2018, no strategic risk materialized. The control actions implemented to mitigate the risks were effective and solid and allowed to maintain the 2017 compliance standard.

# Risk Matrix

In TGI, risks are classified into two broad categories: strategic risks the emerging risks, which are grouped depending on the results obtained from the identification, assessment, control and monitoring of the risks and impacts of the company; thanks to this classification, it is possible to design mitigation actions that reduce the impact thereof.

Figure 15. Risk and impact matrix, 2018

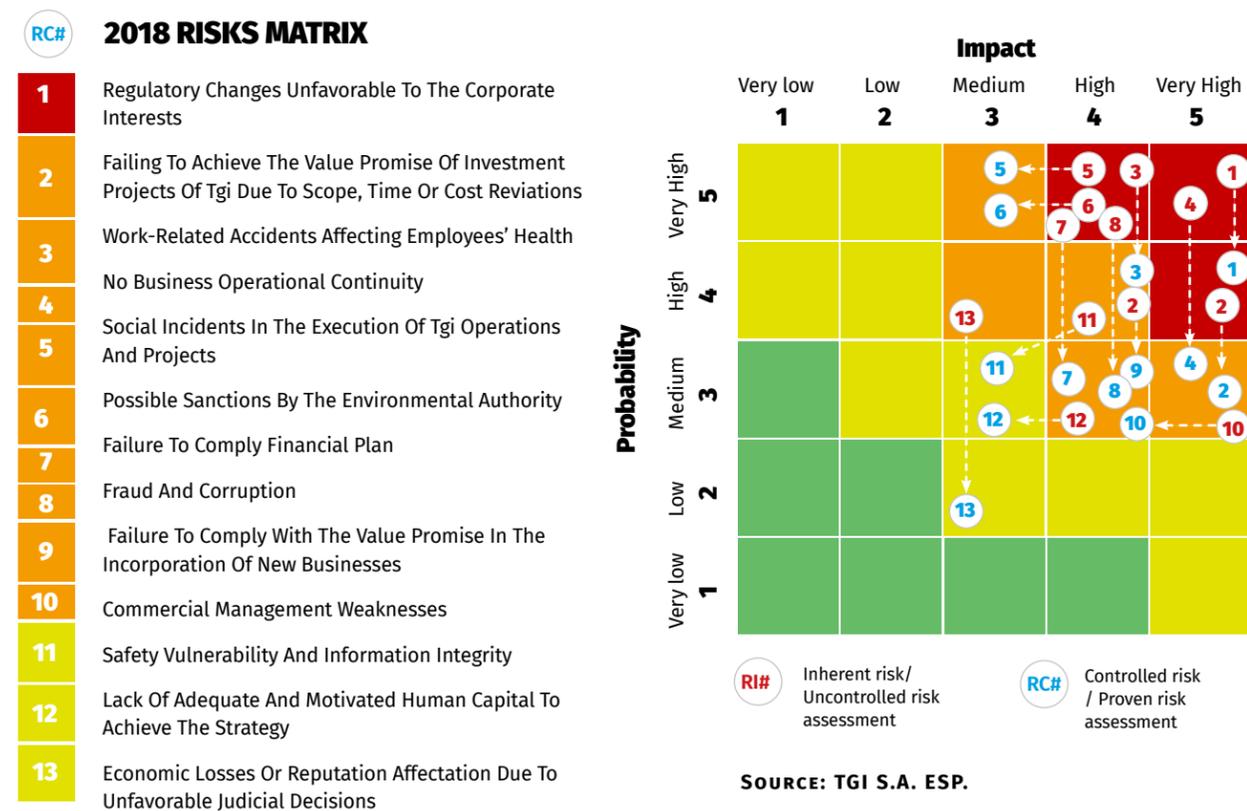


Table 10. Actions to mitigate strategic risks of TGI in 2018

<b>Regulatory changes unfavorable to the interests of the company.</b>	<ul style="list-style-type: none"> <li>» Attendance at events organized by the CREG on regulatory changes.</li> <li>» Send observations, comments, proposals to the regulator.</li> <li>» Monitoring, associations and governmental entities of the sector.</li> <li>» Development of the rates file.</li> <li>» Monitoring, analysis and evaluation of the overall impact of regulatory initiatives</li> </ul>
<b>Failure to achieve the promise of value of the investment projects of TGI due to deviations in scope, time or cost.</b>	<ul style="list-style-type: none"> <li>» Monitoring the status of the project according to the MMCV (Maturity Model and Value Creation.)</li> <li>» Follow-up of risk response plans through the Risk Management Indicator.</li> <li>» Performance evaluation report to contractors. (Communications and early alerts to controllers, PAR services.)</li> <li>» Lessons learned based on ex post evaluation of the projects and / or phase closure.</li> <li>» Monitoring of safety and occupational health indicators to contractors.</li> </ul>
<b>Work accidents that affect the health of employees</b>	<ul style="list-style-type: none"> <li>» Follow-up to the accident rate of contractors and action plans for major impact accidents.</li> <li>» Implementation of the Contractors Program.</li> <li>» Follow-up on the accident rate of TGI and the action plans with the greatest impact.</li> <li>» Implementation of the Safe Infrastructure Plan.</li> <li>» Bi-monthly inspection of maintenance tools.</li> <li>» Inspection of protection systems against falls and confined spaces.</li> <li>» Inspection Checklist for compliance with the HSEQ Manual.</li> <li>» Training of the HSEQ Manual to auditors focused on how to conduct follow-up.</li> </ul>
<b>No operational continuity of the business</b>	<ul style="list-style-type: none"> <li>» Compliance with maximum operational and minimum contractual pressures in transportation systems.</li> <li>» Compliance with the Maintenance Plan, Integrity Plan, Reliability Plan and Maintenance Strategy.</li> <li>» Compliance indicators, gas pipeline availability and operational reliability (compression stations and gas pipelines).</li> <li>» Walk-through and inspection of the Right of Way .</li> <li>» Monitoring of gas quality (operation) and corrosive gases (integrity).</li> <li>» Compliance with security plans.</li> <li>» Follow-up on the implementation of the requirements of the Business Continuity Plan.</li> <li>» Emergency attention times.</li> </ul>
<b>Social incidents in the execution of TGI operations and projects</b>	<ul style="list-style-type: none"> <li>» Monitoring of the matrix of early warnings of possible social incidents. (Map of actors.)</li> <li>» Follow-up to materialized social incident attention. (Minutes and / or supports of the attention.)</li> <li>» Report of registration, control and monitoring of Social PQRS (questions, claims and complaints).</li> <li>» Clearance of the closing of the contract of the projects.</li> </ul>
<b>Sanctions of the environmental authority</b>	<ul style="list-style-type: none"> <li>» Monitoring and control of environmental regulations.</li> <li>» Legal requirements matrix automation.</li> <li>» Monitoring and control of environmental requirements in the field during the activities of the business life cycle.</li> <li>» Development and implementation of the strategy of the hierarchy of mitigation.</li> </ul>

<sup>9</sup>In accordance with the RUT and the ICONTEC NTC 5747 and NTC 3728 norms

<b>Failure to comply with the Financial Plan</b>	<ul style="list-style-type: none"> <li>» Compliance with the financial risk mitigation strategy (debt / EBITDA).</li> <li>» Compliance with indicators (covenants) to maintain the risk rating at acceptable levels.</li> <li>» Management of OPEX and CAPEX before the presidency committee.</li> </ul>
<b>Fraud and corruption</b>	<ul style="list-style-type: none"> <li>» Follow up on the reports of the ethical channel, program to strengthen culture.</li> <li>» External evaluations for some of the critical processes focused on fraud and corruption.</li> <li>» Include as part of the scope in the audit programs the function segregation evaluation.</li> <li>» Program to strengthen the ethical culture of the company's employees and adherence to the code of ethics.</li> </ul>
<b>Failure to comply the promise of value in the incorporation of new businesses</b>	<ul style="list-style-type: none"> <li>» Compliance with the strategic initiatives of TGI's UEN (cities and mobility, thermal generation, industry, midstream to producers and energy infrastructure).</li> <li>» Application of investment policy and procedure.</li> <li>» Identification of growth opportunities for the company: GreenField and BrownField.</li> <li>» Monitoring the status of the company's project portfolio.</li> </ul>
<b>Weaknesses in commercial management</b>	<ul style="list-style-type: none"> <li>» Timely attention (15 business days) of the requests made by the senders, generated from the administration of commercial contracts.</li> <li>» Compliance with the Customer Relationship Program.</li> <li>» Strengthening of external and internal customer communication channels.</li> <li>» Attention of contractual disputes in its initial stage (direct agreement) and subsequent delivery to the Directorate of Judicial Processes.</li> <li>» Compliance with the PEC Strategic Plan aligned with the New Strategy of TGI (cities and mobility, thermal generation, industry and oil sector).</li> <li>» Updating and preparation of documents required for commercial management.</li> </ul>
<b>Vulnerability in the security and integrity of systems and information.</b>	<ul style="list-style-type: none"> <li>» Compliance with the implementation schedule of the information security model as a result of the PETI.</li> <li>» Vulnerability monitoring and analysis program (e.g. segregation of SAP Etical hacking functions).</li> <li>» Scheme of information, database and network encryption.</li> <li>» Protocol for transfer and destruction of information.</li> </ul>
<b>Not having the right and motivated human capital to achieve the strategy</b>	<ul style="list-style-type: none"> <li>» Compliance with the Annual Training Plan.</li> <li>» Turnover rate of the positions considered critical for the achievement of the objectives and strategy.</li> <li>» Labor Environment Index.</li> <li>» Implementation of the performance management model.</li> </ul>
<b>Economic losses or reputational involvement due to unfavorable judicial decisions</b>	<ul style="list-style-type: none"> <li>» Having an updated procedure for the provision of judicial contingencies in accordance with IFRS 37.</li> <li>» Implement a computer system for the efficient control of procedural actions within the cases that the company faces.</li> <li>» Implementation of Litigation service manual for Grupo Energía Bogotá, pursuant to the needs of TGI.</li> </ul>



**ADMINISTRATIVE AREA COLLABORATORS**  
Bogotá D.C.

**We have adopted at TGI a risk policy that establishes the commitments and action framework for the management thereof, as well as the steps for the identification, assessment, control and monitoring of the risks and impacts associated with compliance with our strategic objectives.**

# Economic value generated

06

COP  
**\$137**  
million net  
profit

Main financial results ..... 58  
Direct economic value  
generated and distributed  
..... 60

## 6.1 Why is it relevant?

GRI 103-1

The strategic management of risks and economic capital allows us to support the operation, consolidate our presence in the market and promote the development of new businesses, thus providing a key contribution to the organizational sustainability.

With this in mind, we implemented processes that guarantee financial strength among which we highlight the following:

- » In order to maximize financial efficiency, the optimal capital structure was revised, seeking to establish the appropriate combination of debt and investment capital (equity), as well as the revision of tax planning; as a result of these actions, we find that, in both cases, the company has the appropriate structures.
- » Optimization of the debt profile of the company, when obtaining, prepaying or refinancing debt instruments that allow to have a longer maturity profile and a lower financing cost; these elements ensure the necessary liquidity to undertake the investment and expansion projects of TGI, without affecting the risk ratings.
- » From the budgetary perspective, the correct elaboration of the budget and its subsequent mo-

nitoring and control, both in the income lines and costs and expenses, allows to have a clear vision on the fulfillment of the corporate goals, while enabling the proactive identification of risks and the execution of preventive actions.

- » In TGI, we manage the correct insurance for the risks associated with the operation, through insurance policies that safeguard and protect the assets, the operation and the personnel of the company, as well as the property interests owned by TGI S.A. ESP, or by those who are legally responsible.
- » Also, from the tax point of view, we identify the possible risks that may arise in this area, seeking to minimize their occurrence and the effects that may be generated on the company's financial situation.
- » The periodic publication of results on the company's website, as well as the quarterly calls with investors, convey confidence and offer clarity to the different stakeholders on commercial, operational and financial performance.

## 6.2 How is it managed?

GRI 103-2

The development of adequate financial and risk management --characterized by the continuous monitoring of indicators, the observance of norms, regulations and current and applicable policies, both external and those dictated by Grupo Energía Bogotá-- aims at the efficient use of resources and maximize profitability and profits to the investor, as well as to carry out the financial evaluation of projects aimed at increasing the company's income and strengthening our position in the market, in order to satisfy the expectations of the different stakeholders.

To achieve this purpose, the strategic map of TGI, in its financial perspective, points out the following objectives:



In 2018, the Financial Vice Presidency and its directorates (Financial Planning, Accounting and Treasury) promoted the achievement of these objectives through actions, among which the successful execution of the Debt Management Operation for an amount of 750 million dollars stands out, which implied the early redemption of the bonds expiring in 2022 and rate of 5.70% and the issuance of a new bond to expire in 2028 and a rate of 5.55%. Among the benefits generated, the following are identified:

- » Extension of the expiration term of the main debt instrument of the company
- » Decrease in financial expense as a consequence of a lower rate. This operation will generate to the company savings for 11.25 million dollars in the payment of interests for the next 10 years.
- » The 2028 bond reflects the degree of investment of TGI, by eliminating clauses (covenants) that were in the 2022 bond.

The issuance of the bond was positively received by investors, as it was overburdened (bid to cover) in approximately 3.5 times, a fact that demonstrates the confidence of the market in the company.

From the accounting perspective, we implemented improvements to the SAP system with the purpose of automating the calculations made for the foreign currency valuation, under the dollar functional currency, for the process of conversion to the presentation currency for reporting purposes to the Grupo Energía Bogotá, to the Colombian authorities and for the encryption of the files sent to the banks for payment to suppliers. The implementation of the electronic billing program was also carried out in accordance with Colombian legislation.

## 6.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

To verify progress in meeting the objectives, at TGI we periodically monitor the goals established in the budget, and review the financial statements and indicators that allow measuring the financial performance of the company. This follow-up is done through the meetings of the Board of Directors, the Financial and Investment Committee of the Management and the Board of Directors, and the Audit and Risk Committee, in which possible asset value losses are evaluated.

On a quarterly basis, we prepare financial reports for investors, bondholders, risk rating agencies and stakeholders of the syndicated loan.

Additionally, we have a procedure linked to the financial team of the GEB, with which the assessment of the level of risk in the investments made by TGI's treasury team is supported.

## 6.3.1 Main financial results

SOURCE: TGI S.A. ESP.

# Profit and Loss Statement

Table 11. Profit and Loss Statement

* Figures presented in USD	2017	2018	US\$ variation	% Variation
Gas transport service	413.255	441.730	28.476	6,9 %
Operation costs	-148.992	-164.819	-15.827	10,6 %
<b>GROSS PROFIT</b>	<b>264.263</b>	<b>276.911</b>	<b>12.648</b>	<b>4,8 %</b>
<b>ADMINISTRATION EXPENSES</b>	<b>-25.456</b>	<b>-33.453</b>	<b>-7.998</b>	<b>31,4 %</b>
Personal services	-6.052	-7.799	-1.747	28,9 %
General expenses	-11.140	-18.080	-6.940	62,3 %
Depreciation, amortization and provision	-3.177	-3.928	-751	23,6 %
Taxes	-3.216	-3.646	-430	13,4 %
Equity Tax	-1.871	0	1.871	-100,0 %
Other income	1.954	5.906	3.952	202,3 %
Other expenses	-862	-30	832	-96,6 %
<b>Net</b>	<b>1.092</b>	<b>5.876</b>	<b>4.784</b>	<b>438,0 %</b>
<b>OPERATIONAL RESULTS</b>	<b>239.899</b>	<b>249.334</b>	<b>9.434</b>	<b>3,9 %</b>
Financial Costs	-90.035	-102.863	-12.827	14,2 %
Financial income	12.802	2.660	-10.142	-79,2 %
Exchange difference	-12.933	4.239	17.172	-132,8 %
<b>RESULTS BEFORE TAXES</b>	<b>149.733</b>	<b>153.370</b>	<b>3.637</b>	<b>2,4 %</b>
Profit tax	-9.502	-16.615	-7.113	74,9 %
<b>RESULT OF CONTINUOUS OPERATIONS</b>	<b>140.231</b>	<b>136.756</b>	<b>-3.476</b>	<b>-2,5 %</b>
EBITDA	323.888	328.979	5.092	1,6 %
Depreciation, amortization and provision (Cost)	-80.033	-81.594		

## Analysis of costs and expenses

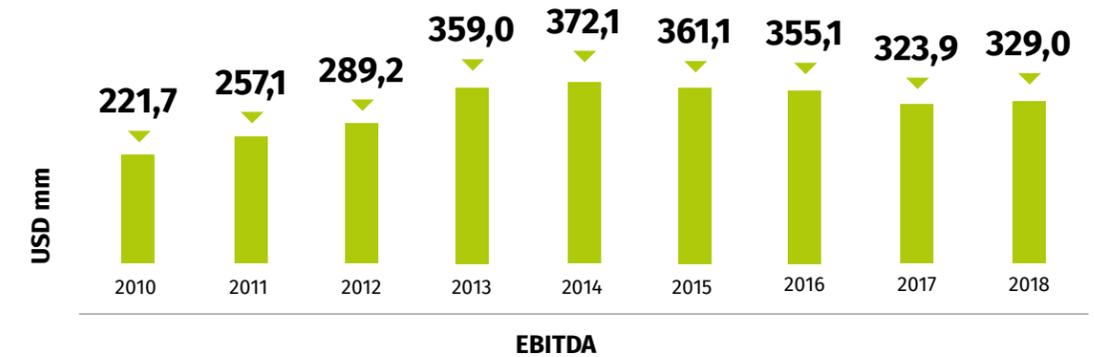
The increase in operating costs during 2018 is explained by the value assigned in maintenance and repair orders and contracts, which was 5.7 million dollars due to the implementation of action plans carried out by TGI for the assurance of asset integrity and reliability, as well as the fees originated by consultancies in designs and studies in geotechnics and integrity of the infrastructure that represented a value of 1 million dollars. Likewise, there was an increase in personnel required for the operation of the compressors of Paratebueno and Villavicencio; as well as an increase in the receipt of the BOMT Mariquita-Cali, which involved an investment of 4.2 million dollars.

## EBITDA

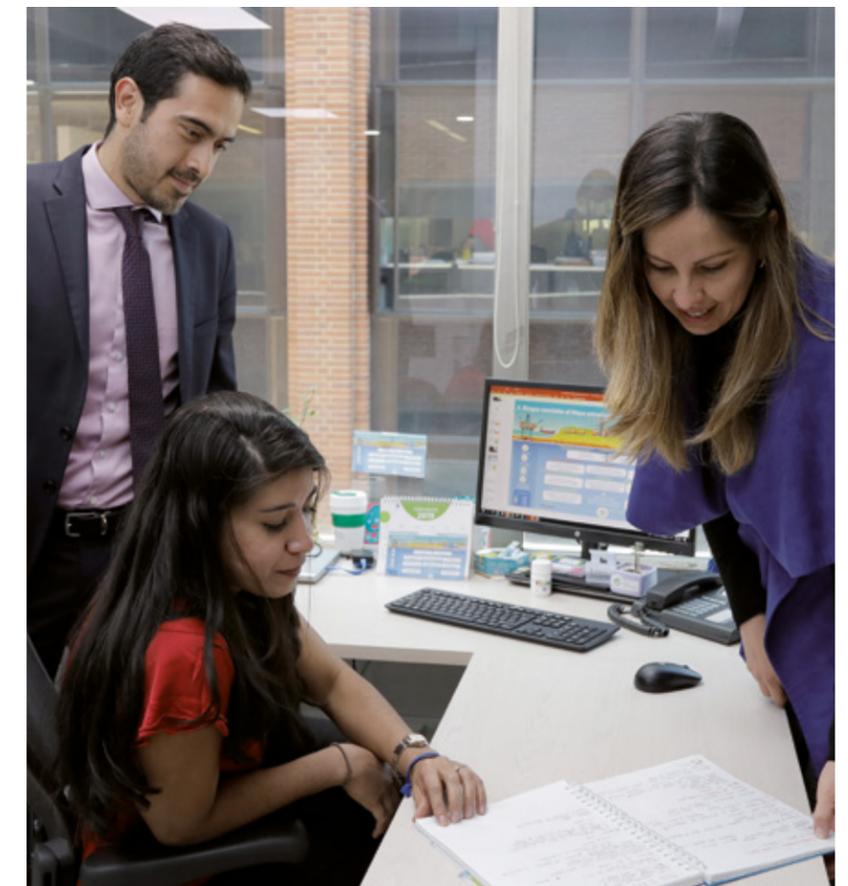
The EBITDA of the company, which excludes depreciation, amortization, provisions, other income and expenses and the equity tax from operating income, went from \$ 323.9 million in 2017 to \$ 329.0 million in 2018, meaning an increase of 1.6% equivalent to \$ 5.1 million dollars.

However, the growth in EBITDA was negatively impacted by the increase in costs and expenses in a percentage higher than that of revenues due to the increase in costs explained in the previous section, and in the personnel required for the operation of the Villavicencio and Paratebueno stations; as well as the increase in personnel derived from the receipt of the BOMT Mariquita-Cali.

Figure 16. Growth in EBITDA, 2010-2018



SOURCE: TGI S.A. ESP.



COLLABORATORS AREA ADMINISTRATIVE  
Bogotá D.C.

# Direct economic value generated and distributed

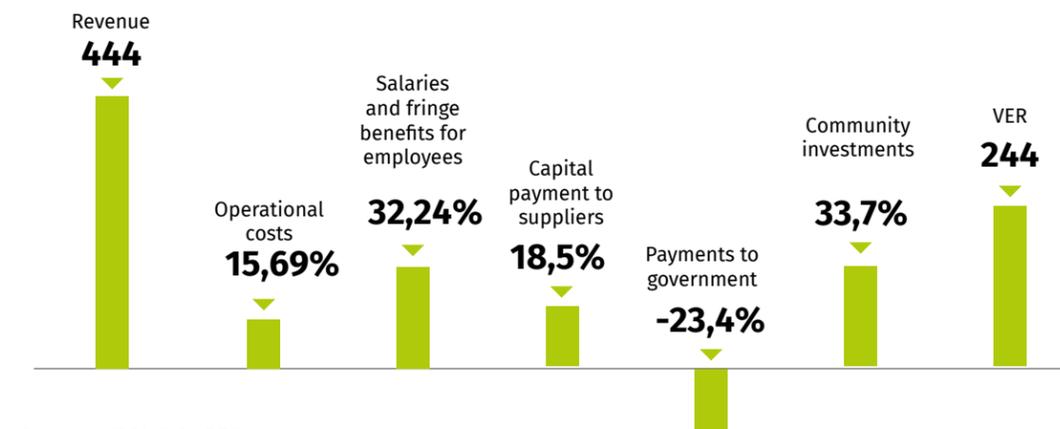
GRI 201-1 Y 102 - 7; ODS 2 Y 8

**Table 12. Direct economic value generated and distributed**

* The figures are presented in USD	2017	2018	Variación \$	Variación p.p
<b>Economic value generated</b>				
<b>Operational Income</b>	413.054.586	441.730.447	28.475.861	6,8 %
<b>Financial income</b>	12.801.983	2.659.885	-10.142.098	6,1 %
<b>Total Income</b>	426.056.569	444.390.332	18.333.764	11,7 %
<b>Distributed economic value</b>				
<b>Operative costs</b>	54.213.496	62.723.969,15	8.510.473,15	15,69%
<b>Salaries and benefits of employees</b>	18.772.378	24.826.200,48	6.053.822,48	32,24%
<b>Payments to capital providers</b>	89.583.706	106.264.309,08	16.680.603,08	18,5 %
<b>Payments to the government</b>	6.455.424	4.946.357	-1.509.067	-23,4 %
<b>Community investments</b>	627.167	946.818	319.651	33,7 %
<b>Total distributed economic value</b>	169.652.171	199.708.261,65	30.056.090,65	18,48%
<b>Economic value withheld</b>				
<b>TOTAL</b>	<b>256.404.397</b>	<b>244.682.070,40</b>	<b>11.722.326,60</b>	<b>4,57%</b>

SOURCE: TGI S.A. ESP.

**Figure 17. Direct economic value generated and distributed**



SOURCE: TGI S.A. ESP.

<sup>10</sup> Economic value withheld: calculated as economic value generated, less distributed economic value.

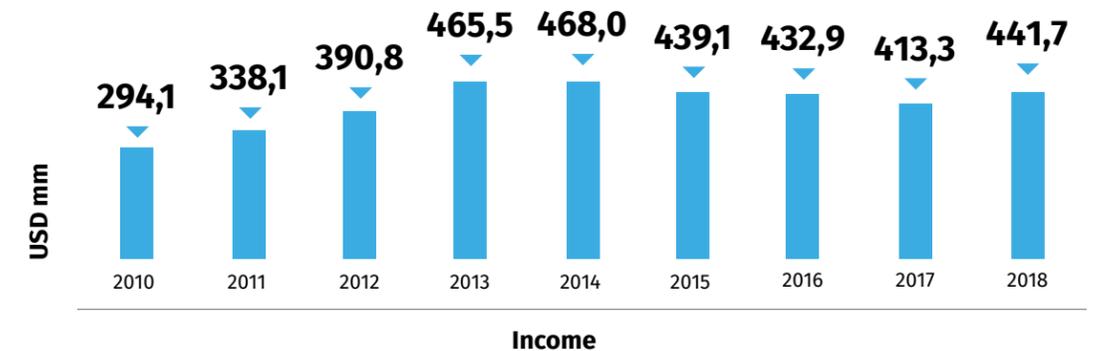
# Operational Income

Operating income in 2018 reached \$441.7 million, which represents an increase of 6.9% compared to last year. On the one hand, the fixed charges, that is to say, those that are remunerated in the investment, amounted to \$ 260.9 million dollars, which means an increase of 6.8% with respect to 2017. The increases are explained by the adjustments in the Producer Price Index (IPP) of the United States and also the income from the Cusiana Phase III expansion project (which was started-up at the end of June 2017) along with the operation kick-off of the Cusiana-Apiay-Ocoa project, which began operations in January 2018.

Operating income in 2018 reached \$441.7 million, which represents an increase of **6,9%**

On the other hand, the fixed charges in Colombian pesos (COP) that are destined for administration, operation and maintenance (AOM) expenses, reached an amount of US \$147.2 million; that is, there was a 6.1% growth compared to the prior year. This variation is explained by the increase in consumer prices (IPC in Colombia or CPI in english) that was applied for 2018, corresponding to 4.09%, in addition to the TGI projects.

**Figure 18. Operational Income, 2010-2018**



SOURCE: TGI S.A. ESP.

Regarding the variable charges in USD, the amount equivalent to the average daily volume transported during 2018 was 446.3 million Colombian pesos, which represents a variation of 3.8% compared to the previous year. This means that the variation in income from variable charges was \$ 2,922 million dollars.

On the other hand, the income received for complementary services during 2018 presented a variation of 0.5 million dollars; in other words, there was an increase of 10.2% compared to 2017.

**Table 13. Variable charges in USD**

	2018	US\$ variation	% Variation	
<b>Gas transport service</b>				
<b>Fixed charge in USD</b>	260.886	244.294	16.593	6,8 %
<b>Fixed charge in COP</b>	147.155	138.736	8.419	6,1 %
<b>Variable charge in USD</b>	27.801	24.880	2.922	11,7 %
<b>Supplementary Services</b>	5.888	5.345	543	10,2 %
<b>TOTAL INCOME</b>	<b>441.730</b>	<b>413.255</b>	<b>28.476</b>	<b>6,9 %</b>
<b>Supplementary Services</b>				
<b>Parking</b>	556	1,113	-558	-50,1 %
<b>Gas dehydration</b>	1,130	1,199	-70	-5,8 %
<b>Balance accounts reconciliation</b>	1,838	1,382	456	33,0 %
<b>Occasional charges</b>	0	1	-1	-90,8 %
<b>Reserve premium</b>	0	0	0	N/A
<b>Other</b>	2,364	1,649	715	43,4 %
<b>TOTAL SUPPLEMENTARY INCOME</b>	<b>5,888</b>	<b>5,345</b>	<b>543</b>	<b>10,2 %</b>

SOURCE: TGI S.A. ESP.

## Operative costs

Operating costs presented an increase of 15.6% with respect to 2017, mainly due to the implementation of action plans carried out by TGI in order to be up-to-date with the current safety regulations, integrity risk management and assurance of the reliability of the infrastructure and, this way, collect part of a lag reported in previous years. Furthermore, there was an increase in fees originated by consultancies in designs and studies of geotechnics and infrastructure integrity.

### SALARIES AND BENEFITS OF EMPLOYEES

The salaries and benefits of employees had a 31.9% growth in relation to 2017 due to the increase in personnel required for the operation of the Paratebuena and Villavicencio compressors; as well as due to the reception of the BOMT Mariquita-Cali, which began at the end of August 2017 and which was maintained during 2018.

### PAYMENTS TO CAPITAL PROVIDERS

The payment to fund providers remained stable in relation to 2017, presenting a variation of only 0.1%; unlike the payments to the Government that presented a decrease of 23.4% due to the fact that in 2017, a capital tax payment was made, which was not applied for 2018.

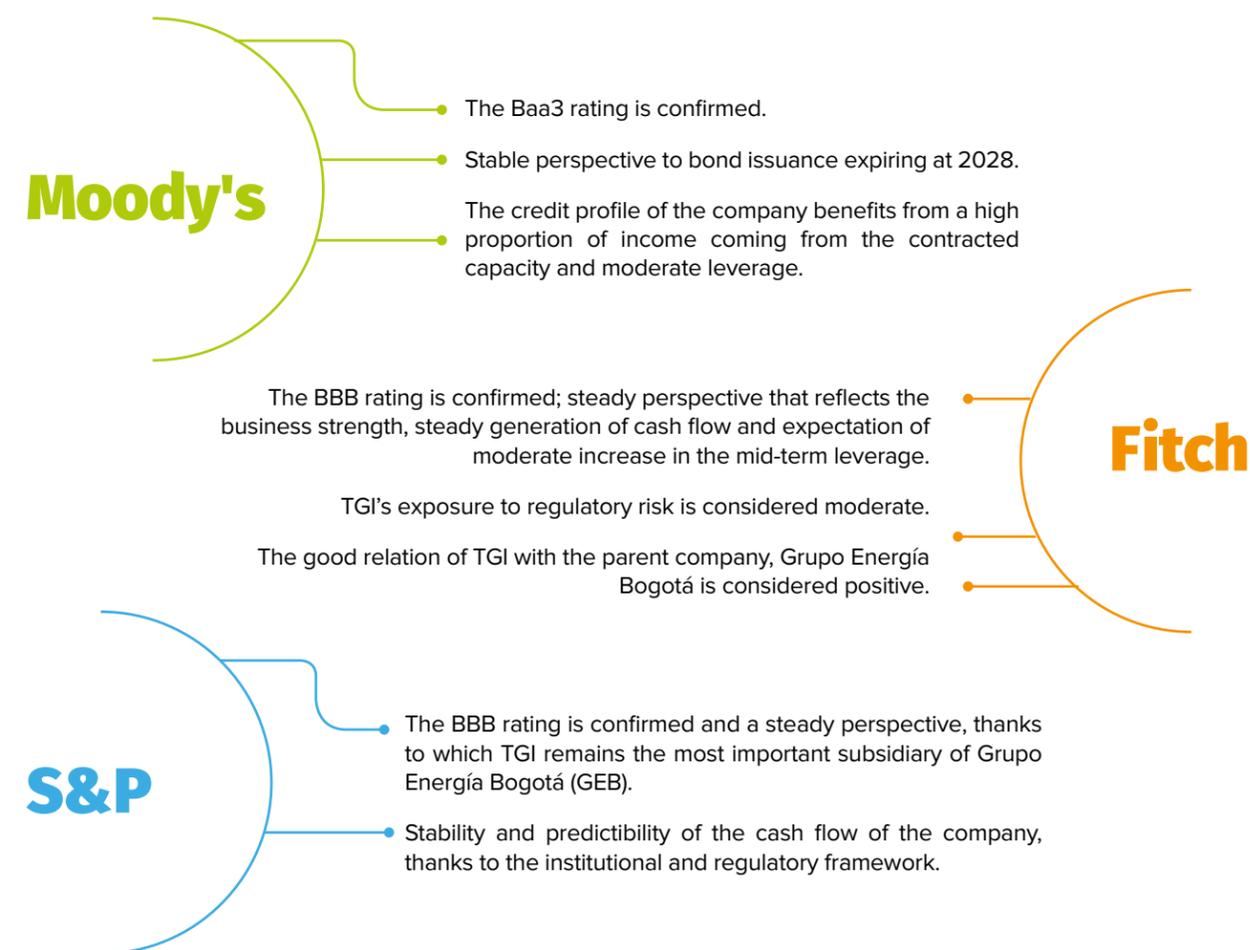
### COMMUNITY INVESTMENTS

Community investments showed an increase of 33.7% in relation to 2017, reflecting the company's commitment to strengthen the genuine relationship with our stakeholders and the restructuring of our business strategy with a focus on Sustainable Development, under the design of a new strategy in the field aligned with the GEB.

### ECONOMIC VALUE WITHHELD

The decrease in the Economic Value withheld is mainly due to the increase in "payments to capital providers" as a result of the debt management operation, which involved the payment of a premium of USD 14.25 million to the holders of the Bonds maturing in 2022 for the early redemption thereof.

**Figure 19. Rating to TGI by Moody's, Fitch and S&P**

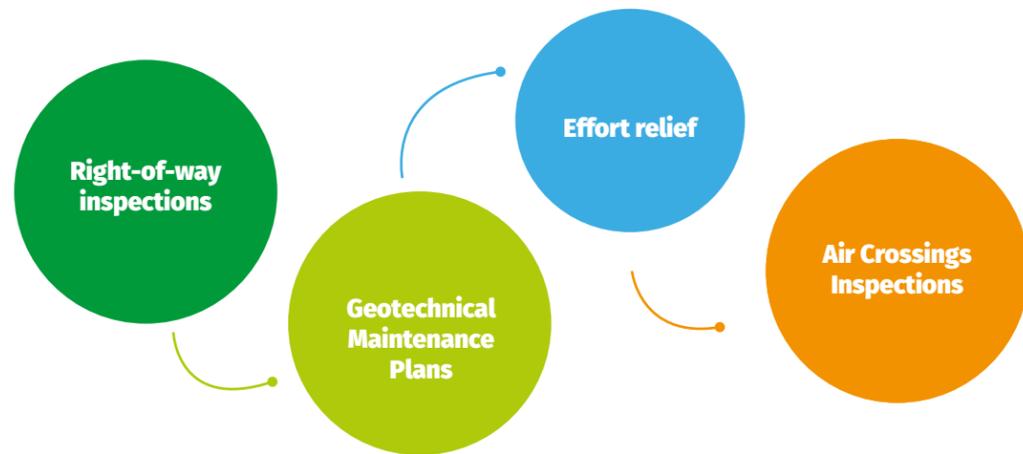


SOURCE: TGI S.A. ESP

## 6.3.2 Financial implications, opportunities and risks due to climate change

GRI 201-2

In terms of opportunities, during 2018 TGI carried out the review and analysis of the evolution of the Niño phenomenon and its impact on the provision of the gas transport service for the year 2019, and in terms of risks, we deployed preventive measures to avoid materialization of risks associated with the Climate and External Forces threat, through maintenance activities, which include:



The financial implications derived from climate change in the company are associated with the investment we make every year to address incidents that affect the integrity of the infrastructure and the continuity of the service; these situations result from threats related to the climate and external forces, among other factors, which include the movement and instability of soils, landslides and bottom undermining by the currents of water bodies and damages by third parties. In 2018, the investment for this concept amounted to \$ 9,349,073,886

**Table 14. Investment in emergency attention works**

GAS PIPELINE	VALUE
BALLENA-BARRANCABERMEJA	1.285.002.632
BOYACA-SANTANDER	654.537.235
LA BELLEZA - COGUA	636.998.807
MARIQUITA GUALANDAY	142.197.533
CUSIANA APIAY BOGOTA	3.919.283.125
MARIQUITA CALI	2.586.687.513
LA BELLEZA - VASCONIA	124.367.041
<b>TOTAL</b>	<b>\$ 9.349.073.886</b>

SOURCE: TGI S.A. ESP.



**FIELD COLLABORATOR**  
Manizales, Caldas

# Operations with integrity, reliability and efficiency

07

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**104,7%**  
compliance with the goal in the income impact decrease indicator

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Initiatives and Projects .. **69**  
Operational indicators ... **70**

# 7.1 Why is it relevant?

GRI 103-1

Integrity management at TGI aims to identify the threats to which its transport infrastructure is exposed, assess risks, define management strategies and develop preventive actions, detection and mitigation plans, aimed at providing a continuous, safe and reliable natural gas transport service, with the highest standards of quality, availability and best industry practices. No adverse effects on its employees, the public, our customers or the environment, permanently assessing that all risks are at a reasonable level for the company.

This issue has a high incidence on the ability of the company to timely respond to the needs of customers, the strengthening of long-term relationships and the fulfillment of contractual commitments.

The availability of the system is directly related to the profitability of the operation, because the suspensions in the service also generate the interruption of contracts and billing, affecting the company's income. For this reason, the Vice Presidency of Operations designs maintenance and asset management strategies, which have ensured the reliability of the supply and have contributed to the consolidation of TGI's leadership in the transportation of natural gas.

The implementation of the Integrity Management program also represented the appropriation of the concept of operational discipline, whereby a detailed plan is established with specific goals and milestones that, through the establishment of responsible persons, procedures and specific control points, allows managing the integrity of the infrastructure with opportunity and efficiency.

These planning, monitoring and control tools have been built with reference to the best practices and international standards in natural gas transportation and are the result of an analysis of the recommendations made in national and international standards applicable to the gas transportation systems.

## 7.2.1 2018 Initiatives and Projects

- » Compliance with 99.6% of the maintenance plan designed for the year. This achievement is associated with the improvements implemented in the programming process of preventive repairs and the conservation of infrastructure at the national level.
- » In terms of operational efficiency, we managed to execute the budget for maintenance above the proposed goal.
- » Despite the increase in the number of emergencies, in 2018 the average attention time indicator showed a significant reduction, related to the optimization of the response process and the signing of internal service agreements, which guarantee resources to address incidents in a timely manner.
- » We highlight the response and recovery of the service without incident in the emergencies of Ballena, in the department of La Guajira, reported in January; and in Páez, department of Boyacá, in events taking place in June. These situations tested the experience, the competences and the availability of the incident attention team, which fulfilled with the attention of the events and managed the recovery of the service with a reduced impact in the availability.

Compliance with  
**99,6%**  
of the maintenance  
plan designed for  
the year.

## 7.2 How is it managed?

GRI 103-2

The Inspection plan at the end of 2018 covered  
**90%**  
of the total gas pipelines.

The Integrity Management Plan, designed in 2017 by the Vice Presidency of Operations, has had as fundamental purpose the implementation of an operative discipline that ensures the fulfillment of the P3 strategic objective of TGI: achieve an efficient maintenance management.

Based on the definition of the strategy, the infrastructure inspection goals were established, and a revision plan was created that, by the end of 2018, covered 90% of the total of the gas pipelines. This quick progress in execution is the product of an aggressive evaluation and maintenance plan that, in 2017 and 2018, was aimed at updating the diagnosis of the facilities and promoting the corrective measures identified in the findings plan, in order to contribute to guarantee the transport of gas.

## 2019 Challenges

- » Integrity Management Plan: validation and delivery of the optimized risk model for a gas pipeline and implementation of the integrity software.
- » Development of the last section of the infrastructure evaluation, corresponding to 11%, percentage that completes the inspection of all gas pipelines inspected under the ILI (In-Line Inspection) inspection methodology.
- » Design of the Asset Management Plan, through the construction of master documents for integrity and standardization.



## 7.3 How does TGI assess its commitment vis-à-vis this issue?

COLLABORATORS ADMINISTRATIVE AREA  
Bogotá D.C.

GRI 103-3

TGI's internal control system establishes monitoring mechanisms for the targets and indicators, such as audits for compliance with the integrated management system and internal operational or control audits.

Faced with the objectives of the Corporate Strategic Plan (PEC), the indicators related to the availability of the service allow to monitor the effectiveness of the implemented action plans and to evaluate the inspection, maintenance and emergency attention protocols.

## Operational indicators 2018

The service continuity index and the operational reliability index are no longer part of the objectives included in the Corporate Strategic Plan and were replaced by the income impact decrease indicator, which aims to measure the reduction percentage in the income caused by the execution of scheduled maintenance by TGI and which generate supply suspensions; the fulfillment of the goal in this indicator for 2018 was higher than 104.7%.

This indicator measures the availability of transport capacity of gas pipelines, taking into account the impact of scheduled maintenance.

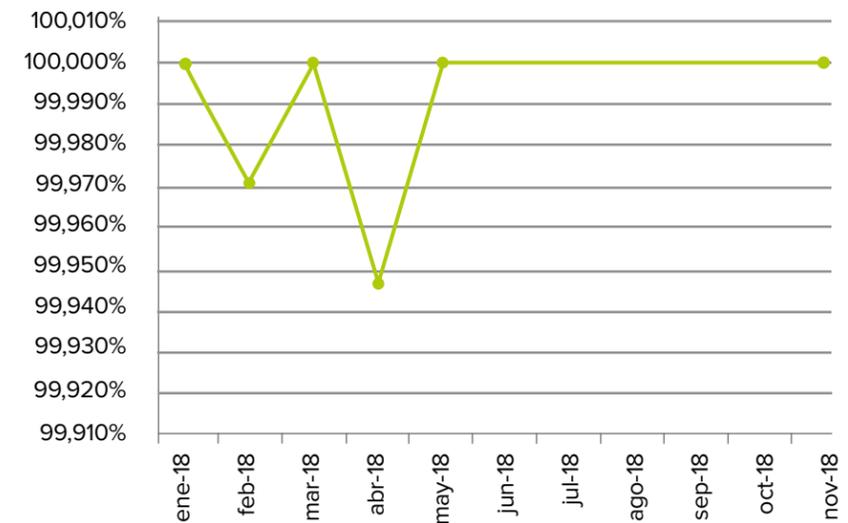
## Availability of gas pipeline systems (%)

Table 15. Average monthly availability of gas pipelines' transport capacity

Month	Average availability per month	Activities carried out
Jan-18	100.00%	No scheduled maintenance was carried out.
Feb-18	99.97%	Tuning work of control loops in the Paratebueno EC were carried out, which affected the transport capacity.
Mar-18	100.00%	No scheduled maintenance was carried out.
Apr-18	99.94%	Scheduled maintenance to cut and connect the 2 "Albania branch in Quebrada Canutillo and cause-effect matrix testing works in the Compressor Station of Paratebueno, which affected transportation capacity.
May-18	100.00%	
Jun-18	100.00%	No scheduled maintenance was carried out.
Jul-18	100.00%	
Aug-18	100.00%	
Sept-18	100.00%	
Oct-18	100.00%	Scheduled works were carried out without affecting the transport capacity.
Nov-18	100.00%	
Dec-18	100.00%	

SOURCE: TGI S.A. ESP.

Figure 20. Average monthly availability of gas pipelines' transport capacity



SOURCE: TGI S.A. ESP.

# Status of Pipeline Inspections

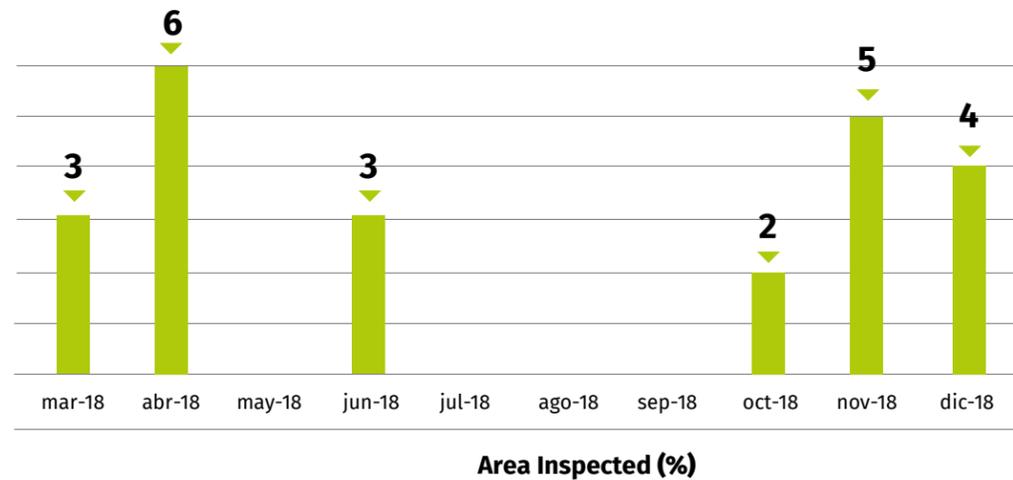
The area inspected in 2018 using the MFL-ILI technique was 23%, which, compared to the target set at 20%, represents a compliance of 115%.

**Table 16. Strategic objective follow-up of infrastructure integrity**

Strategic Objectives	Projects	Specific objectives	Target 2018 (%)	Compliance percentage
Ensure the infrastructure integrity.	Integrity management program.	Percentage of area inspected with ILI tool throughout the transport infrastructure.	20%	115%

SOURCE: TGI S.A. ESP.

**Figure 21. Graph of the infrastructure area inspected 2018**



SOURCE: TGI S.A. ESP.

**Table 17. Activities of other inspections**

Activities	Executed/ Executed Goal (2018)
Inspection of Air Crossings	22 crossings / 23
Cathodic Protection System Inspection	CIPS: 1076 km/863 Km DCVG: 409 Km/ 100Km POTENTIAL TAKE ON / OFF: 4465 poles / 3000 INSP URPC: 185/ 107

SOURCE: TGI S.A. ESP.

In 2018, inspections of the Right of Way (RoW) were carried out in 3782 km, corresponding to 98% of execution with respect to the scheduled routes in the year.

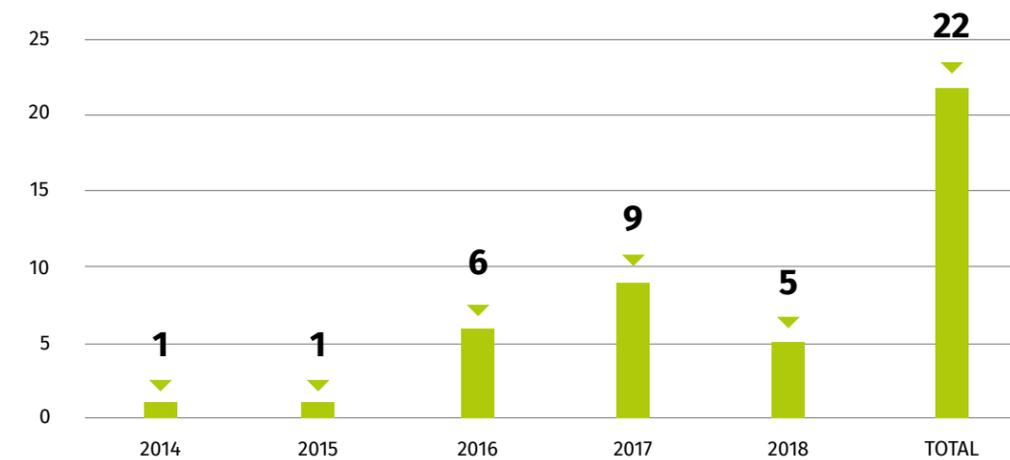
The goals of other inspections during 2018 were fulfilled as follows:

# Mitigation Threats- Third Party Damages

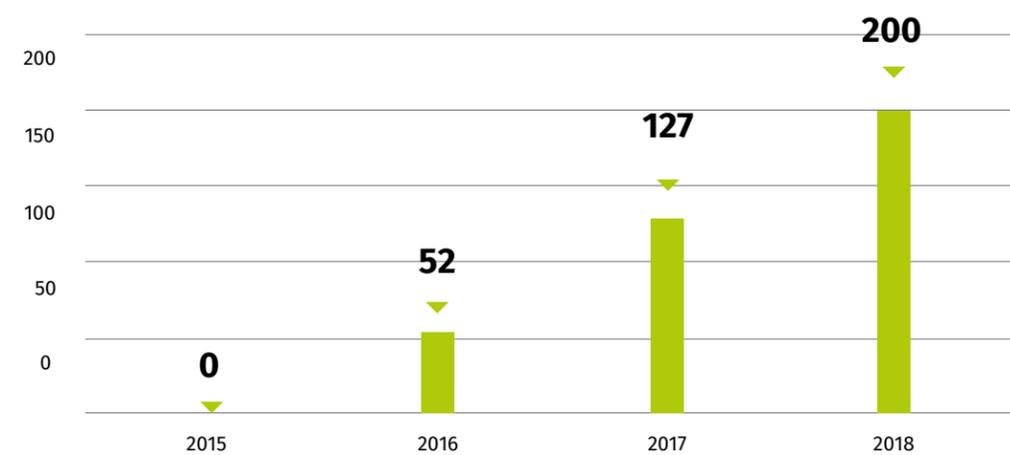
In 2018, 5 collaboration agreements were signed with third-party infrastructure, which have a common area of influence with our gas pipelines, to ensure an adequate definition of technical terms. Compared to 2017, there is a reduction in the number of agreements, related to the re-statement technical terms.

This management is carried out to avoid damages by third parties and define the safe co-existence of projects with the infrastructure of TGI S.A. ESP avoiding damages to facilities, the environment and the community.

**Figure 22. Coordination Agreements Signed**



**Figure 23. Projects Managed**



SOURCE: TGI S.A. ESP.

# Construction of the value proposal

08

COP

**\$ 130.853**

MMCOP invested in infrastructure projects

Initiatives and Projects .. 76

Product Description..... 78

# 8.1 Why is it relevant?

GRI 103-1

The Construction Vice Presidency participates, through the management of TGI's growth, maintenance and improvement projects, with the expansion of the natural gas transport capacity in a timely and cost-effective manner, fulfilling the promise of value of a reliable, continuous and quality service.

The dynamics of the market and the growing influence of stakeholders have raised the need to generate strategies that, in addition to guaranteeing that the operational infrastructure adequately meets the volumes of natural gas transport required by the market, allow proactive management of the environment environmental and social aspects of our activity.

**TGI INFRASTRUCTURE**  
PARATEBUENO, META

## 8.2 How is it managed?

GRI 103-2

The operational reorganization planned in 2017 and effectively implemented in 2018 placed this Project Management and the Assurance Management in this Vice Presidency, so that, articulated it matures and manages institutional growth projects together with the other areas of TGI.

This composition guides the activity of the Vice Presidency to business expansion and operational continuity, which in addition to ensuring our ability to respond to the prospects of increasing natural gas demand, promotes the reduction of emissions that we generate as a country to the atmosphere in two strategies: the expansion of the use of a cleaner fossil fuel such as natural gas, and the implementation of new technologies of the sector in our infrastructure.



**ARCHAEOLOGICAL PIECE OF THE QUIMBAYA CULTURE**  
La Tebaida, Quindío

The construction and commissioning of the Armenia Loop (Zarzal - La Tebaida), represented an important challenge in the protection of the historical and cultural heritage of the region.

» Construction and commissioning of the Armenia Loop (Zarzal - La Tebaida), with an important challenge in the protection of the historical and cultural heritage of the region occupied by human groups of the Quimbaya ethnic group. With a high level of complexity due to the discovery

of 37 sites of archaeological interest, which were adequately treated in an unprecedented time of one year; in this period, in addition to rescuing the pieces following all the conservation protocols, we managed to comply with the technical and operational characteristics in the construction of a gas pipeline. For the success of this project, it was necessary to implement technologies such as: overflights with DRO-NE-type unmanned aerial vehicles and ground penetration radars - GPR, which allowed to identify the type of pieces and their position, in order to plan their extraction.

As a result, the team of project archaeologists was able to analyze more than 300,000 fragments, which were delivered to the cultural heritage of the nation; 13 tombs of "cancel", 5 skeletal remains and 150 ceramic utensils of the Quimbaya culture. The additional investment that the development of this project represented for the company and the results of the respectful recovery process of the pieces will be presented in a forthcoming book.

» Subfluvial Crossing Project of the Magdalena River. In this project an appropriate risk management was implemented, where all the possible factors were analyzed and studied to develop an intervention plan that, in a record time of four months and, through an action articulated with the control entities and the authorities in charge of Risk Management at their departmental and municipal levels, allowed TGI to replace a section of pipeline of the Central-Eastern gas pipeline at the crossing point with the Magdalena River without suspending the operation, guaranteeing service supply in 84 municipalities of 8 Colombian departments, and the protection of the ecosystem of the Magdalena River.

» Construction of the ninth compression unit at the Puente Guillermo station, expanding the transport capacity of our system by 17 million cubic feet and implementing a coordinated action in the three areas of sustainability, through the construction of a soundproofing system consisting of perimeter noise refraction screens of 10 meters in height and the purchase of a compressor unit with state-of-the-art technology to reduce noise emissions.

### 8.2.1 2018 Initiatives and Projects

» Design and implementation of a maturation model and value creation, whereby we standardize the phases that a project must go through to reach its structuring, selection, planning, execution, closure and transfer. This tool defines, among other aspects, the deliverables of the process, those involved and those interested in each phase, and offers a robust platform which challenge is to seek new business opportunities beyond the regulatory framework of the natural gas transport sector.

» Construction and start-up of two new compression stations - Paratebueno and Villavicencio - focused on managing positive impacts in the three areas of sustainability: environmental, economic and social. In addition to the evaluation, control and monitoring in the triple restriction of projects, which are: scope, time and cost, this project implemented new technologies, more friendly to the social and environmental setting, through innovation in modular construction systems, soundproofing of compression equipment and construction of encapsulated FLARE.



» Safe Infrastructure Project through the adaptation of the Bunkers of the Ballena - Barrancabermeja gas pipeline. As part of the action plan and opportunity management for improvement in occupational safety, this project was carried out in order to reduce the risk levels to which employees who perform maintenance and operation work are exposed in pipeline valves, where adjustments were made to improve ventilation conditions and allowed to reduce the confined space condition of the highest level of risk type 1, to a lower level of risk type 3. This factor has a positive impact on response times, thanks to the possibility of direct intervention that does not require the involvement of the fire department, nor the use of specialized assisted ventilation equipment, elements that, in addition, reduce maintenance costs. During the year, 14 facilities of this type were modified.

**TGI INFRASTRUCTURE.**  
PUENTE GUILLERMO, SANTANDER

**Table 18. 2018 Product Description**

Project	Cusiana Phase III
Objective	Increase transportation capacity of natural gas in the Cusiana-Vasconia Gas Pipeline by 20 MMSCFD to meet the shippers' requirement.
Budget executed in 2018	\$8,829 MMCOP (\$2.92 MMUSD)
Works executed in 2018	Final activities of the adjustments in the compression stations of Puente Guillermo, Miraflores and Vasconia
Capacity increase reached in 2018	20 MMSCFD
% of execution at the close of December 2018	100%
Social and environmental impacts managed in 2018	With this expansion, it is possible to satisfy the demand of the service for the municipalities of the Mid-Magdalena, the Coffee Growing area and the cities of Medellín and Cali.

Project	Cusiana – Apiay – Ocoa
Objective	Increase the transportation capacity of natural gas by 32 MMSCFD between Cusiana and Apiay, allowing to meet natural gas transportation requests from Cusiana, Apiay and Villavicencio.
Budget executed in 2018	\$29,171 MMCOP (\$10.29 MMUSD)
Works executed in 2018	Commissioning of two new compression stations in Paratebueno and Villavicencio
Increase in capacity reached in 2018	32 MMSCFD
% of execution at the close of December 2018	100%
Social and environmental impacts managed in 2018	New more friendly technologies to the social and environmental setting were implemented, through innovation in the modular construction systems, soundproofing of the compression and construction equipment of FLARE, the latter reducing the atmospheric emissions of the new station.

Project	Armenia Loop (Zarzal - La Tebaida)
Objective	Increase the transported capacity of gas to the municipalities of Caicedonia and Sevilla (Valle del Cauca), La Tebaida, Calarcá, Montenegro, Armenia, Quimbaya, Filandia, Circasia and Salento (Quindío).
Budget executed in 2018	\$14,225 MMCOP (\$4.97 MMUSD)
Works executed in 2018	Start-up of the Zarzal - La Tebaida gas pipeline
Capacity increase reached in 2018	8.3 MMSCFD
% of execution at the close of December 2018	100%
Social and environmental impacts managed in 2018	Deployment of technology and specialized processes to guarantee the adequate rescue of 37 sites of archaeological interest of the Quimbaya culture, along with the construction of the gas pipeline. Implementation of geotechnical and environmental protection actions.

Project	Magdalena River Crossing
Objective	Ensure the reliability of the Central-Eastern gas pipeline to guarantee transport to the shippers of 84 municipalities in the south and west of the country.
Budget executed in 2018	\$16,332 MMCOP (\$5.71 MMUSD)
Works executed in 2018	Construction of a new subfluvial crossing of the Magdalena River by means of the Horizontal Directional Drilling PHD method, network interconnection and operational start-up.
Capacity increase reached in 2018	Not applicable
% of execution at the close of December 2018	100%
Social and environmental impacts managed in 2018	The articulated action between the control entities and the authorities in charge of Risk Management at their departmental and municipal levels, allowed TGI to carry out the replacement of the gas pipeline crossing on the Magdalena River, without suspending the operation, guaranteeing the supply of the service in 84 municipalities in 8 Colombian departments and the protection of the ecosystem of the Magdalena River.

Project	Cusiana Phase IV
Objective	Increase transportation capacity of natural gas in the Cusiana-Vasconia Gas Pipeline by 58 MMSCFD to meet the shippers' requirement.
Budget executed in 2018	\$62,296 MMCOP (\$20.32 MMUSD)
Works executed in 2018	Construction of the ninth compression unit and soundproofing system consisting of perimeter noise refraction screens, 10 meters high.
Capacity increase reached in 2018	17 MMSCFD
% of execution at the close of December 2018	52.26%
Social and environmental impacts managed in 2018	With the purchase of a compressor unit with cutting-edge technology and the construction of the soundproofing system, hearing emissions are reduced, mitigating the social and environmental impacts of the operation of the station.
Works that will be executed in 2019	Construction of three 30-inch Loops and a total length of 38 km, in the sections Porvenir - Miraflores, Puente Guillermo - La Belleza and Puerto Romero - Vasconia

## 8.2.2 2019 Challenges

- » Construction of the project to replace the branches of the southern region of Bolívar, which guarantees the supply of the domestic service demand in the municipalities of Puerto Wilches, Galán, Yondo, Cantagallo and San Pablo.
- » Construction of the Cusiana phase IV project, which will increase the transportation capacity of the Cusiana - La Belleza gas pipeline by 58 million additional cubic feet per day, through the construction of three 30-inch Loops in a total area of 38 km.
- » Execution of the Ballena-Barrancabermeja bidirectionality project.
- » Renewal of the City Gates in the entry centers of the gas pipeline network of TGI to the cities with the highest volumes of consumption.
- » Continuity of the Safe Infrastructure project through the adaptation of the bunkers with the characterization of all the structures of this class in the country.

## 8.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

The Model of Maturation and Value Creation involves specific process and results indicators, such as compliance with milestones and deadlines; we have also established high-level measurement and control tools, in aspects that range from budget, execution, process, delivery times and dates, which allow us to evaluate the fulfillment of the value promise of each project and the commissioning date, an element that affects the economic aspects, given the fines and cost overruns, and the reputation of the organization.

The Model also includes a risk map composed of 5 phases:

**Table 19. Phases of the Maturation and Value Creation Model**

Phase	Initiative	Alternatives	Project	Execution	Closing
Characteristics	Qualitative, not very specific.	Analysis of high level risk.	Risk workshop If the contractor is defined, it is included.	Monthly follow up.	Closing reports.
Observations		Alternatives are selected and for projects with a more formal offer, qualitative analysis is included	It is done when it is already formalized as a project for the company.	To action plans to mitigate the defined risks. The progress and execution percentage is calculated.	Includes materialized risks, implemented contingency plan and status of environmental and social issues.

SOURCE: TGI S.A. ESP.



**The Model of Maturation and Value Creation involves specific process and results indicators, such as compliance with milestones and deadlines**

# Growth and market development

# 09

## 8,1

The general perception of customers against the quality of TGI service

Initiatives and Projects .. 84

Quality of service

measurement results ..... 88



Grupo  
Energía  
Bogotá

# TGI

FORO TGI  
GAS PARA EL

## 9.1 Why is it relevant?

GRI 103-1

In addition to managing the relationship with customers, the commercial management aims to achieve the purposes set out in the first element of TGI's business strategy, which seeks to strengthen consumption and the natural gas market at the local level; to achieve this, we develop actions aimed at strengthening the leadership in the local market, accessing new niches and designing solutions to suit the needs of an increasingly competitive world, and which require an energetic contribution to improve air quality and reduce Greenhouse Gas emissions.

These activities contribute to the consolidation of TGI's position in the sector, to the permanence and growth of the company and, at the same time, reduce the incidence of risks associated with customer satisfaction, compliance with contractual terms and to strengthen long-term business relationships.

GRI 103-2

## 9.2 How is it managed?

The area responsible for customer management and market development is the Vice Presidency of Commercial Development, which leads the commercial committees and internal and external business forums, instances in which the company's response to the needs of the clients is monitored and actions are defined around the competitive strategy. The control activity has as input the monthly income reports and volumes transported, as well as the follow-up to the execution of the relationship plan with clients in the different regions of the country, where the actions and synergies executed to ensure compliance of contractual commitments are evidenced.

## 9.2.1 2018 Initiatives and Projects

- » Positioning of TGI as promoter of the gas industry and consolidation of the company as a relevant actor for the generation of alliances that contribute to the development of natural gas in Colombia.

The TGI 2018 Forum event was held on November 7 with the participation of more than 270 people. (First level leaders of: government, senders, unions, industry and the energy sector). The overall balance of the event obtained a score of 4.7 points (out of 5).

Significant milestones were obtained in terms of:

- » Call: It had a high level, interpreted as an event that exceeded the expectation of previous years and that brought together the group of high-level guests, generating greater credibility of TGI in the sector.
- » Quality of lecturers and topics: The panelists managed to meet the expectations of the attendees and additionally, the most relevant topics for the sector were exposed, providing current information, reinforcing the relevant contents given the moment experienced by our company and the sector.
- » Design of the portfolio of commercial products not regulated for industry and thermal generators.
  - » Update of the commercial system, an activity that strengthens the systematization of processes.
  - » Furthermore, during 2018 the Vice Presidency of Commercial Development promoted the following actions in its business lines:

- » Large cities. It includes the commercial, Vehicular Natural Gas (NGV) and residential segments. This line, specifically in NGV, was the most advanced during the year because it achieved the incorporation of a commercial scheme with the learning and leverage of TGI and the other agents in the sector. The year's management emphasized the promotion of the use of gas and the articulation of actions that emphasized mass transport systems, dedicated corporate fleets and the conversion of vehicles to VNG. Main results include:

- » Together with other actors in the gas chain, we managed to secure the commercial conditions that contributed to the incorporation of 741 gas buses for Transmilenio: more clean air for Bogotá.



**TGI INFRASTRUCTURE**  
HATONUEVO, LA GUAJIRA

- » We also participated actively with distributors and other actors in the incorporation of another 90 natural-gas operated vehicles in other cities of Colombia such as Palmira, Medellín and Manizales.
- » We carried out the conversion of 20 TGI vehicles to the vehicle natural gas system. During the first quarter of 2019 we will reach 40 vehicles with this system, meeting our goal of having 100% of the operation and maintenance fleet using natural gas in 2019.
- » Industry and thermal generation. In 2018, activities were focused on mapping the industry and the analysis of the thermal sector, to understand their needs, in order to design a portfolio of products and services that allow the generation of shared value through their implementation.
  - » Through the distributors or directly, the provision of the service for the use of natural gas in industries such as Perenco, Cemex, Argos, Kronos and Holcim that represent an incremental volume of approximately 19 million cubic feet per day (MMpcd) was allowed.
  - » We carried out the conversion of four backup plants in the operational work centers, to Bi-Fuel systems.
  - » Midstream. In 2018, we managed to structure a liquefied petroleum gas project that will use the infrastructure of TGI, which seeks to benefit from the characteristics of natural gas that reaches the area of the Bogotá savannah; for the success of the initiative, it is necessary to promote alliances with other actors in the sector.
- » Faced with the quality of the gas transportation service, some improvement opportunities were identified that led to the organization and standardization of business processes, as well as adjusting processes and generating monitoring protocols for their implementation and feedback with customers. An action plan was established and will be implemented in 2019.
- » In regulatory matters, relevant topics were managed to support the development of markets and organizational growth:
  - » We updated the tariff file at June 30, 2018, in order to be prepared to timely deliver the requirements that the Energy and Gas Regulation Commission (CREG) can enforce once the new tariff methodology for the remuneration of the natural gas transport service is issued.
  - » Among the actions of Normative Useful Life, the request for the commencement of the administrative action of 17 assets was sent to the Commission. Furthermore, aspects related to the Galán-Yondó gas pipeline were managed, where CREG notified CREG resolution 003 of 2018, which was appealed by TGI for technical arguments based on the detailed engineering carried out by the company. The result is obtained in CREG Resolution 106 of 2018, where the valuation of this gas pipeline went from \$ 1,391 to \$ 4,808,350.
  - » In the Transitory Natural Gas Supply Plan, we continued with actions that allow the adoption of the projects considered necessary to guarantee the reliability and supply of the sector. This way, we furnished the information of the IPAT projects that TGI has as a priority; likewise, we held meetings with CREG and UPME, where the progress of each project was presented, showing both the positive things and the challenges we have faced in construction, both in social and environmental matters.

It is important to note that the El Cerrito compressor project was re-evaluated by the UPME, using the arguments of TGI and the other transporter, identifying that there may be more beneficiary users than those initially evaluated. From this analysis, it was recommended that the compressor be called Jamundí Branch Compressor and its first option was assigned to TGI.

We also held several meetings among the different entities and agents of the sector, aimed at ensuring that the Pacific's import infrastructure benefits the greatest number of users. To achieve this goal, we promoted workshops with the main international traders and meetings with entities, guilds and agents, to understand the needs and design a proposal for the Government.

## 9.2.2 2019 Challenges

- » Households and businesses. Define a focus for commercial action that allows the definition of strategies to be implemented in an articulated manner with the agents of the sector.
- » VNG. To look for the increase of the volume through the development of cases of dedicated fleets according to opportunities identified through a mapping with greater coverage.
- » Industry. To advance in the understanding with the other actors of the system, in order to promote the joint work with producers and distributors for the materialization of the designed products and services. It is also necessary to develop cases of industries identified as incremental demand.
- » Develop an agenda for the construction and application of tax and regulatory benefits cases that promote the use of natural gas..
- » Midstream. In conjunction with the operations and regulation areas, it is necessary to work on the development of alternatives for the remuneration of the Ballena-Barrancabermeja gas pipeline, and also in the design of the new businesses and services portfolio, complementary to the transport activity.
- » In terms of quality of service, TGI has set itself the challenge of improving response times and strategically allocating resources that support the standards and service protocols that were structured in 2018.

## 9.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

At TGI, we receive feedback on our activities through customer relations spaces, generated through workshops and training sessions that provide information of interest for monitoring the implemented action plans and that allow us to know first hand the perception that customers and shippers have of our products and services. Likewise, in the company we apply a service quality measurement tool, which provides objective and quantifiable monitoring data and key inputs to address the opportunities for improvement and maximize the positive results of management.

TGI has set itself the challenge of improving response times and strategically allocating resources that support the standards and service protocols.

**MASSIVE TRANSPORTATION VEHICLE DEDICATED TO NATURAL GAS Bogotá D.C.**



# Quality of service measurement results

Our monitoring system is a tool that evaluates the management carried out in the daily maintenance of the relationship with customers, with the objective of having quantitative and qualitative information about the effectiveness of the implemented activities and obtaining inputs that guide the design of new strategies and actions.

The perception that clients have of their relationship with TGI is measured through an annual survey, contracted with the National Consulting Center (CNC), and in 2018, 99 surveys were carried out, representing a response rate of 41%. It is important to note that the base of possible contacts of our 47 clients, went from 168 in 2017 to 240 in 2018, a factor that affects the reduction of the response rate by 9 percentage points. The main aspects measured in the survey and its results are:

The general perception of the quality that the client has with respect to TGI still relates to levels of excellence.

**Table 20. Results of the perception survey on the relationship of clients with TGI**

Expectation fulfillment	Results	
	2017	2018
Question: You would say that your relationship with TGI:		
1. Exceeds your expectations	14 %	2 %
2. Meets your expectations	77 %	84 %
3. Is below your expectations.	9 %	12 %
<b>4. Does not know, does not respond.</b>		<b>2%</b>
<b>Total respondents</b>	<b>88</b>	<b>99</b>

Quality perception	Results	
	2017	2018
<b>This indicator emphasizes 3 fundamental axes:</b>		
<b>1. Quality of people: interest and service attitude; advice and technical level of the TGI people.</b>		
<b>2. Management given to the requests: agility to solve the requirements, transparency and process times.</b>	8,4	8,1
<b>3. Commitments and day-to-day service: compliance with the agreed commitments and the effectiveness or quality of the interaction results.</b>		
<b>Total respondents</b>	<b>88</b>	<b>99</b>

SOURCE: NATIONAL CONSULTING CENTER.



COLLABORATORS ADMINISTRATIVE AREA Bogotá D.C.

In 2018, 99 surveys were conducted, which represent a response rate of

**41%**

In general terms, according to the surveying entity, the general perception of the quality that the client has with respect to TGI is still on levels of excellence because the score of 8.1 is within the "Excellent" range.

**Table 21. Quality perception scale**

Quality perception scale									
Poor						Fair	Excellent		
1	2	3	4	5	6	7	8	9	10

SOURCE: NATIONAL CONSULTING CENTER.

Team with talent, motivation  
and results-driven

**10**

---

**15.967**  
Hours of training for  
employees

---

Employment..... **94**  
Training and development  
.....**99**



## 10.1 Why is it relevant?

GRI 103-1

Each one of the roles, hierarchical positions and leadership in TGI have been created in response to the needs demanded by the company's operations and provide fundamental elements for the achievement of the goals that contribute with the fulfillment of the Corporate Strategic Plan (PEC) indicators.

In order to ensure that this contribution is effective and maintain high levels of performance, we undertook training and follow-up actions to strengthen the technical and soft skills required by the operation and make visible the contribution of each member of the team to the fulfillment of corporate goals.

The alignment of these training spaces and the individual development plans with the 14 strategic objectives of the PEC contribute to maintaining high levels of productivity and efficiency in the operation, minimizing the incidence of risks, while strengthening the sense of ownership of the collaborators towards the company, improving personal satisfaction regarding the activities and the role they perform individually and collectively in TGI.

## 10.2 How is it managed?

GRI 103-2

The Human Resources Policy of Grupo Energía Bogotá guides the talent management activities in TGI, actions that are executed by the Human Resources Management and which are analyzed through the measurement spaces and the psychosocial surveys applied to all collaborators of the company.

### 10.2.1 2018 Initiatives and Projects

- » Socialization at the national level of the strategic map and the contribution that each activity makes to the achievement of the corporate objectives. The purpose of these spaces was to generate greater understanding by all strategic planning team members and the importance of each role and process.
- » Construction of the Organizational Culture. A diagnostic tool allowed us to characterize the existing culture, identify the desired one and describe what is required for the achievement of corporate goals. These actions provided information to set out the behaviors and attributes needed to achieve the objectives of the PEC and design the corresponding action plans in terms of strengthening skills, closing gaps and designing development plans.
- » Based on measurements of the work environment and psychosocial surveys, the Human Resources Management identified the need to improve the visibility of the spaces and training programs carried out in the company, since the employees' perception indicated insufficiency vis-à-vis the resources that the company had been assigning for training spaces. As a result, the responsible area, in conjunction with the corporate vice presidencies, designed a training program strategically aligned



The alignment of the individual development plans with the 14 strategic objectives of the PEC contributes to maintaining high levels of productivity and efficiency in the operation.

**FIELD COLLABORATOR**  
Manizales, Caldas

with the objectives of the PEC, which emphasizes the contributions of each space to achieve the goals. The training plan was communicated to all team members.

- » In conjunction with the GEB, we began the assessment process for company leaders. Through a specialized consultant, staff employees in management positions were evaluated and interviewed. Based on the results of this analysis, which are being reviewed at the time of preparing this report, the individual development plans of all group leaders will be built, which will be implemented in 2019.

» Synchronization of the activities and benefits of the collaborators of the administrative areas with the collaborators of the operation in the field..

- » Strategic allies. The members of the Human Management team assumed the follow-up of the different company headquarters to follow up on the activities and processes related to the Human Management issues, such as document and application procedures, making a greater presence through visits and frequent contacts.

## 10.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

In terms of satisfaction, the work environment index is measured with the purpose of identifying the management aspects that have been positive and what are the opportunities for improvement that require special attention by the area, in addition to the generation of the action plans, in conjunction with the different instances of the company.

This tool provides inputs that allow evaluating the effectiveness of the activities promoted and developed by the Human Resources area, as well as the perception that the company's employees have thereon, such as, for example:

- » The lack of connection with the activities and the leaders of the administrative areas, manifested by the collaborators in the field operations.
- » The low investment in training, coaching or training spaces that some employees perceive.

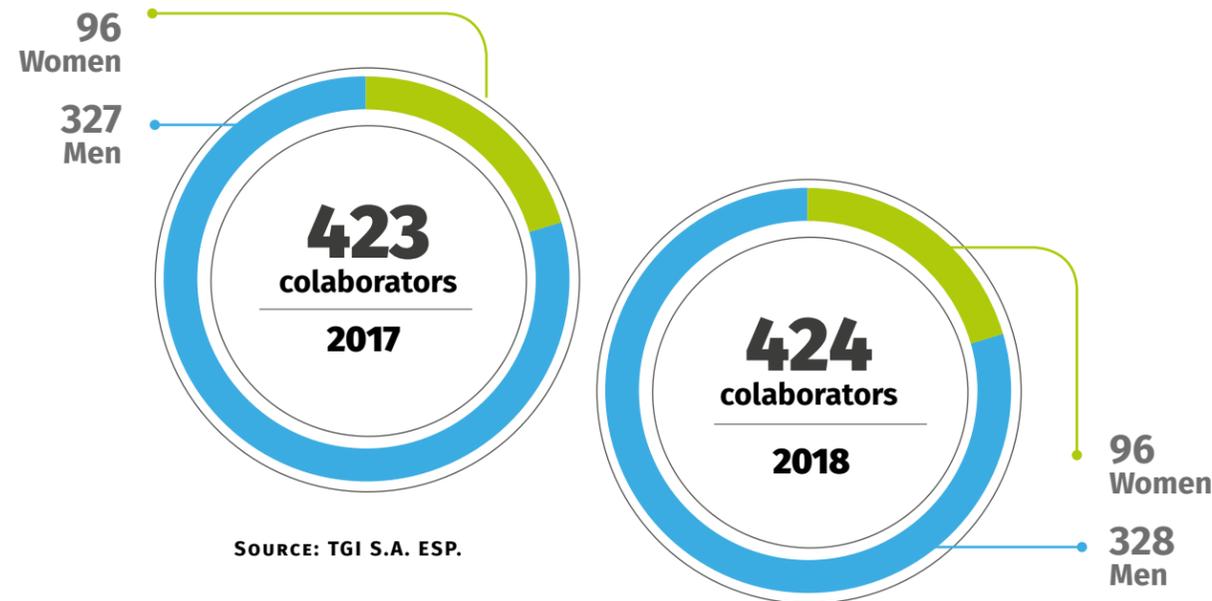
At TGI, we intend to continue advancing in the consolidation of a team with talent, motivation and results-oriented and to achieve it we have established as short-term goals:

- » Closure of the performance assessment process for the company's leaders, execution of the individual development plan.
- » Construction of the map of positions and critical talents, input for the design of corporate succession plans. .
- » Performance appraisal process for execution and support charges.
- » Agreement with the union within the framework of the collective bargaining and socialization of the results of the process.
- » Technological implementation of support platforms for human management processes, in order to improve the efficiency of management.
- » Implementation of organizational culture plans.

## 10.4 Employment

GRI 102-7; 102-8; 405-1

Figure 24. Total number of collaborators by gender<sup>11</sup>



<sup>11</sup>Los 424 colaboradores reportados en 2018 tienen contrato a término indefinido y jornada completa.

Table 22. Number of employees by gender and job category

	Top management		Mid-management		Advisor /		Professional		Support		Totales		
	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	Total
2017	3	10	6	20	1	8	66	129	20	160	96	327	423
2018	5	10	7	16	1	6	61	133	22	163	96	328	424

SOURCE: TGI S.A. ESP.

Table 23. Total number of collaborators by age

	From 18 to 30 years		From 31 to 40 years		From 41 to 50 years		From 51 to 60 years		Above 61 years		Totales		
	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀	♂	Total
2017	13	16	42	130	28	119	12	55	1	7	96	327	423
2018	13	18	40	130	31	118	11	56	1	6	96	328	424

SOURCE: TGI S.A. ESP.

Table 24. Total number of new hires.

GRI 401-1

Age range	Bogotá		Mariquita		Villavicencio		Totales
	♀	♂	♀	♂	♀	♂	
From 18 to 30 years	1	1					2
From 31 to 40 years	1	2		1	1		3
From 41 to 50 years	2	2					1
From 51 to 60 years		1		1			2
Above 60 years							0
Totals	4	6		2	1	6	19

SOURCE: TGI S.A. ESP.



## 10.5 Benefits for workers

GRI 401-2 / ODS 8

**WORKERS IN FIELD**  
Buga, Valle

As part of the strategy to consolidate talent management, the company has a package of work benefits for its employees that exceeds the requirements of the law, thus guaranteeing positive results in the perception of workers' welfare, generating a sense of ownership for the company and guaranteeing healthy levels of coexistence and work climate.

**Table 28. Mandatory social benefits for full-time employees**

MANDATORY FRINGE BENEFITS	2017	2018
Social Security	yes	yes
Pension fund	yes	yes
Other: Severance Fund Service Premiums Vacations	yes	yes

SOURCE: TGI S.A. ESP.

**Table 29. Voluntary social benefits for full-time employees**

Prestaciones sociales voluntarias	2017	2018
Life Insurance	yes	yes
Medical insurance	yes	yes
Marriage aid	yes	yes
Food aid	yes	yes
Vacation Premium	yes	yes
Flexible days	yes	yes
Other: Results bonus	yes	yes

SOURCE: TGI S.A. ESP.

**Table 25. Total number of withdrawals.**

GRI 401-1

Age ranges	Bogotá		Totales
From 18 to 30 years	1	1	2
From 31 to 40 years	4	6	10
From 41 to 50 years	0	3	3
From 51 to 60 years	1	1	2
Above 60 years	0	1	1
Totales	6	12	18

SOURCE: TGI S.A. ESP.

**Table 26. Turnover and hiring rates**

	2017	2018
Total number of collaborators at the beginning of the period	355	423
Total number of collaborators at the end of the period	423	424
Income	91	19
Withdrawal	23	18
New hires rate	25,63%	4,49%
Staff turnover rate	14,65%	4,37%

SOURCE: TGI S.A. ESP.

In 2018, the company reduced both the turnover rate and the hiring of new labor compared to 2017, aspects that reflect not only the consolidation and soundness of the business model, but also the confidence on the part of the employees in TGI and the commitment of the company to guarantee the labor stability of its work team.

**Table 27. Direct employees covered by collective agreements**

	2018
Total employees of the organization*	424
Total employees covered by collective agreements**	317
% employees covered by collective agreements	75%

SOURCE: TGI S.A. ESP.

\* Total employees approved per plant: 448, 424 of which are recorded as active at December 31, 2018.

\*\*Corresponds to the employees covered by the totality of the benefits included in the collective agreement established between TGI and Sintraelecól.

100% of the employees of TGI are covered by extension in three (3) benefits approved by the Board of Directors: Health Policy, Educational Assistance and Salary Increase.

## Freedom of association

GRI 102-41

Grupo Energía Bogotá has voluntarily adhered to the United Nations Global Compact, which is why it ensures compliance with its 10 principles, thus permanently requesting contractors to express their knowledge and acceptance in the development of any contracting process and previous subscription of a contract.

In 2018, TGI did not evidence any complaints made by workers of contractors and subcontractors, regarding the violation or limitation to freely exercise the right of association, freedom of association and collective bargaining.

**Table 30. Use of benefits**



SOURCE: TGI S.A. ESP.

## 10.5.1. Maternity and paternity leave

GRI 401-3

**Table 31. Maternity and paternity leave**

MATERNITY OR PATERNITY LEAVE	2017		2018	
Employees entitled to maternity or paternity leave	1	8	3	2
Employees who enjoyed maternity or paternity leave	1	8	3	2
Employees who went back to work after completing their maternity or paternity leave	1	8	3	2
Employees who remain in the organization 12 months after completing their maternity or paternity leave	1	8	3	2
Work return rate	100%	100%	100%	100%
Retention rate	100%	100%	100%	100%

SOURCE: TGI S.A. ESP.

<sup>12</sup>Total employees approved per plant: 448, 424 of which are recorded as active at December 31, 2018.

## 10.6 Training and development

ODS8

In 2018, the Human Talent Management of TGI designed a training program in accordance with the needs required for the development of operations, strategically aligned with the objectives of the PEC, which places special emphasis on the contributions of each space in the achievement of the company goals.

The foregoing, in response to the results obtained in the measurements of work environment and the psychosocial surveys applied by the company to its employees, which identified, as an opportunity for improvement, the need to inform in a timely manner all the members of the work team, the different training schedule and the training spaces, so that the commitment and resources that the company invests in training a talented team become even more visible.

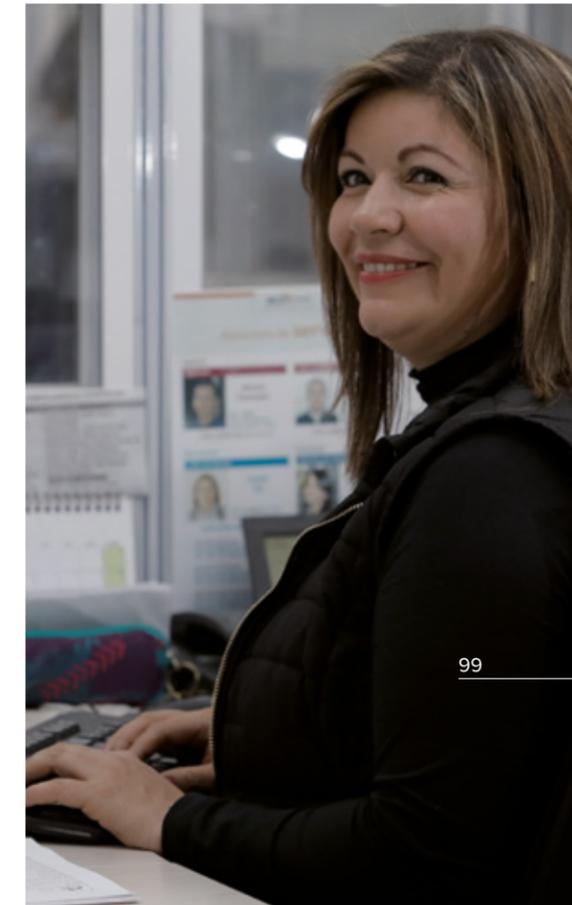
In the period reported, there was an increase in both the number of employees and the number of training hours compared to the 2017 figures, an aspect that reflects once again the company's commitment to breed a team of excellence, which allows not only to guarantee an adequate management in the development of its operations, but to set a goal of success in the fulfillment of the PEC objectives.

**Figure 25. Number of trained employees and training hours**



SOURCE: TGI S.A. ESP.

ADMINISTRATIVE AREA COLLABORATOR  
Bogotá D.C.



# Average annual training hours per employee

GRI 404-1 / ODS8

344 employees received training in 2018, corresponding to 82% of the active workforce as of November 30. The average training hours for TGI employees in 2018 was 45.2, which represented an increase of 14 hours compared to the average for 2017.

**Table 32. Average training hours per employee**

2018					TOTAL	
	Labor category	Training hours	Average	Training hours	Average	Training hours
<b>Top Management</b>	186	26,5	933	55	1.119	41
<b>Mid-Management</b>	420,5	60	1.968,5	73	2.389	66,5
<b>Coordination</b>	778,5	51,6	4.080	66,8	4.858,5	59,5
<b>Execution</b>	2.332,5	47,5	2.129	34,9	4.461,5	41,5
<b>Support</b>	1.813	90,6	1.326	14,73	3.139	53
<b>Total</b>	5.530,5	57,6	10.436,5	40,6	15.967	38

SOURCE: TGI S.A. ESP.

# Performance Evaluation

GRI 404-3

As part of the activities programmed annually by TGI, which it plans to use to achieve excellence in the development of its operations, the company has a measurement plan that allows evaluating 100% of employees in aspects related to job performance, individual skills and abilities and the ability to work as a team.

This way, like in 2017, in 2018 TGI evaluated 100% of its employees in all the labor categories that make up its hierarchical structure, an activity that as a result allowed, in addition to managing the Development Plan for the next year, being a benchmark of the benefits and work plans for the team.

**Table 33. Percentage of employees evaluated by gender and job category<sup>13</sup>**

GENDER / LABOR CATEGORY	2018		%
			
Top management	3	10	100%
Mid-management	4	19	100%
Coordination	16	54	100%
Execution	45	66	100%
Support	24	171	100%
Total	92	320	100%

SOURCE: TGI S.A. ESP.

COLLABORATORS ADMINISTRATIVE AREA  
WBogotá D.C.



<sup>13</sup>According to the organization's policy related to the performance evaluation, the employees subject thereto must have been engaged with the company for minimum 6 months at the time of the evaluation; therefore, the report presented was prepared with the head count of the personnel that fulfilled this condition and, so the distribution thereof by levels. The above does not mean that the number of personnel with performance evaluation should be equal to the number of people hired at December 31, due to the personnel turnover.

Furthermore, the support is not obtained from SSFF because at the date of preparation of this report, the evaluation process has not been closed and the result in the number of people evaluated could vary due to the turnover effect.



# Occupational safety and health

11

**0 fatalities** and occupational diseases among collaborators and contractors

Initiatives and Projects .. 105  
Representation of workers in formal committees worker health and safety company .....107

## 11.1 Why is it relevant?

The management of the Occupational Health and Safety System represents a priority for TGI, which is reflected in its strategy and corporate culture to promote self-care and the prevention of occupational diseases and accidents among its workers and contractors; being this a commitment to guarantee high performance following the best industry practices.

The execution of activities of the Occupational Safety and Health Management System (SG-SST) has a bearing on the reduction of the risk assessment and the control of the hazards generated by the operation and maintenance of gas pipelines at the national level-factors that are reflected in the indicators and significant advances in productivity and promote the recognition of TGI at the international, national, governmental level, as well as the recognition of its workers and stakeholders.

Occupational Health and Safety (SST) has become not only a key factor for the growth and development of TGI, but also for the management of its contractors, who are part of the strategic allies of the company and who through joint work, generate strength, flexibility and adequate bases for the development of a sustainable safety and health culture.

## 11.2 How is it managed?

TGI administers the Occupational Health and Safety Management System through the HS Subdirectorate, which belongs to the Sustainable Development Management. However, all the employees of the company have been committed to the implementation of the SG SST, through their active participation and the availability of resources for the satisfactory fulfillment of the System objectives and the Joint Committee on Occupational Safety and Health.

In 2018, TGI strengthened the management with the contractor companies, generating visible leadership, through interventions by the president and the participation of the company's leaders in spaces of dialogue and joint work, which aimed to achieve among the parties assurance for the workers and the prevention of work accidents.

To achieve these purposes, we monitor our activities through the Lost Time Incident Frequency (LTIF) indicator, covering both employees and contractors and we execute infrastructure and safety enhancement projects based on behaviors, which aim to reduce the exposure to the risk of work in confined spaces and reduce accidents due to unsafe acts in TGI.

For 2019, we have set ourselves the challenge to integrate leadership management and the culture of self-care among employees and contractors of the company, with the purpose of strengthening safety and accident prevention- a process that is reflected in the measurement of a single indicator in the Occupational Accident Frequency Index.

## 11.2.1 2018 Initiatives and Projects

- » Program of critical activities such as heights, confined spaces, load lifting and electrical risk: it included activities, training and personnel coaching in order to mitigate risks; new procedures were also generated, and new operational controls were established. The compliance of these programs was 95%.
- » Strategic Road Safety Plan (PESV in spanish): all employees who drive the company's vehicles underwent psychosensometric examinations and were trained in road safety issues such as: defensive driving and driving test, basic mechanics, preparation and basic national traffic rules. Within the framework of this initiative, we also update procedures according to legal requirements. The compliance of this program was 96%.
- » Contractor Management: we execute 100% of the Action Plan according to the diagnosis made vis-à-vis the legal framework developed from Decree 1072 of 2015 and Resolution 1111 of 2017. We carry out 100% of the Intervention Plan envisaged for contractors and contract inspectors with the purpose of preventing accidents.

## 11.3 How does TGI assess its commitment vis-à-vis this issue?

The main purpose of Occupational Safety and Health is the mitigation of work-related accidents and occupational diseases within TGI, through the promotion, prevention and epidemiological surveillance systems; the effectiveness of SST management is evaluated through:

- » Internal audits scheduled by the Integrated Management System in all operational and administrative work centers, in order to verify compliance with the requirements of the ISO 9001, OHSAS 18001 and ISO 14001 standards.



**BUNKERS SAFE INFRASTRUCTURE PROJECT**

- » Emergency response and assistance system: we develop activities such as training for brigade members, drills in the administrative headquarters and in the operative work centers, updates of the emergency plans and risk management. The compliance of this program was 85%.

- » Internal audits scheduled by the internal control area to demonstrate the management, compliance with legal requirements and SST performance by the company and by contractors.
- » External audits of compliance with legal requirements in SST
- » External audits by the Bureau Veritas certifying body
- » Quarterly follow-up of the Annual SST Plan, planned at the beginning of the year, where compliance and monitoring of the activities of the programs are evidenced.

Considering the main objective of SST, the effectiveness of the management is assessed each month, mainly through the accident rate indicators, which include the frequency index, severity index, LTIF, absenteeism, prevalence rate and incidence of occupational diseases; the results are presented each month to the Presidency Committee and to the Board of Directors.

The main purpose of Occupational Safety and Health is the mitigation of work-related accidents and occupational diseases within TGI.

### 11.3.1 Representation of workers in formal committees worker health and safety company

GRI 403-1

TGI's commitment to Occupational Safety and Health is reflected in the active participation of workers in the formal committees; in 2018, 39 employees, corresponding to 9% of the 424 active employees as of December 31, represented the company in two committees whose main objectives are health and safety.

**Table 34. Distribution of the employees represented in the TGI Health and Safety Committees**

Committee	Distribution	TOTAL
COPASST	4 per company	31
	4 per employees	
	23 "Oversight" representatives in each operational work center	
Coexistence Committee	4 per employees	8

SOURCE: TGI S.A. ESP.

### 11.3.2 Health and safety issues addressed in formal agreements with unions

GRI 403-4

Within the framework of the Collective Labor Agreement between TGI and the Sindicato de Trabajadores de Energía de Colombia SINTRAELECOL, 10 chapters were developed, of which one, specifically chapter VII, is dedicated to occupational health and safety, which means that 10% of the document cares about these issues. As a result of the Convention, compliance with the following actions related to health and safety was agreed:

- » Due compliance with the SST regulations.
- » Delivery of personal protection elements for the respective activities according to the current regulations.
- » Periodical occupational exams carried out

### 11.3.3 Occupational Safety and Health Indicators

GRI 403-2

We monitor the indicators of accidents, occupational disease and absenteeism of direct collaborators and contractors on a monthly basis, with the aim of guiding the actions towards the promotion of care and prevention in the company.

For the calculation of the indicators that are regulated by Resolution 1111 of 2017 of the Ministry of Labor, the constant used is 240,000 and for the calculation of the international LTIF indicator, a constant of 1,000,000 is used.

**Table 35. Accident rate distribution of TGI by category and gender**

Indicator	2017				2018			
	Direct collaborators		Contractors		Direct collaborators		Contractors	
	Male	Women	Men	Women	Men	Women	Men	Women
Number of Employees	328	96	987	177	328	96	811	313
Hours worked	597.861	181.537	1.930.790	328.900	683.671	192.918	2.587.124	694.908
Days worked	70.211	21.298	227.152	38.694	80.432	22.696	304.673	79.015
Days of absence due to work accidents	12	2	304	7	24	0	159	0
Total work accidents	6	1	28	4	12	1	27	0
Occupational accident frequency rate	2,4	1,3	3,5	2,9	4,2	1,2	2,5	0,0
Occupational accident severity	4,8	2,6	37,8	5,1	8,4	0,0	14,7	0,0

SOURCE: TGI S.A. ESP.

<sup>14</sup>To calculate and build the SST indicators (Frequency Index, Severity, occupational disease and Absenteeism) of the direct TGI collaborators, it is necessary to have the monthly information sent by the Payroll area of the company (structure, overtime, permits to work, medical leave due to common illness) and the ARL (report of work accidents). As for the calculation and construction of the SST indicators of the contractors; they send an Excel format each month, designed by TGI; it is used for them to report each month the requested data (man hours worked, common and occupational diseases, medical leave cases, work-related accidents, among other data), in order to consolidate and unify information. The GRI 403-2 indicator rates broken down by region are not included, since they are not statistically representative for the operation of TGI.

**Table 36. Absenteeism distribution of TGI by category and gender**

Indicator	2017				2018			
	Direct collaborators		Contractors		Direct collaborators		Contractors	
	Men	Women	Men	Women	Men	Women	Men	Women
Number of medical leave due to common illness	65	29	207	17	44	26	328	159
Days lost due to occupational disease <sup>15</sup>	270	65	853	49	187	87	2.211	739
Occupational disease frequency rate	0	0	0	0	0	0	0	0
Labor absenteeism rate due to illness	3.845,57	3.051,9	3.755,19	1.266,34	2.324,94	3.833,24	7.256,96	9.352,69

**SOURCE: TGI S.A. ESP.**

The lost days index refers to those working days in which the employee actually stops working because of diseases of common origin. In 2018, the rate of lost days for direct employees registered a decrease of 11% compared to 2017, a situation that led to a reduction in the percentage of absenteeism equivalent for the same concept.

In 2018, there were no fatalities or occupational illnesses in both direct collaborators and contractors.

Of the 13 work accidents reported in 2018 among direct collaborators of the company, 4 were medical leave cases and generated 24 lost days.

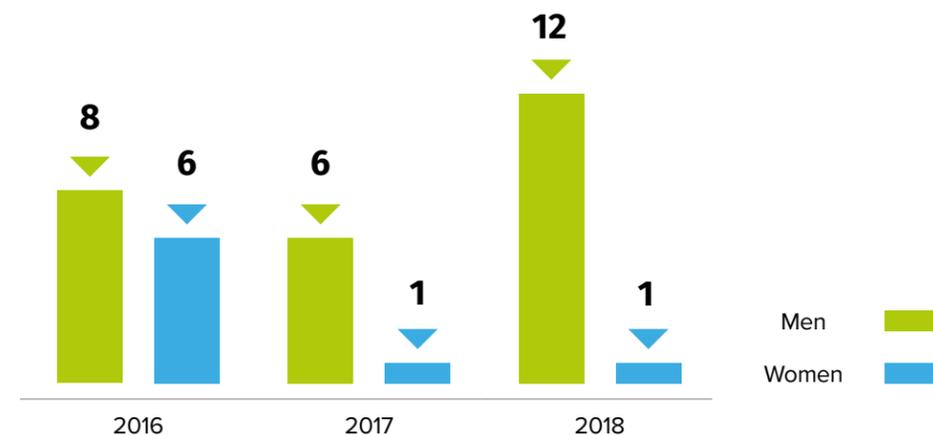
Of the 27 work accidents reported in 2018 among workers of contractor companies, 12 were medical leave cases and generated 159 lost days<sup>16</sup>.

With the aim of preventing accidents and occupational diseases of our contractors, we manage our efforts to carry out monitoring and compliance activities against legal requirements such as: HSEQ induction to 1517 workers from 135 contractor companies; follow-up visits to the action plans of the companies that presented medical leave cases and training to contract auditors.

## In 2018

there were no fatalities or occupational illnesses in both direct collaborators and contractors.

**Table 37. Number of work accidents of direct collaborators by gender**



**FUENTE: TGI S.A. ESP.**

In order to prevent accidents within the company and to monitor the results obtained by the contractors, we carried out several activities, including:

- › Inductions to contractors on issues related to occupational health and safety, with 599 contractors trained in Bogota from 55 companies; and 918 contractors trained in the districts, stations and ROW of 80 companies.
- › Follow-up to the action plans carried out in the 5 contractor companies that reported medical leave cases for work-related accidents in 2018.
- › Training for professionals responsible for the health and safety of contractor companies.
- › Training for contract auditors with TGI.
- › Awareness in accident prevention led by the president of TGI.



**COLLABORATORS IN FIELD**  
Mariquita, Tolima

<sup>15</sup>The days lost correspond to the number of days that the worker really stops working in his working hours and working days, from the first day of disability; on the other hand, the days of medical leave are the total days that the occupational doctor allocates to the worker, these are calendar days including Saturday, Sundays and holidays.

<sup>16</sup> To learn more about occupational health and safety indicators, see the annexes to this report.

# Territory transformation

12

More than  
**\$ 3.575 million**  
Voluntary social  
investment 2018

Sustainable Development  
Strategy ..... 113  
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# 12.1 Why is it relevant?

GRI 103-1

The activities set out in the Social Management Plan of TGI, aim, in addition to complying with the legally established, to create shared value with the communities that inhabit the areas of influence of the company, thus contributing to the viability of operations, as expressed by the Corporate Sustainability Policy.

This way, Community Development is consolidated as a material issue for the organization, as it seeks to go beyond compliance with the law, generating value for its stakeholders and, at the same time, strengthening the reputation of the company.

At TGI, we are aware of the consequences that our activities have on the social environment during the stages of construction, operation and maintenance of the gas pipelines, so we are committed to act within the framework of due diligence, attending in a timely and appropriate manner the impacts that we previously know.

# 12.2 How is it managed?

GRI 103-2

The relationship that we manage with the communities seeks to go in line with the principles of the Global Compact and the Sustainable Development Goals (SDG) of the United Nations, as TGI is recognized as a strategic ally for the solution of the social and economic problems of the communities that inhabit the territories where it is present.

The Social Management Plan establishes as a goal to comply with the requirements established by the current regulatory framework and generate parallel actions of social responsibility to prevent, reduce, control and / or mitigate, in a timely and efficient manner, the social impacts generated by the operation and maintenance of the infrastructure of the gas pipeline system by TGI. Objectives include:

- » Guarantee the construction, operation and maintenance of the projects of TGI S.A. ESP, within the framework of the generation of shared value.
- » Timely prevent, mitigate and attend the social risks generated by the development of the projects.
- » Facilitate two-way communication as a strategic mediator for the company to carry out its work with the least possible impact for external stakeholders.
- » Manage, support and / or establish strategic local and regional alliances to help solve the social and economic issues identified in the area of influence of the pipeline, promoting the sustainable development of the population neighboring its operation.
- » Enhance the two-way opportunities and benefits generated by the development of projects.

We recognize that the company's Social Management Plan has been the key path for our social management to be part of a Due Diligence and also to generate value for our stakeholders. However, after a thorough exercise of self-analysis and recognition of our challenges, we consider it fundamental to start a restructuring of what Sustainability means for TGI.

That is why in 2018, in line with the GEB, we undertook the design of a Sustainable Development strategy that seeks to give a new meaning to the actions of TGI under the framework of the shared value generation, which is characterized by:

- » Understanding the challenges of sustainability and the need for businesses to adapt to these challenges to rethink the Group's businesses and generate value therefrom.
- » Sustainable development is not a center of responsibility foreign from the business, but is an issue that concerns the entire company and is immersed in its day-to-day activities, always seeking alignment with corporate strategy.
- » The Sustainable Development Strategy focuses on the development of actions designed for the common benefit and development of the territories that impact and the businesses of the Group and its companies.

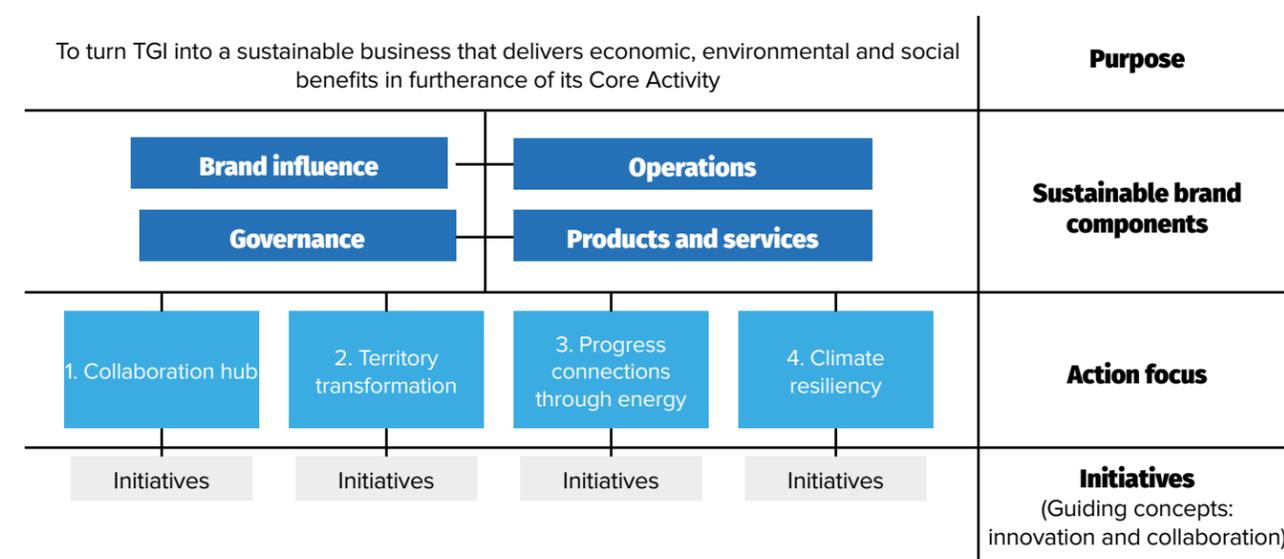
The structure of TGI's Sustainable Development Strategy is composed of the following elements:

**GENUINE ENGAGEMENT WITH THE COMMUNITIES**  
La Guajira



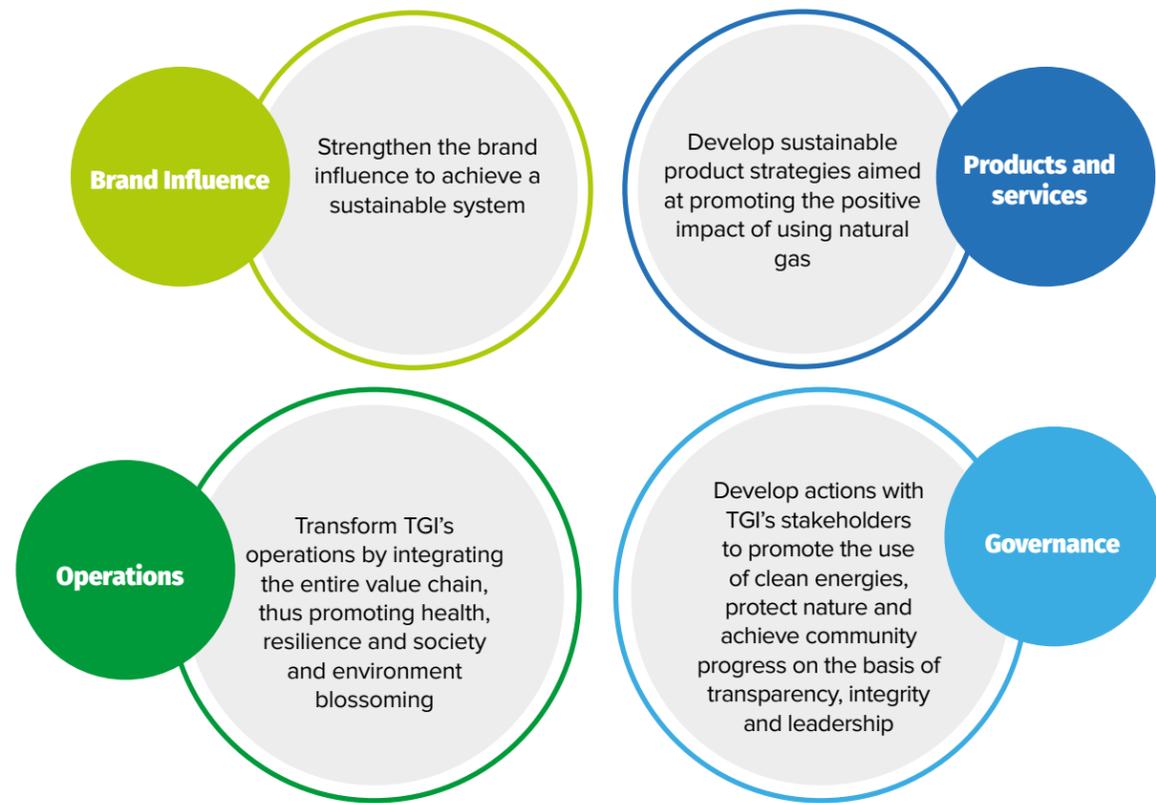
# Sustainable Development Strategy

Figure 24. Sustainable Development Strategy

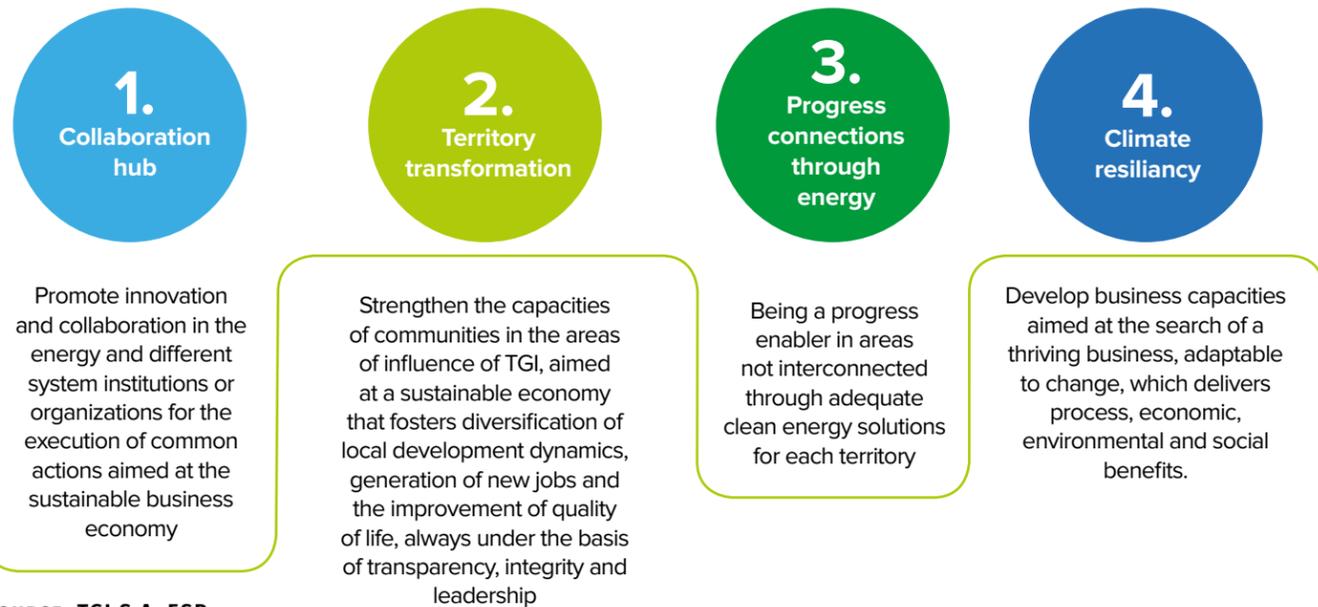


**Regulatory management:** Manage normative and regulatory changes needed as development facilitator of the four points of focus that comprise the strategy

# Components



# Focus of action



SOURCE: TGI S.A. ESP.

# 12.2.1 2018 Initiatives and Projects

GRI 413 - 1

In terms of Sustainability, the restructuring of our business strategy with a focus on Sustainable Development is one of the main milestones in 2018 and, within the framework of this new vision, we highlight some aspects that materialized that new path towards Community Development.

- » Implement a territorial intervention model, which is based on the following principles:
  - » Generate long-term prosperity focused on the water-energy-food triad.
  - » With initiatives consistent with the business.
  - » Empowering communities.

- » With programs that are sustainable over time.
- » Through collaborative models with allies.

» The reorientation of the strategy by understanding natural gas and biogas as opportunities to bring progress to the territories where we are present.

» Generation of dialogue scenarios with external stakeholders in the territories where we operate, in order to know the impacts that the operation or projects may generate and also address them in a timely manner.

# Building trust with the Epinayuu and Ipuana indigenous communities

Our operation includes the Ballenas gas compressor station, located in the jurisdiction of the El Pájaro district, municipality of Manaure in the department of La Guajira, where more than 578 km of the main line of the gas pipeline that transports natural gas to Barrancabermeja in the department of Santander begin, accompanied by 31 branches, totaling an additional 200 km of the gas pipeline that runs through the departments of La Guajira, Cesar, Magdalena, Santander and Norte de Santander.

Apart from the programs contemplated in our Social Management Plan, from 2011 to 2017, TGI invested a total of \$ 457,068,328, which were allocated to projects with a shared value approach, resources distributed in risk management initiatives, education, productive projects and public services.



CRAFTWORK OF COMMUNITIES- La Guajira

In 2018, within the framework of the development of its own and regular pipeline maintenance activities, some points to be intervened were identified, specifically between PK 00 and PK 4 + 500. However, internal conflicts between the Wayuu indigenous communities bordering the pipeline- the Ipuana and Epinayuu clans - did not allow the planned maintenance activities. The two communities presented their conditions to carry out the maintenance activities and, in view of the high demands, the social sub-directorate of TGI tried to undertake a strategy for the intercultural dialogue process that would allow the conclusion of social investment projects in these communities, which would also allow the normal development of the operation activities.

After many weeks of dialogue and agreement with both clans and having the support and accompaniment of local and departmental institutions, we were able to comply with the maintenance activities that were necessary for the operation, but also for the safety of all the parties that converge in the territory.

Despite our guidelines and the effort that the company makes to comply with what has been establi-

shed, there is no doubt that situations such as the one described above, in addition to other significant situations, lead us to think and give a new meaning our relationships as a company and as a business group, to redefine our actions in our territory and our vision regarding the sustainability of both our business and the context in which we operate.

In this sense and with the purpose of advancing in the implementation of the "Territory Transformation" focus of the Sustainable Development Strategy, which implies: "Enhancement of the capacities of the communities present in the areas of influence of TGI with a view to a sustainable economy that encourages the diversification of local development dynamics, the generation of new jobs and the improvement of the quality of life, always on the basis of Transparency, integrity and leadership", in 2018, we promoted a series of actions in the department of La Guajira, which include:

**Table 38. Voluntary social investment, department of La Guajira<sup>17</sup>, 2018**

Action	Allies	Value
1. Agreement: preventive maintenance of 10 water extraction windmills with mechanical system, to be carried out in the Wayuu indigenous communities of the Ballena - Barrancabermeja Gas Pipeline, located in the El Pájaro Township of the Municipality of Manaure - Guajira.	Epinayú clan Communities: Sichen Takapulet Winsíralamana Villa Luz Calabacito Calabacito 1 Balermana Puruluain	\$85.048.830
2. Delivery of a weekly water tanker truck until the end of maintenance, 14 m3 per week	Ipuana clan Alitayen Community	\$4.320.000 Costo a 90 días
3. Delivery of threads for the community women - strengthening of the Ipuana community handicraft project	Ipuana clan Alitayen Community	\$13.595.076
4. Strengthening sheep goat productive project - support through the provision of sheep (100 goats)	Ipuana clan Alitayen Community	\$10.000.000
5. Sociocultural and behavioral manual with the Wayuu people	Epinayú clan	

<sup>17</sup>For more information about social investment, refer to the annexes to this report

6. Support and strengthening of Army activities, territorial security		
» Delivery of weekly water tanker truck (6m3): \$ 3,840,000 (90-day cost)		
» Delivery of daily refreshments: \$30,060,000 (90-day cost)		
» Delivery of fuel: \$12,672,000 (90-day cost)	National Army, Mechanized Infantry Battalion No. 6, Cartagena	\$64.147.220
» Delivery of autonomous reflectors: \$1,765,220		
» Power Plant: \$810,000		
» Corrective truck maintenance: \$15,000,000		
7. Caprino Project with Wayuu Foundation - establish sheep and goat herds for reproduction that contribute to the establishment of a breeding stock that seeks a better economic development of indigenous communities, through community participation in the development of sustainable productive projects.	Epinayú clan Murralein community	\$150.000.000
8. Logistical training support for members of the Epinayú community - strengthening labor skills for the community.	Epinayú clan	\$3.881.241
9. Construction of community kiosk for community strengthening	Ipuana clan Alitayén Community	\$33.103.347
10. Support of craft project strengthening - backpacks and Wayuu dolls	Epinayú clan Murralein community	\$7.000.000
11. Clean energy project support: Solar Kits provision	ADI Communities, Valve 1 Massitchi (23 dwellings) Anaripa (27 dwellings) Uluwalao (11 dwellings) Lancelia (61 dwellings) Tronjomana (19 dwellings) Maspara (31 dwellings) Panerrakat (63 dwellings) Mashpa (28 dwellings)	\$99.765.000
<b>TOTAL</b>		<b>\$476.860.714</b>



SOURCE: TGI S.A. ESP.

**GENUINE ENGAGEMENT WITH THE COMMUNITIES La Guajira**

# Transforming territories in the Pacific- Inspiration Phase

TGI and GEB support the project and participate in the bidding for Regasification Infrastructure in the Colombian Pacific, because they consider it strategic to give the Pacific region and the center and south of the country access to an energy that is allied with competitiveness, quality of life and progress; in this sense, an anticipated engagement process was carried out as part of the sustainable development strategy and its focus transforming territories in the area of influence, allowing a broader knowledge of the area to be intervened.

Through the application of territory intervention, it was sought to empower the community to intervene and to foster collaborative relationships with allies. The essential purpose is to be able to consolidate a genuine relationship with the territories where TGI S.A. ESP intervenes, based on existing knowledge and experience and thus be able to contribute to the development of our operations and projects in a favorable environment.

was sought to empower the community to intervene and to foster collaborative relationships with allies. The essential purpose is to be able to consolidate a genuine relationship with the territories where TGI S.A. ESP intervenes, based on existing knowledge and experience and thus be able to contribute to the development of our operations and projects in a favorable environment.



## Benefits and impacts:

- » Identification of particular community dynamics for each community, from the organizational structure and representativeness, as well as their interests and expectations; determining the possible risks of the project to structure the action plans and intervention of each one of the stages thereof. In addition to the identification of relevant information such as quality of life, citizen security and economy, which allows understanding the different rural dynamics of Buenaventura, as well as analyzing different factors of the living conditions of its inhabitants.

- » References for methodological route of prior consultation, and building a true intercultural dialogue for the consultation processes in the following stages of the project. As well as identifying other ethnic communities not certified by the Min of the Interior, which have no national registry yet, but this does not exclude the development of an intercultural dialogue with all the communities present in the territories.

- » Easy access to the commissions for engineering activities and environmental studies to be developed in the territory, which also includes a change of position with respect to the project, in reference to the refusal raised by some communities to enter the territory, due to the negative experiences of the past with other companies.

- » Identification of strategic alliances for the implementation of social management and shared value programs that respond to the real interests of the communities.

- » Community Empowerment, to be linked as part of the solutions to their needs, and understanding that companies are an ally with whom you can establish synergy and efforts for them solution thereof.

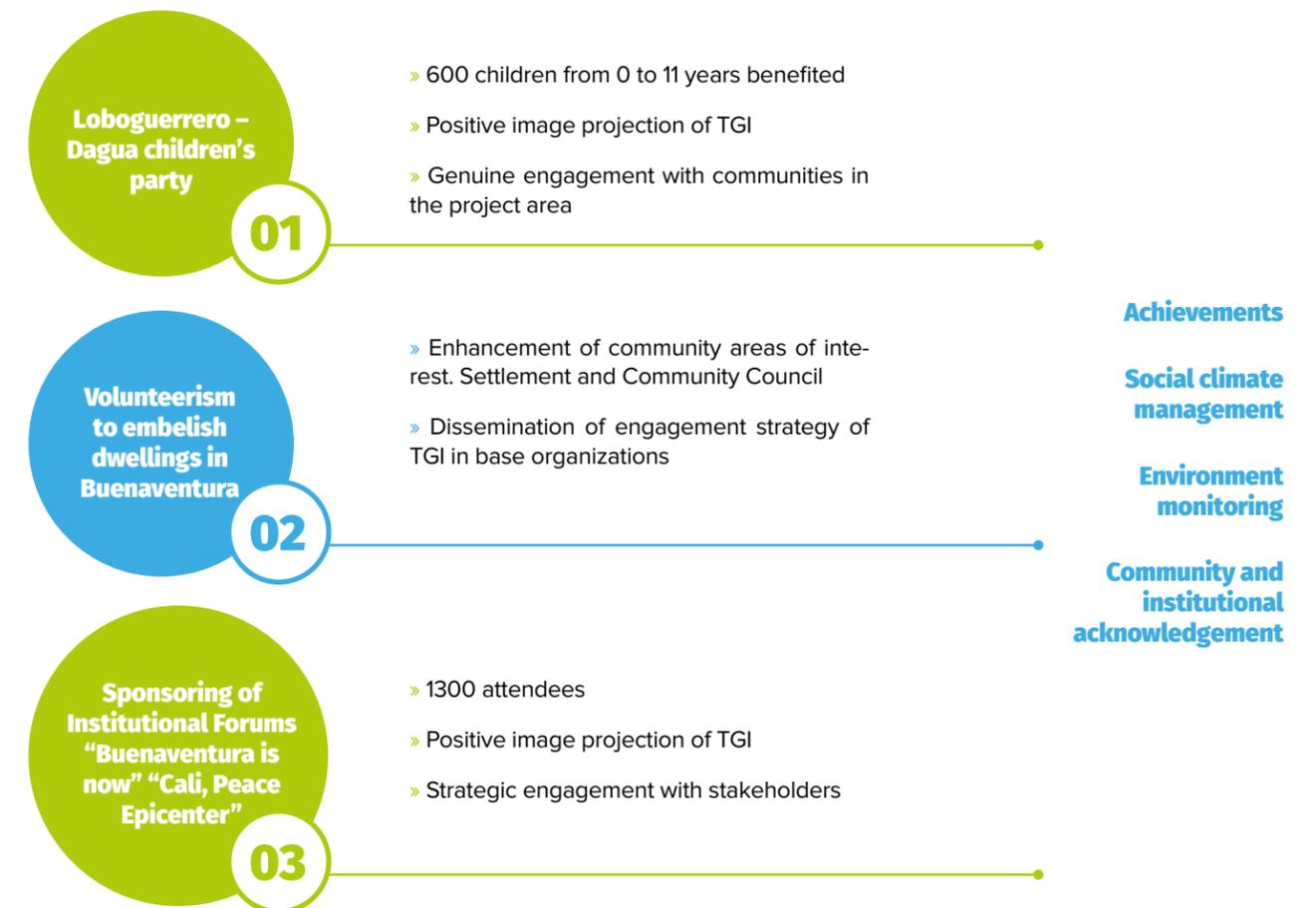
- » Sensitivity within the company and all the personnel involved as to how to relate to a collective legal subject, having a particular worldview and appropriation of its environment.

Table 39. Pacific Area activities

Actions undertaken	Aliados
Embellishment activity of the rural area of Buenaventura	Ethnic communities of the rural district of La Delfina (Greater Community Council of the upper middle basin of the Dagua River and the Embera Chamí Indigenous Community)
Support cultural activities of the municipalities of the AID - Celebration of the day of the Loboguerrero child.	Loboguerrero Community Council
Sponsorship Forum "Cali, Epicenter of Peace"	Fund for the Integral Development of the Pacific
Sponsorship Forum "Buenaventura es Ahora"	Buenaventura Inter-guild Committee

SOURCE: TGI S.A. ESP.

Figure 25. Social projects RGP



- » 600 children from 0 to 11 years benefited
- » Positive image projection of TGI
- » Genuine engagement with communities in the project area

- » Enhancement of community areas of interest. Settlement and Community Council
- » Dissemination of engagement strategy of TGI in base organizations

- » 1300 attendees
- » Positive image projection of TGI
- » Strategic engagement with stakeholders

- Achievements
- Social climate management
- Environment monitoring
- Community and institutional acknowledgement

SOURCE: TGI S.A. ESP.

# Other issues identified in 2018

Within the framework of the new vision of Sustainable Development for TGI, we identified other issues needed to strengthen the company's social management and contribute to the execution of a responsible operation, in line with due diligence. Among those other actions, we highlight:

## Early Alert System Creation

In 2018, the Social Subdirectorate made a sector comparative study of indicators used by other companies to analyze aspects related to social conflict. Based on the results, a new indicator was proposed that allows greater knowledge and brings us closer to a deeper understanding of the environment where we conduct our operations in a bidirectional manner, which means that not only the risks that can bring the appropriate management of social conflict can be identified, but it is also possible to know those possible risks that derive from the company activities on the communities that inhabit the territory in which we conduct operations.

The indicator includes:

Number of materialized social incidents (early not managed alerts) / Number of early alerts identified.

Early warnings are defined as those latent actions that could materialize in a social incident. Ideally, the alerts identified in each operational area should be reported on a monthly basis and, for each alert that is reported, there should be an identified actor (map of actors) as well as an action plan for the alert to reduce its level or for it to no longer being considered an alert. If the alert is materialized in a social incident, the failure in the implemented action plan should be reviewed in order to establish lessons learned.

To facilitate the measurement, we create the following levels of alerts:

**Table 40. Alert levels in the Early Alert System**

LEVEL		
1. Hazardous	2. Discretionary	3. Stand-by
Complaints or disagreements of any external stakeholder (community, owner, authority, etc.) manifested verbally or in writing, more than 5 times by the actor.	Complaints or disagreements of any external stakeholder (community, owner, authority, etc.) manifested verbally or in writing, 3 or 4 times by the actor.	Complaints or disagreements of any external stakeholder (community, owner, authority, etc.) manifested verbally or in writing, 2 times by the actor.

SOURCE: TGI S.A. ESP.

Thus, this type of actions and changes in our management, allows us to better understand the environment where we operate and also to create mechanisms and response tools within the framework of sustainable management.

In line with this purpose, in 2018 we also carried out:

**Table 41. Activities carried out in 2018**

OBJECTIVE	ACTIVIDADES ESPECÍFICAS
Mapping of civil society organizations, international organizations, financial institutions, government institutions, private companies, among others, that can be part of the project / social diagnosis of potential communities that benefit from the project.	Identification of allies to structure strategic alliances and finally identify possible sites to develop a pilot project in beneficiary communities of the project.
	Meetings with organizations identified in the mapping.
Actions for the preparation of a draft with the evaluation of technical, financial and social viability	Construction of possible strategic alliances.
	Preparation of a draft design with the evaluation of technical, financial and social viability.
With the finalized inputs (social diagnosis and study of strategic alliances), make adjustments to the design of the initial project.	Pilot project structuring.

SOURCE: TGI S.A. ESP.

## 12.2.2 2019 Challenges

In the 2018 Strategic Plan, the Social Management area committed to go beyond what is established in the Social Management Plan (PGS) and to carry out actions aimed at reducing the number of social incidents that impact the development of the projects. In that regard, we plan to work within the framework of a Gas access initiative for communities, in order to generate shared value to the stakeholders, as established by the Sustainability Policy of the company and that of Grupo Energía de Bogotá.

**Table 42. 2019 short, medium and long-term goals**

Short-term goals 0 to 2 years	Medium-term goals 3 to 5 years	Long-term goals More than 5 years.
Actions based on the shared value principle.	Transformation of territories framed in the triad of prosperity: water, energy and food.	Position Biogas as an input of circular economies.
Transition vision towards a future thinking about long-term impacts.	Hub of radical collaboration: being a catalyst for the adoption of gas technologies in industry and mobility. Position TGI as a technological reference and an integrator between the private company and the academy.	
Sustainability understood as an element that adds value to the business strategy.		
Alignment of strategic sustainable development approaches with strategic focuses of the Group and the companies.		
Systemic vision that allows to evaluate impacts and opportunities in the entire value chain of the businesses in which it participates.		

SOURCE: TGI S.A. ESP.

## 12.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

In 2018, the following monitoring mechanisms were applied to evaluate the effectiveness of Social Management programs:

- » Internal Control Audit
- » Monthly monitoring of the PGS work.
- » Verifications and follow-up of improvement actions suggested by the SGI.
- » Feedback from stakeholders.
- » Stakeholders perception survey carried out by the National Consulting Center (CNC), which measured the evolution of the opinion indicators through the application of a survey measuring the social impact of the programs that make up the Social Management Plan.

The Petitions, Complaints, Claims and Requests (PQRS) Attention System that is part of the Information and Communication Program of the Social Management Plan, seeks to timely address those concerns or possible claims that external stakeholders have in relation to the activities carried out by TGI.

### GENUINE ENGAGEMENT WITH THE COMMUNITIES LA GUAJIRA



# Development of contractors and suppliers



# 13

**\$246.982**

million pesos paid  
to suppliers and  
contractors

Initiatives and Projects .. 126

Suppliers..... 127

# 13.1 Why is it relevant

In TGI, we generate value to the national economy and the productive dynamics of the areas where we operate; we do it through solutions for the transport of natural gas and the engagement of local entrepreneurs and suppliers who, through their goods and services, contribute significantly to achieve the objectives of the Corporate Strategic Plan (PEC).

In a framework of efficiency and operational responsibility, the Supply and Services Management leads the activities that allow satisfying the procurement and contracting needs of the company at the right time and in an appropriate manner; therefore, it works in coordination with the Financial Vice Presidency and the Sustainable Development Management, seeking the effectiveness of the supply processes from its planning to acquisition based on cost, risk, impact and market opportunities.

## 2018 Initiatives and Projects

- » Application of the performance evaluation tool to suppliers, which includes the compliance assessment in the technical, administrative, industrial safety, occupational health and risks, environmental management, social responsibility and quality aspects.
- » Use of a technological tool that allows the development of virtual procurement processes, without involving any document in physical format for the presentation of offers, which contributes both to the process transparency and to reducing our environmental impact.
- » The GEB and TGI held the Supplier Excellence event, on December 10, 2018, with the assistance of 298 suppliers and contractors. In this space, a talk was given on the compliance program of the GEB and TGI, and awards were given to reward the best suppliers of the year. In 2018, the SME Ecotechnos SAS received the award to the best provider in development.
- » Kick-off of the pilot project for the development of suppliers in the area of influence of the Cusiana operation, in partnership with the Fundes Foundation and in coordination with the Sustainable Development Management. This initiative seeks to strengthen the direct relationship of the company with local businessmen and merchants and contribute to the diversification of economic dynamics in the regions.

## 13.2 How is it managed?

The Strategic Supply Policy of TGI presents the guidelines for suppliers and contractors to observe the corporate requirements in terms of competitiveness, quality, health, safety, environmental performance and social management, which are aligned with the principles established in the Strategic Supply Model and in the Sustainability Strategy.

In order to strengthen the appropriation of these parameters by the active base of contractors and suppliers, to expand their communication to new companies and individuals and to continue strengthening the relationship with this stakeholder group, in 2018 we expanded in TGI the spaces to present supplier portfolios to the areas of the company, where the company also publishes its requirements and contracting parameters, reiterates the its governing ethical principles and the mechanisms to present related concerns.



COLLABORATOR ADMINISTRATIVE AREA  
Bogotá D.C.

As challenges for 2019, the Supply and Services Management has set itself the goal of establishing a classification by categories that contributes to the optimization of the company's contracting processes and the continuity in the systematization process, with the implementation of the cross-contracting tool so that the entire selection and contracting process can be carried out virtually.

## 13.3 How does TGI assess its commitment vis-à-vis this issue?

The company monitors the supply activities through the Integrated Management System (SIG) and its indicators, in addition to having the Contracting Committees of the Presidency, the instances articulated with the Internal Control System and the Internal Audit Management.

In 2018, TGI compiled the first results of the application of the performance evaluation tool that are pending publication by the Supply and Services Management.

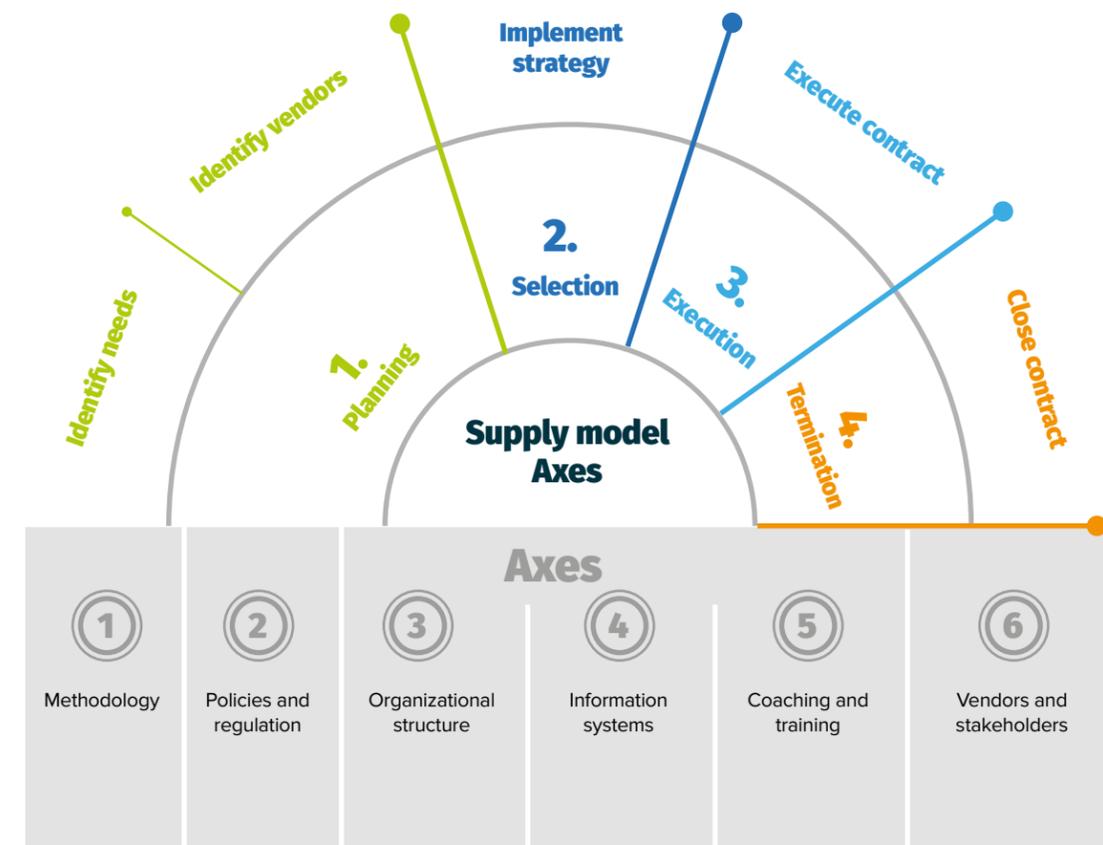
## 13.4 Suppliers

GRI 102-9, 204-1

During 2018, TGI subscribed a total of 287 contracts, a figure that also covers the agreements and which represented payments for \$ 246,982 million pesos to 414 contractors; 36% of this group, that is, 149 organizations, established commercial agreements with the company for the first time.

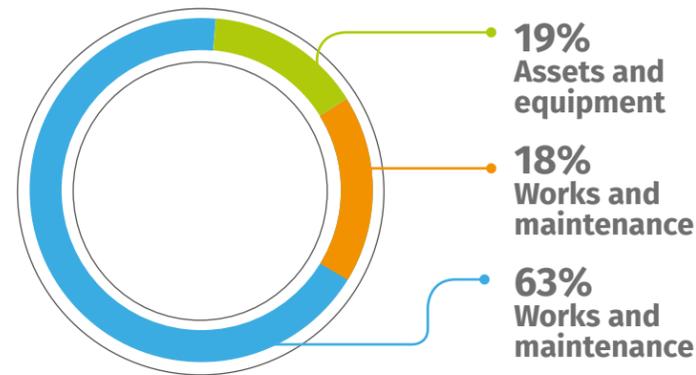
For the selection of suppliers, we take into account the principles of equality, morality, efficiency, economy, speed, impartiality, publicity, transparency, planning and physical management, expressed in the Corporate Contracting Manual, which also details the procurement process what every provider must comply with.

Figure 28. TGI Strategic Supply Model

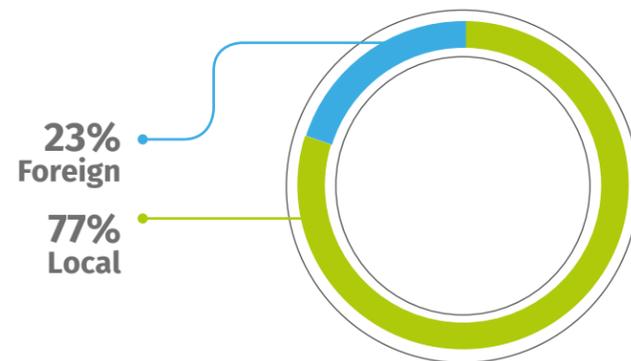


In the planning stage of the contracting processes, we try to identify suppliers from the areas where contract objects will eventually be executed, who will be invited to participate in the competitive processes; this action allowed us to register 80% of local suppliers in 2018, who received payments totaling \$190,009 million pesos. These data show that 76.9% of the company's supply budget is used for payments to local suppliers.

**Figure 29. Distribution of TGI contractors and suppliers by category**



**Figure 30. Distribution of the payment made to TGI suppliers**



SOURCE: TGI S.A. ESP.

## Environmental and social criteria

308-1, 407-1, 414-1

The company does not include an evaluation of environmental and social offers within its selection processes; however, aspects of this type are taken into account for the renewal of the contracts of the suppliers, according to the results obtained according to the qualified aspects in the performance evaluation. These criteria are:

**Table 43. Environmental and social criteria for measuring the performance of suppliers**

Environmental issues	Aspectos sociales
<p>Compliance with the environmental regulation applicable to all contract stages.</p> <p>Application of programs or operational controls in environmental aspects and impacts for the development of contract activities.</p> <p>Periodical training (minimum once per month) to personnel assigned to service provision in environmental aspects and impacts associated with contract development.</p> <p>Other obligations established in M-ASI-002 HSEQ and Social manual for Contractors Rev. 8 available at: <a href="https://www.tgi.com.co/grupos-de-interes/informacion-proveedores">https://www.tgi.com.co/grupos-de-interes/informacion-proveedores</a></p>	<p>No events taking place, with a negative impact in the social environment, which imply contract execution affectation.</p> <p>Evidence of regional labor hiring.</p> <p>Compliance with obligations acquired with subcontractors.</p>

SOURCE: TGI S.A. ESP.



**WILDLIFE IN TGI INFRASTRUCTURE  
LA JAGUA DEL PILAR, CESAR**

Suppliers that obtain a poor rating in these aspects will not be included in processes that require an invitation, in accordance with the convenience and risk analysis carried out by TGI. If the score range is at a regular level, companies and individuals will not be invited to participate in direct offer requests.

Elements such as the performance rating can be used as an evaluation criterion or tie-breaker criteria, as decided and specified in the contracting process documents.

As of December 31, 2018, total of 498 suppliers were performance-assessed to determine compliance with Environmental Management, which is equivalent to 78% of the total of the suppliers that were contracted by TGI after the implementation of the Performance Evaluation Instructions for Suppliers - Contractors in March 2017.

As an organization attached to the United Nations Global Compact, Grupo Energía Bogotá and its subsidiaries verify the observance of the 10 principles regarding respect for human rights, labor practices, environmental impacts and the fight against corruption; this commitment demands our requesting contractors to express their knowledge and acceptance of the parameters established by the Global Compact in furtherance of contracting processes, and after signing a contract.

In this same sense, in 2018 there were no complaints by workers of contractors and subcontractors regarding violations or limitations to exercise their right of association, freedom of association and collective bargaining.

<sup>18</sup>The figure corresponds to the contracts that were evaluated in their entirety (498 of 635) as of December 31, 2018.

# Environmental Responsibility

14

**24,6%**  
was the percentage  
of reduction in  
energy consumption  
compared to 2017

Environmental Management  
.....132  
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# 14.1 Why is it relevant?

GRI 103-1

The strategic management of the impacts generated by the TGI operation on the environment allows us to prevent the most negative consequences of the company's activities, mitigate adverse effects, correct the processes presenting anomalies and, if necessary, compensate affected communities, in order to ensure the availability of the operation, compliance with contractual commitments and achievement of the objectives of the Corporate Strategic Plan (PEC).

This focus on timely detection of risk situations in the provision of the service has allowed us to undertake our operation in a framework of regulatory compliance, efficiency and generation of sustainable value, where we build trusting relationships with stakeholders and identify opportunities to maximize the positive aspects of the transport activity.

## 14.2 How is it managed?

GRI 103-2, 102-11

To ensure the development of an operation with zero accidents and no effect on people, assets and the environment, the management of the impacts on the environment in TGI is guided by the Occupational Health, Safety and Environment Policy of the GEB; based on these guidelines, during 2018 we emphasized the execution of strategies aimed at ensuring the hierarchy of mitigation against our most significant impacts: CO2 and methane emissions into the atmosphere and sound pressure levels.

## Environmental strategies developed by TGI in 2018

**Table 44. Environmental strategies developed by TGI in 2018**

Climate Change and Energy Efficiency Management Program	Compensación de emisiones a través del proyecto de Reforestación, certificado por ICONTEC	Environmental noise management
<p>Awareness spaces for collaborators.</p> <p>Identification of emission sources and verification of carbon footprint.</p> <p>Monthly continuous follow-up of field emissions to develop the greenhouse gas report.</p>	<p>Acquisition of carbon credits corresponding to 12 thousand tons.</p> <p>Evaluation of offset options to support alternatives of alternate use of soil with communities and habitat banks, such as ecosystemic service projects.</p>	<p>Strategy design, together with involuntary emissions to carry out in 2019 the estimation of emissions and the implementation of the mitigation hierarchy through engagement actions, environmental impact characterization and implementation of offsetting pilots.</p>

SOURCE: TGI S.A. ESP.

Thanks to these strategies, we accomplished important achievements in the management of the impact of our activities on the environment and the adequate monitoring of operations, in order to avoid any negative effect. Among the actions implemented in 2018 we may highlight:

- » Determination of the scope, technical and economic feasibility of habitat banks as a compensation mechanism through which areas of the territory are allocated to conservation and restoration activities.
- » Updating of all Environmental Management Plans (PMA) of the operation centers, guaranteeing compliance with current regulations and strengthening the relationship with the environmental authority.
- » Updating of contingency plans, now risk management plans, in line with the requirement of the regulator.
- » Standardization of the environmental management measures for the expansion projects of the TGI network of gas pipelines and compression stations, during the construction, operation, maintenance and dismantling phases.
- » Implementation of the Environmental Requirements Attention System (SARA) to control and monitor the requirements imposed on the company by the environmental authorities. It is a portal that is on the intranet as an electronic service for all the employees of the company who have requirements assigned to their management.

## 14.3 How does TGI assess its commitment vis-à-vis this issue?

GRI 103-3

We have an Environmental and Energy Management System that responds to the parameters established by the ISO 14001 and ISO 50001 standards, which includes tools for measuring progress, which are applied by both the Internal Audit Management and external verifiers.

Likewise, as part of the follow-up to the PEC objectives, the environmental sub-directorate reports the progress and indicators of the management to the Strategic Planning area and the Board of Directors, through the Operating Committee.

## 14.4. Environmental Management Water

GRI 303-1

In 2018, a total of 3,079 cubic meters of water from public utilities and 2,077 cubic meters of water captured by underground sources were collected, for a total of 5,156 cubic meters of water collected during 2018, distributed as follows:

**ORNITHOCEPHALUS**  
Catalog "Banned species, protection for progress"

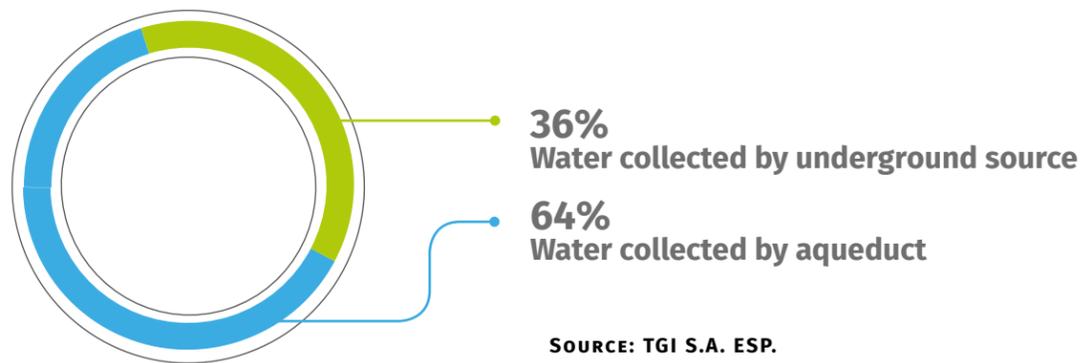


**Table 45. Distribution of centers according to water collection method**

Water from the aqueduct	Water taken from underground sources
Barrancabermeja	
Gualanday	
Cogua	
Paipa	
Valledupar	
Manizales	Villavicencio
Buga	Hatonuevo
Miraflores	Mariquita
Padua	Norean
Paratebuena	
Villavicencio	
Sabana	
Bogotá	

SOURCE: TGI S.A. ESP.

**Figure 31. Distribution of water collected by TGI source in 2018**



SOURCE: TGI S.A. ESP.

## Power

GRI 302-1

The consumption of electrical power within the company in 2018 was 10,081,918 Gigajoules, a figure that represents a reduction of 24.6% compared to 13,371.82 Gigajoules registered in 2017<sup>19</sup>.

<sup>19</sup> The amount of electrical energy consumed by TGI is taken from the invoices issued by the power companies and corroborated with the daily reading made from the meter. The unit of measurement recorded in the invoices is in kWh (kilowatt hour) and the conversion factor used is from kWh to Gigajoules is 0.0036 Gigajoules. TGI does not use renewable sources in relation to energy consumption and the management of the company is not related to energy generation or trading.

**Table 46. Energy consumption from non-renewable sources of TGI in 2018**

Source	Total	Unit of Measure
Natural Gas	1.587.595,16	Gigajoules

The total energy consumption of the organization in 2018 was

**1.597.677,08**  
Gigajoules

SOURCE TGI S.A. ESP.

In addition to monitoring the rational use of energy, in TGI we direct the actions of the organization to improve energy performance without this implying an impact on the levels of productivity of the company or the quality of the service, within a framework of regulatory compliance and responsible management in environmental and social matters.

Within the scope of the SGE based on ISO 50001 we keep the following offices certified.

**Figure 32. Headquarters of TGI within the scope of ISO 50001 through the SGE**



SOURCE: TGI S.A. ESP.

## 14.5.1. Biodiversity

GRI 304-2 / ODS 15

In TGI, we aim to achieve an adequate management of biodiversity and its ecosystem services, for the wellbeing of communities, the conservation and recovery of ecosystems through the management of mandatory environmental investments (compensation and investment of 1%) and the dialogue on matters of environmental protection with the stakeholders in the territories.

In 2018, the management of environmental compensation obligations focused on the recovery and protection of areas located in strategic zones in order to preserve the water resource and maintain the biological corridors that serve as habitat for wildlife species such as the spectacled bear; In conjunction with the Regional Autonomous Corporation of Chivor (CORPOCHIVOR), priority was given to properties in moorland areas, as they are strategic ecosystems of national importance, areas of water springs and water supply areas for neighboring communities.

<sup>20</sup>Gigajoules is 0,0036 Gigajoules. TGI does not use renewable sources in relation to energy consumption and the management of the company is not related to energy generation or trading.

<sup>21</sup>ECG Miraflores Available from 2019

We developed the project to purchase properties in the Mamapacha and Bijagual moorlands, whereby 600 hectares were acquired that will be used for forest and environmental reserves. With the protection of this area, the availability of water resources is guaranteed, the polluting actions are counteracted at the source and the subsistence of flora and fauna species such as the spectacled bear (*Tremarctos ornatus*), spoon (*Myrsine guianensis*), tinajo (*Cuniculus taczanowskii*), clogs (*Nasua nasua*), deer (*Odocoileus virginianus*), yellow-bellied parakeet (*Pyrrhura calliptera*), frailejón (*Espeletia sp.*, *And Espeletia uribei*, *Espeletopsis corymbosa*), chite (*Hypericum mexicanum*), rosemary (*Diplostephium rosmarinifolium*).

It is important to mention that the actions that historically have been undertaken to comply with these obligations have been oriented to the protective reforestation and the purchase of properties. These actions are being reconsidered by more cost-effective measures, within the framework of the mitigation

hierarchy, the conservation of biodiversity and its ecosystem services and the agenda for the construction of social peace.

Also, in the area we develop protection actions for banned species, through the implementation and execution of the compensation program for lifting and transfer of these species, developing actions of floristic enrichment of 8 ha with species of ecological importance in forests that offer water services for the municipalities of Páez, Zetaquirá, Puente Nacional, Jesenano and Florián, establishment and maintenance of fern (*Cyathea divergens*) and oak (*Quercus humboldtii*), study of flora and fauna in the Bijagual and Merchán sub-region, training in banned species directed to women in the area of influence of the pipeline, construction of 10 school nurseries and study of the banned flora in the areas of influence of the gas pipeline, for the preparation of catalogs, brochures and booklets.

In 2018, we promoted the elaboration of the “Species in closed areas, protection for progress” catalog as part of the compensation program for the removal of tree and epiphytic banned species, which is aimed at joining efforts for the care and conservation of natural resources in Colombia. This project was developed in the departments of Casanare, Boyacá and Santander and included the participation of environmental authorities, educational institutions and neighboring communities.

## Protected or restored habitats

GRI 304+3/ ODS 15



**CATALOG**  
“Banned species, protection for progress”

## Emissions

GRI 305-1, 305-2, 305-3

One of the most important challenges we have assumed, consistent with the purpose of properly managing the impacts of our operation, is to identify, quantify and offset our emissions. To achieve this, we worked in 2018 in the design of a strategy for the management of involuntary emissions and environmental noise, framed in the mitigation hierarchy.

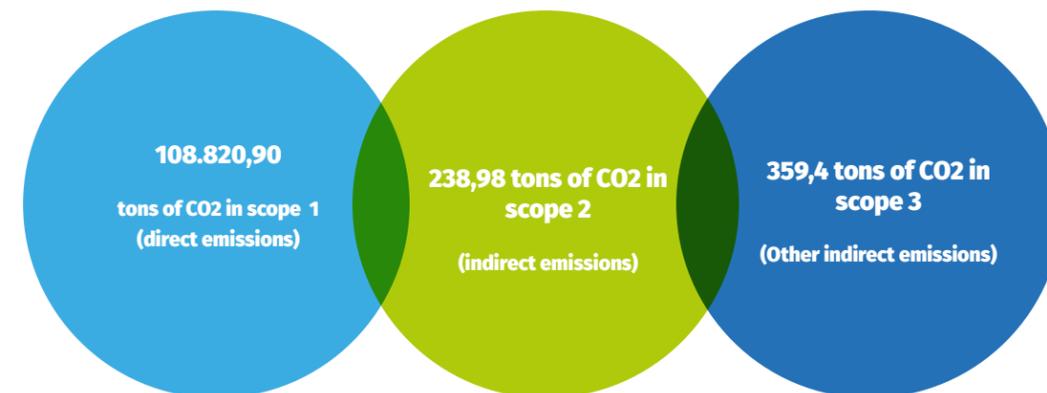
During the period covered by this report, and in compliance with norm NTC-ISO 14064-1:2006, we monitored the emissions generated by our activities through a monthly report prepared by each operational center, quantifying the amount of greenhouse

gases emitted, measured in CO2 equivalent mass by direct or indirect effect of the organization.

From these data we build the Report of Greenhouse Gases for the period from January to December 2018, a document that will be verified by an external entity in accordance with the aforementioned standard, in order to obtain the corresponding certification.

In 2018, a total of 109,419.28 tons of CO2 were generated, taking into account the emissions of scope 1, scope 2 and scope 3.

**Figure 33. Emissions**



**SOURCE: TGI S.A. ESP.**

TGI trained its employees in the Climate Change and Energy Efficiency Program, based on the Green House Gas Protocol and The Climate Reality Project, in order to identify opportunities for improvement in the mitigation of climate change and environmental awareness. In 2018, 7 workshops were held with the participation of 77 collaborators in Villavicencio, Manizales, Miraflores, Ibagué, Paipa, Barrancabermeja and Buga.

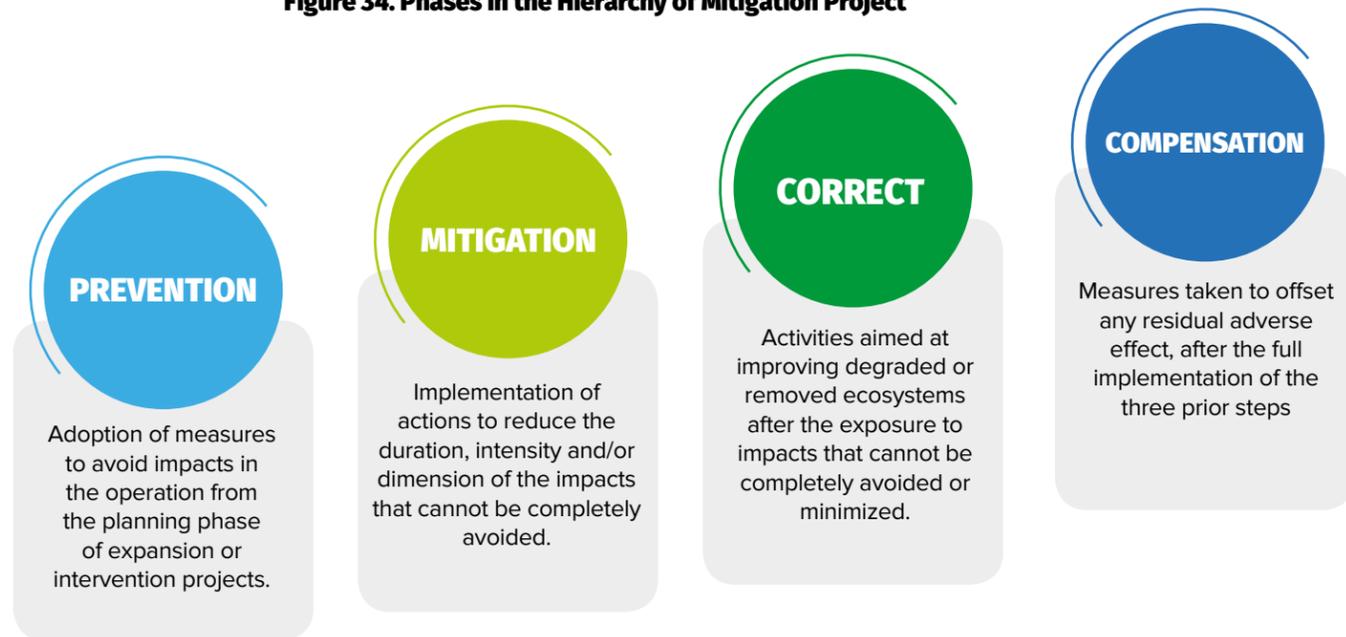
## 14.5 2018 Programs and initiatives

### Hierarchy of Mitigation Project

GRI 102-11

In order to implement a process to manage the impacts generated by our infrastructure during all stages of the business cycle, in 2018 we focused on promoting this project composed of a sequence of phases that evaluate the characteristics of the effects generated and, through established criteria, guide the action plan.

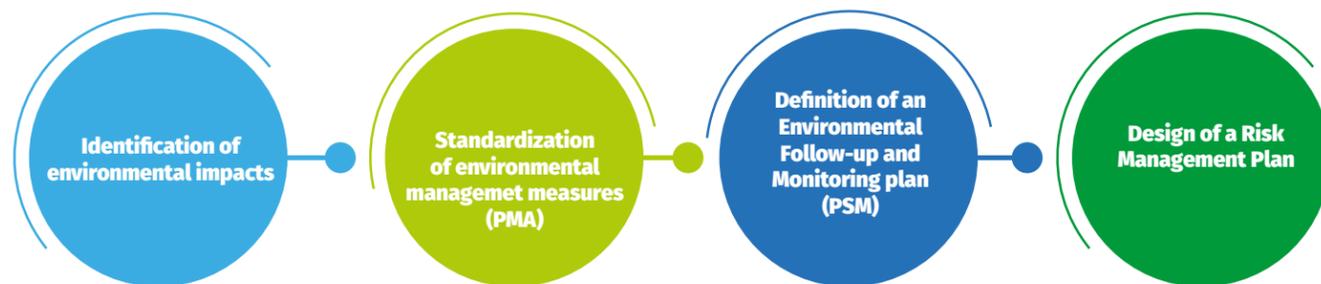
**Figure 34. Phases in the Hierarchy of Mitigation Project**



SOURCE: TGI S.A. ESP.

During the year, the following actions were carried out, taking into account the stages of our business cycle: construction, operation and dismantling.

**Figure 35. Actions executed according to the business cycle**



SOURCE: TGI S.A. ESP.

The goal of this initiative, in 2019, is to advance in the implementation of the plans and ensure the application of the parameters of the mitigation hierarchy in projects and operations.

## Management of Environmental Noise

Due to the nature of our activities, we generate levels of sound pressure that have influenced the relationship with the communities living in the areas surrounding some operation centers.

Faced with this scenario, we performed a diagnosis of the environmental noise in the operation, in which we classified the venues according to the state of the operation and the legal concerns and resources presented by the communities and / or local authorities regarding noise. Based on the application of the parameters of the mitigation hierarchy, we generated a joint management strategy led by the Sustainable Development Management.

**Table 47. Diagnosis of environmental noise in the operation**

	Scenario 1	Scenario 2	Scenario 3
Classification criteria	Stations and active operational centers in which some type of resource has been formalized by the community or by an authority regarding noise.	Stations and active operational centers in which NO type of resource has been formalized by the community or by an authority regarding noise.	Stations and operational centers that are NOT active, where NO type of resource has been formalized by the community or by an authority regarding noise.
Stations and centers	Hatonuevo Vasconia Mariquita Sabana Puente Guillermo Padua Miraflores Cogua	Paratebueno	Jagua del Pilar Curumaní Barrancabermeja Casacará Norean San Alberto Villavicencio
Actions and intervention	PILOT: Padua soundproofing. PILOT: Purchase of properties in Puente Guillermo. Viability of sustainable use projects. Family relocation program. •Social engagement strategy.	Social engagement strategy.	Social engagement strategy.

SOURCE: TGI S.A. ESP.

In 2018, the Environmental Sub-Directorate analyzed the proposal for the sowing of live barriers and the implementation of sustainable production systems in the TGI stations, with the participation of the communities in the area of influence.

This strategy, in addition to responding to the characteristics and phases of the company's mitigation hierarchy, contributes to the strengthening of relations with the community and generates benefits, including, among others:

- » Noise reduction.
- » Contribute in the generation of continuous green mass that favors biodiversity.
- » Serve as biological connector with all green areas.
- » Increase tree density by improving the environmental quality of the environment.
- » Generate zones of permeability and infiltration of rainwater.
- » Improve the environment landscape.
- » Camouflage structures.
- » Retain particulate material from fixed and mobile sources.

## Residues

GRI 306-2

In 2018, the company generated a total of 629.41 tons of waste, classified according to the disposal method and according to their characteristics as "hazardous" and "non-hazardous". This year, 93% of the total waste generated was classified as "hazardous", while the remaining 7% corresponds to "non-hazardous" waste.

**Table 48. Total waste generated by TGI in 2018 by disposal method and type of waste**

Disposal method	Hazardous residues	Non-hazardous residues
Safety landfill	11.57 tons	-
Unclassified	579 tons	-
Recycling	-	30.46 tons
Landfill	-	12.67 tons

SOURCE: TGI S.A. ESP.

With the mitigation hierarchy project, in

## En 2019

we will advance in the implementation of the plans and in the application of the parameters in the projects and operations.



**GRI content index  
and data tables**

**15**

# GRI Content Index

GRI 102-55

GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 102: General Contents 2016 1. Company profile	102-1 Company Name	3.2l nternational Gas Transporter P11		
	102-2 Activities, brands, products and services	3.2 International Gas Transporter P11		
	102-3 Location of the venue	3.2 International Gas Transporter P11		
	102-4 Location of operations	3.2 International Gas Transporter P11		
		3.2.2 Gas pipeline network and transport capacity P. 13		
	102-5 Ownership and legal form	TGI is a mixed company, incorporated as a stock company, in accordance with the provisions of Law 142 of 1994.		
	102-6 Markets served	3.2. Transportadora de Gas Internacional p. 11 and 12		
	102-7 Company Size	Total number of collaborators: p. 60		
		Total number of operations: p.14		
		Income: p. 40		7 Y 11
102-8 Information about employees and other workers	Products and services provided: p. 13			
	P. 94			
102-9 Supply chain	P. 127			
102-10 Significant changes	This report does not present significant changes			

GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 102: General Contents 2016 2. Strategy	102-14 Declaration of senior executives responsible for decision making	P. 7		3, 7, 11, 16 y 17
	102-15 Main impacts, risks and opportunities	P. 31		
GRI 102: General Contents 2016 3. Ethics and integrity	102-16 Values, principles, standards and norms of conduct	P. 45		16
	102-17 Advisory mechanisms and ethical concerns	P. 46		16
GRI 102: General Contents 2016 5. Participation of stakeholders	102-40 List of stakeholders	P. 34		
	102-41 Collective bargaining agreements	P. 96		
	102-42 Identification and selection of stakeholders	P. 34		
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GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
	102-45 Entities included in the Financial Statements	P. 16		
	102-46 Definition of the contents of the reports and the coverage of the subject	P. 36		
	102-47 List of relevant topics	P. 37		
	102-48 Information re-statement			
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Material Subjects				
Corporate governance				
GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 40		16
	103-2 The management approach and its components	P. 40		16
	103-3 Evaluation of the management approach	P. 42		16
GRI 102: General Contents 2016 4. Governance	102-18 Corporate governance structure	P. 42		
	102-22 Composition of the highest governance body and its committees	P. 42		
	102-23 President of the highest governing body	P. 42		
	102-34 Nature and total number of critical concerns	P. 45		
GRI 205: 2016 Anti-Corruption	205-1 Operations evaluated for risks related to corruption	P. 46		16
	205-2 Communication and training on anti-corruption policies and procedures	P. 47		16
	205-3 Confirmed cases of corruption and measures taken	During 2018 there were no cases of corruption.		16

Economic value generated				
GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 56		
	103-2 The management approach and its components	P. 56		
	103-3 Evaluation of the management approach	P. 57		
GRI 201: 2016 Economic performance	201-1 Direct economic value generated and distributed	P. 60		
	201-2 Financial implications and other risks and opportunities arising from climate change	P. 64		
Operations with integrity, reliability and efficiency				
GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 68		
	103-2 The management approach and its components	P. 68		
	103-3 Evaluation of the management approach	P. 70		

Growth and market development				
GRI standard	Content	Location / Direct Response	Omissions / Observations	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 55		
	103-2 The management approach and its components	P. 84		
	103-3 Evaluation of the management approach	P. 87		
	Customer perception survey	P. 88		

Team with talent, motivation and results-driven				
GRI standard	Content	Page / Response	Omission	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 92		8
	103-2 The management approach and its components	P. 92		8
	103-3 Evaluation of the management approach	P. 93		8
GRI 401: Employment 2016	401- 1 New employee hiring and staff turnover	P. 95	Se reportan los datos desglosados por edad y género pero no están disponibles las tasas desglosadas, solo las tasas totales.	8
	401-2 Benefits for full-time employees, which are not granted to part-time or temporary employees	P. 97		8
	401-3 Parental permission	P. 98		8

GRI 404: Training and teaching 2016	404-1 Average hours of training per year per employee	P. 100		8
	404-3 Percentage of employees who receive periodic performance and professional development evaluations	P. 101		8
GRI 403: Safety and occupational health 2016	403-1 Representación de los trabajadores en comités formales trabajador empresa de salud y seguridad	P. 106		8
	403-1 Representation of workers in formal committees worker health and safety company	P.107	The contractor data are presented by company and not by region due to the impossibility of determining the indicator by zones or regions, given the monthly employee turnover according to the needs or projects in execution.	8
	403-4 Health and safety issues addressed in formal agreements with unions	P. 106		8

Environmental responsibility				
GRI standard	Content	Page / Response	Omission	ODS
GRI 103: 2016 Management approach	103-1 Explanation of the material topic and its Coverages	P. 132		
	103-2 The management approach and its components	P. 132		
	103-3 Evaluation of the management approach	P. 133		
GRI 302: Energy 2016	302-1 Energy consumption within the Company	P. 134		
GRI 303: Water 2016	303-1 Water extraction by source	P. 133		

Estándar GRI3	Contenido	Ubicación / Respuesta Directa	Omisiones / Observaciones	ODS
GRI 304: 2016 Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	P. 135		15
	304-3 Protected or restored habitats	P. 136		15
GRI 305: Emissions 2016	305-1 Other direct GHG emissions (scope 1)	P. 137	* Considering the economic purpose and the nature of the operation of TGI, the company does not produce biogenic emissions	
			* The source of the emission factors and estimation methodologies were: -FECOC 2016. Emission factors for Colombian Fuels. Energy Mining Planning Unit. Ministry of Mines and Energy. Colombia -GHG Protocol 2017. Emission Factors from Cross-Sector Tools, <a href="http://ghgprotocol.org/calculationtools">http://ghgprotocol.org/calculationtools</a> . 2006 IPCC Guidelines for National Greenhouse Gas Inventories.	
	305-2 Indirect GHG emissions when generating energy (scope 2)	P. 137	The source of the emission factors and estimation methodologies were: [1] Source: UPME 2018. Variables of Generation and of the Colombian Electricity Market. Electric Power Sub-Directorate, Generation Group. [2] US Department of Energy, Council for Renewable Energy Education and Worldwide Institute	
	305-3 Other indirect GHG emissions (scope 3)	P. 137		

GRI 306: 2016 effluents and waste	306-2 Waste by type and method of disposal	P. 140	"The disposal method was decided by information provided by the waste disposal contractor"	
GRI 307: 2016 Environmental compliance	307-1 Failure to comply with environmental legislation and regulations		TGI did not receive sanctions or non-monetary fines for non-compliance with laws or environmental regulations during 2018	
<b>Territory transformation</b>				
GRI standard	Content	Page / Response	Omission	ODS
	103-1 Explanation of the material topic and its Coverages	P. 112		
GRI 103: 2016 Management approach	103-2 The management approach and its components	P. 112		
	103-3 Evaluation of the management approach	P. 123		
GRI 413: local communities 2016	413 - 1 Operations with participation of the local community, impact evaluations and development programs	P. 115		

## Attached table 1. TGI 2018 customers

	CLASSIFICATION	SHIPPER	CITY
1	Trader	Chipalo Energy Trading SAS ESP	Barranquilla - Atlántico
2		Dinagas S.A. ESP	Bogotá D.C.
3		Emgesa S.A. ESP	Bogotá D.C.
4		Kronos Energy S.A. ESP	Bogotá D.C.
5		Simer Colombia SAS ESP	Bucaramanga-Santander
6		Turgas S.A. ESP	Bogotá D.C.

	CLASSIFICATION	SHIPPER	CITY
7	Trader - Distributor	A&A Energy SAS	Bogotá D.C.
8		Alcanos De Colombia S.A. ESP	Neiva - Huila
9		Efigas S.A. ESP	Manizales - Caldas
10		Espigas S.A. ESP	Floridablanca - Santander
11		Gas Natural Del Cesar ESP - Gasnacer	Bucaramanga - Santander
12		Gas Natural Del Oriente S.A. ESP - Gasoriente S.A. ESP	Bucaramanga - Santander
13		Gases De La Guajira S.A.	Riohacha - La Guajira
14		Gases Del Caribe S.A. ESP	Barranquilla - Atlántico
15		Gases Del Cusiana S.A. ESP	Yopal - Casanare
16		Hega S.A. ESP	Bucaramanga - Santander
17		Ingenieria Y Servicios S.A. ESP	Bucaramanga - Santander
18		Metrogas De Colombia S.A. E.S.P	Floridablanca - Santander
19		Op&S Construcciones S.A. ESP	Ibagué - Tolima
20		Promesa S.A. ESP	Bucaramanga - Santander
21		Proviservicios S.A. ESP	Bucaramanga - Santander
22		Servigas S.A. ESP	Neiva - Huila
23		Servingas S.A. ESP	Ibagué - Tolima
24		Surgas S.A. ESP	Neiva - Huila

	CLASSIFICATION	SHIPPER	CITY
25		Madigas Ingenieros S.A. ESP	Acacias-Meta
26		Empresa De Energía De Casanare – Enerca S.A. ESP	Yopal - Casanare
27	Trader - Distributor - VNG	Gas Natural S.A. ESP	Bogotá D.C.
28		Gases De Occidente S.A. ESP	Cali - Valle del Cauca
29		Gases Del Llano S.A. Esp- Llanogas S.A ESP	Villavicencio - Meta
30		GNI Gas Natural Industrial De Colombia S.A. ESP	Bogotá D.C.
31		Trader - Distributor - Thermal	Empresas Públicas De Medellín E.S.P.
32		Comercializadora Energética del Oriente S.A. ESP - Enercor S.A. ESP	Bucaramanga - Santander
33	Trader - VNG	MC2 SAS ESP	Bogotá D.C.
34		Plexa SAS ESP	Bogotá D.C.
35	Trader - Thermal	Isagen S.A. ESP	Medellín - Antioquia
36		Termoemcali S.A. ESP	Palmira - Valle
37	Producer - Trader - Thermal	Ecopetrol S.A.	Bogotá D.C.
38		Cogasen SAS ESP	Bogotá D.C.
39		Combustibles y Gases S.A.	Armero Guayabal - Tolima
40	VNG	Compañía De Combustibles De Colombia Ltda.	Bogotá D.C.
41		Organización Terpel S.A.	Bogotá D.C.
42		Terpel Energía SAS ESP	Barranquilla - Atlántico
43		Cenit Transporte y Logística De Hidrocarburos SAS	Bogotá D.C.
44	Industrial	Fertilizantes Colombianos S.A. - Ferticol	Barrancabermeja - Santander
45		Mansarovar Energy Colombia Ltda.	Bogotá D.C.
46	Producer - Industrial	Perenco Colombia Limited	Bogotá D.C.
47	Thermal	Termovalle SAS ESP	Palmira - Valle

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## Attached table 2. Voluntary social investment 2018

MUNICIPALITY	CONCEPT	COP VALUE	USD VALUE
Mayor of San Alberto	Municipal Art Workshops	10.000.000	3.510,75
Municipality of Albania, Santander	Cultural recreational project	7.602.800	2.593,76
Municipality of Tunungua	School adaptation material	40.000.000	14.172,49
Municipality of Briceño	Maintenance materials for the Briceño road	37.208.586	12.391,87
Municipality of Herveo	Fire-Fighter equipment provision	45.000.000	16.504,86
Municipality of Manaure	Maintenance 10 Windmills	120.713.005	42.379,52
Several Municipalities - Maloka Corporation of Science	Maloka Strategy with Communities	967.231.507	42.379,52
Municipality of La Belleza	Culvert Construction in La Belleza	50.000.000	16.410,88
Municipality of Yondo	Gasification due to irregular connections	102.154.418	33.426,72
Municipality of Bogotá	Tominé Park Project	1.945.917.416	675.748,03
Robles Rural District	Maintenance of the Robles Rural District aqueduct – Association of Aqueduct Users	50.000.000	17.434,12
Asociación de Mujeres Emprendedoras - ASOMEG	Productive Project Materials	159.993.858	55.194,13
Service center - 48 municipalities	Provision of Equipment for Fire-fighters	40.000.000	14.670,98
	Total	3.575.821.590	946.818

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# Attached tables 3. Collaborator indicators, health and safety

## Total number of collaborators by region

Sede	2018		
	M	H	Total
Bogotá	74	132	206
Barrancabermeja	3	23	26
Buga	1	8	9
Casacará		8	8
Cogua	1	6	7
Cota	1	2	3
Curumaní		5	5
Gualanday	3	7	10
Hatonuevo		8	8
Jagua		13	13
Manizales	2	8	10
Mariquita	1	11	12
Norean		10	10
Padua		7	7
Paipa	1	12	13
Paratebueno	1	11	12
Puente Guillermo	1	10	11
Sabana	1		1
San Alberto		4	4
Valledupar	2	8	10
Vasconia		9	9
Villavicencio	4	17	21
Totales	96	328	424

SOURCE: TGI S.A. ESP.

## Accident by region among direct TGI collaborators

Base: districts / station / administrative head-quarters	Men	Women
Bogotá		1
Distrito VII - Manizales	3	
Distrito II - Gualanday	1	
ECG Padua	1	
Distrito III - Cogua	1	
ECG Puente Guillermo	1	
ECG Jagua del Pilar	1	
Distrito I - Barrancabermeja	1	
ECG Paratebueno	1	
ECG San Alberto	1	
ECG Vasconia	1	
<b>TOTAL</b>	<b>12</b>	<b>1</b>

SOURCE: TGI S.A. ESP.

## Accident rate by company among contractors<sup>1</sup>.

Contractor Company	Men	Women
INSURCOL LTDA	1	
MONTAJES JM	4	
CONFIPETROL SAS	1	
MONTINPETROL	3	
CONSORCIO RIP	2	
ISMOCOL	5	
SEGURIDAD ONCOR	1	
MTI THOMAS	1	
ELITE LTDA	1	
CENTRAL	2	
EMMIS	1	
APPLUS	1	
INEMEC LTDA	1	
FIDELITY	1	
INERCO	1	
TOTAL	27	0

SOURCE: TGI S.A. ESP.

## Days lost by company among contractors

CONTRACTOR COMPANY	LOST DAYS
INSURCOL LTDA	0
MONTAJES JM	0
CONFIPETROL SAS	0
MONTINPETROL	69
CONSORCIO RIP	33
ISMOCOL	8
SEGURIDAD ONCOR	2
MTI THOMAS	3
ELITE LTDA	5
CENTRAL	3
EMMIS	0
APPLUS	21
INEMEC LTDA	0
FIDELITY	15
INERCO	0
TOTAL	159



CHAIR COMMITTEE TGI 2018

See this report and its annexes in [www.tgi.com.co](http://www.tgi.com.co)

<sup>1</sup>These data are presented by company due to the impossibility of determining the indicator by zones or regions, given the monthly employee turnover according to the needs or projects in execution.

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