




Executive report of the double materiality assessment Grupo Energía Bogotá S.A. ESP 2024



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1. Introduction	3
2. Objective and scope	3
3. Background	3
4. Description of the process.....	4
4.1. Update of shareholders	4
4.2. Understanding the context of the operations of Grupo Energía Bogotá and its subsidiaries	4
4.3. Identification of Impacts, Risks and Opportunities - IROs	5
4.4. Defining preliminary ESG issues.....	6
4.5. Double materiality assessment	7
4.5.1. Impact materiality	7
4.5.2. Financial materiality	7
4.5.3. Results of the process.....	7
4.5.4. Analysis of the results.....	8
4.5.5 External verification	8
4.5.6 Approval of the results of the double materiality	9

1. Introduction

The materiality assessment is conceived as a practice to define the Environmental, Social and Governance (ESG) priorities that companies must manage in line with their sustainability principles and their Corporate Strategy, while incorporating the visions and perspectives of their stakeholders. In addition, it helps recognize those ESG issues that organizations should incorporate into the strategy and monitor and report.

This document refers to the process carried out in 2023 to update material matters for Grupo Energía Bogotá S.A. ESP with the double materiality approach, which identifies and prioritizes the Company's impacts, risks and opportunities (IROs) from a perspective of impact materiality (of GEB on the environment) and financial materiality (of the environment on GEB).

This exercise was developed using as reference some guidelines from the **European Sustainability Reporting Guidelines 1 ESRG1 of the European Financial Reporting Advisory Group (EFRAG) as well as the Universal Standard 3: Material Issues 2021 of the Global Reporting Initiative GRI**, as well as other documents, methodologies and guidelines related to the evaluation of IROs.

The result of this exercise will be used as a basis to define the Company's management priorities towards objectives and goals that contribute to the fulfillment of strategic objectives, the generation of long-term value, the continuous improvement of business competitiveness and the contribution of closing gaps in the territories. Likewise,

the result will guide the contents of the 2023 Integrated Report.

2. Objective and scope

Objective:

Update the prioritization of Environmental, Social and Governance issues that GEB must manage, in line with its Corporate Strategy, Sustainability Strategy and the current context in which the Company develops its operations, following the new “double materiality” assessment approach that evaluates the impacts, risks and opportunities of the Company from an impact materiality perspective (of GEB and its subsidiaries on the environment) and a financial materiality perspective (of the environment on GEB and its subsidiaries).

Scope:

This exercise covers the operations of GEB and its subsidiaries:

- Enlaza (Colombia)
- Transportadora de Gas Internacional – TGI (Colombia)
- Conecta (Guatemala)
- ElectroDunas (Perú)
- Cálidda (Perú)
- Contugas (Perú)

3. Background

In 2021, Grupo Energía Bogotá carried out its materiality assessment taking as reference the Company's Corporate Strategy and Sustainability Strategy that define the main lines of action, mission, vision and goals for 2030. This exercise had a double materiality approach where, based on the assessment of the importance of the risks and impacts related to potentially material issues and the assessment by 13 stakeholders, 11 material issues were prioritized.

Thus, to continue advancing towards the company's higher purpose of "Improving lives with sustainable and competitive energy", Grupo Energía Bogotá updated its materiality in 2023, addressing the latest trends in terms of sustainability at a global level, maintaining the double materiality approach.

This double materiality approach, by seeking to understand the positive and negative impacts of the Company and its value chain on the environment and society (impact materiality), as well as the financial effect that could be generated by the materialization of risks and opportunities in the environment on the Company's operations, reputation or strategy (financial materiality), allows the prioritization of the ESG issues to be managed.

4. Description of the process

The double materiality process addresses the development of a series of stages that allow those who carry out the exercise to analyze information from different sources to understand the context of the Company, and thus analyze the possible factors that could generate effects towards the organization or the environment.

4.1. Update of stakeholders

The stakeholder identification and prioritization process has two main objectives:

- a. Map relevant stakeholders for Grupo Energía Bogotá and its subsidiaries, industry peer companies, applicable ESG standards and guidelines.

- b. Identify the internal and external stakeholders to be involved in the process of assessing potentially material issues from the impact materiality approach, including its consultation mechanism.

Mapping of relevant stakeholders: for this step, the list of stakeholders prioritized by GEB in its 2021 materiality update exercise was used as a basis. Additionally, the stakeholders reported by the subsidiaries Enlaza, TGI, Cálidda, Contugas and ElectroDunas were considered. Additionally, a sustainability reporting benchmark process was developed for fifteen (15) leading companies in the industry, as well as six (6) ESG standards and guidelines.

Identification of internal and external stakeholders to be involved in the process: once the stakeholders were identified, a selection was made with the GEB Sustainability and Communications team of the stakeholders to be involved in the process of assessing potentially material issues from the impact materiality approach. At this stage, 10 stakeholders were selected.

In this analysis, Grupo Energía Bogotá seeks to consult all its stakeholders, including people in vulnerable conditions; including: Indigenous and ethnic communities; Rural and peasant communities; Children and adolescents; Women and people living in poverty.

4.2. Understanding the context of the operations of Grupo Energía Bogotá and its subsidiaries

Understanding the context is composed of two main activities:

- a. Understanding the context of the organization and its value chain allows comprehending the impact of its own activities and that of its commercial relationships.
- b. Studying trends and issues raised by international standards as well as the benchmark of leading companies in the industry to identify best practices and relevant issues in companies similar to GEB.

Understanding the context of the organization and its value chain: to achieve a holistic understanding of the organization and thus place GEB within a context of sustainability, a review of internal inputs such as policies, commitments and corporate strategies was carried out. In total 8 inputs were reviewed.

Study of trends, standards and benchmarks of leading companies in the industry: in the analysis of these external sources, we sought to understand the state of the art related to the Company's environment in order to understand the challenges and opportunities that the sector is facing, and those that Grupo Energía Bogotá is possibly facing or will face in the short or medium term. Also, 15 Sustainability Reports from peer companies were reviewed, where the material issues reported were identified.

Likewise, the review of nine (9) ESG standards and rating companies was important to analyze the regulatory and normative requirements that could apply to the organization in the short term, and with this, design a double materiality exercise to respond in advance to such requirements.

The information collected allowed the identification of 111 ESG sub-themes

and sub-sub-themes, which would subsequently be associated with the IROs, in order to define the preliminary ESG issues to prioritize.

4.3. Identification of Impacts, Risks and Opportunities - IROs

In this stage, we sought to identify those IROs caused by environmental, social and governance issues that could generate effects for the organization or the environment (economy, environment and people).

Risks and opportunities are those factors, positive or negative, that influence or are likely to influence future cash flows, the generation and management of income, costs and expenses, the valuation of assets and liabilities, and the ability of the Company to generate capital and obtain financing and, therefore, in the business value of the company in the short, medium or long term.

Impacts are those effects that an organization has or could have on the economy, the environment and people, including impacts on human rights, as a result of its activities or business relationships.

First, more than 93 risks were evaluated, coming from the strategic risk matrices of Grupo Energía Bogotá and its subsidiaries. A risk clean-up exercise was carried out to identify risks that dealt with similar issues. From this process, 30 strategic risks were selected. In turn, two additional risks from other sources were identified, giving a total of 32 risks.

Regarding opportunities (positive risks), there was information provided by the areas in the IRO survey, the

opportunities submitted for the 2023 Integrated Report, as well as meetings with the Risk, Planning and Innovation areas of the company. Additionally, opportunities identified in Grupo Energía Bogotá's TCFD Report were taken into account. As a result of this process, 11 opportunities were identified.

Secondly, for the identification and analysis of impacts, the information provided by the areas in the IRO survey was used, as well as the impacts submitted for the 2023 Integrated Report. Likewise, the Company's 2022 Integrated Report and other reports from industry peers were analyzed. This process allowed the selection of 51 impacts.

4.4. Defining preliminary ESG issues

Once the IROs of Grupo Energía Bogotá were identified and associated with industry trends and the Company's future objectives, the identified ESG subtopics were grouped into preliminary ESG issues.

This list of preliminary issues was subjected to an approval process with the GEB Sustainability and Communications team to define the final list of issues to be associated with the identified IROs. These discussions resulted in a list of 15 preliminary ESG issues. The resulting ESG issues are shown below, with their respective associated subtopics.

Climate change: Adaptation to climate change; Mitigation and compensation of climate change.

Biodiversity: Ecosystem services; Protection and conservation of biodiversity; Mitigation and

compensation of environmental impacts; Ecosystem restoration.

Environmental performance: Use of natural resources; Atmospheric emissions; Energy efficiency; Water management; Waste management.

Just energy transition: Low carbon technologies; Competitive energy.

Shared prosperity: Territorial development; Access to products and services; Relationship with communities.

Talent management and well-being: Working conditions; Employment practices; Adequate salary; Strengthening skills; Talent attraction and retention; Corporate culture.

Occupational Safety and Health: Health and safety at work for employees and contractors.

Human rights: Diversity, equity and inclusion; Due diligence; Training and awareness; Human rights risk management.

Responsible supply chain management: Local supply.

Ethics and transparency: Responsible business conduct; Conflict of interests; Corruption and bribery; Taxation; Information management.

Corporate governance: Management of subsidiaries; Ownership structure; Transition of boards of directors.

Risk management: Critical incident risk management; Emergency preparedness; Process security; Third party actions.

Cybersecurity and information security: Information security; Cybersecurity risks.

Innovation: Digital transformation; Innovation ecosystem; Culture and knowledge management; New businesses; New technologies.

Economic performance: Business profitability; Generation of value for investors and shareholders.

4.5. Double materiality assessment

4.5.1. Impact materiality

For each of the 15 preliminary ESG issues, an evaluation was carried out of the impacts generated by Grupo Energía Bogotá in the environment identified in **step 4.3**. Subsequently, an evaluation was carried out of the preliminary ESG issues, associated with the impacts, through stakeholder consultation using didactic tools, surveys, interviews and field visits.

In these consultation with stakeholders, the participants rated the ESG issues according to the magnitude of the effect they have on the environment based on the understanding of the question "How serious/significant/important is it to the environment or society the fact that Grupo Energía Bogotá - GEB and its subsidiaries manage (or not) these issues?", as well as the probability of occurrence by answering the question "How likely is it that Grupo Energía Bogotá - GEB and its subsidiaries will have an impact (positive or negative) in the environment and/or society by managing (or not) these issues?"

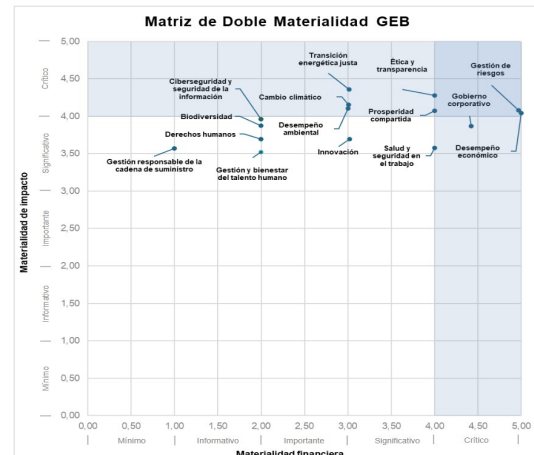
4.5.2. Financial materiality

The financial materiality addressed, for each of the preliminary ESG issues, the rating of the risks and opportunities identified in **step 4.3**. In this step, a value was assigned to each risk and opportunity based on the analysis of the possible financial effect that their materialization could generate in the Company; Each of these risks and opportunities was associated with one of the ESG issues presented in the previous step. This process was developed with GEB's financial, business and risk management areas.

Based on the rating of risks and opportunities, and the number of risks and opportunities associated with ESG issues, a score for the financial materiality of each issue was calculated.

4.5.3. Results of the process

Based on the results of the impact materiality and the financial materiality, the ESG issues were placed within the double materiality matrix, which determines the material issues for Grupo Energía Bogotá. These results are validated and approved by the Annual General Assembly of Shareholders.



Double materiality:

- Risk management
- Economic performance
- Shared prosperity
- Ethics and transparency

Financial materiality:

- Health and safety at work
- Corporate governance

Impact materiality:

- Just energy transition
- Climate change
- Environmental performance

Relevant issues¹:

- Cybersecurity and information security
- Biodiversity
- Human rights
- Responsible supply chain management
- Talent management and well-being
- Innovation

4.5.4. Analysis of results

These **9 material issues** are one of the inputs to be considered in the next update of the Corporate Strategy, as they reflect not only stakeholder perception on relevant business issues, but also the financial implications of these issues for the organization. Likewise, it is recommended that GEB defines its management mechanisms, monitoring and follow-up strategies and methodologies (indicators), as well as the transparent reporting and disclosure of information.

The issues valued as relevant (Biodiversity, Talent Management and Wellbeing, Human Rights, Responsible Supply Chain Management, Cybersecurity and Information Security and Innovation valued), are issues that, despite not having been prioritized in the double materiality assessment, are fundamental issues for the fulfillment of the GEB's strategic objectives. In this sense, they are issues that must be managed, monitored and disclosed appropriately so that stakeholders are aware of the actions carried out by the Company in their regard, and in this

way their relevance to the business is understood. Additionally, it is necessary that the need and relevance of mapping specific risks in these matters be analyzed from the risk identification process, so that the possible effect that the materialization of these risks could generate in GEB is taken into account.


On the other hand, and as part of the recommendations resulting from the exercise, since opportunities are a key input, not only for the analysis of double materiality, but to guide business diversification and growth efforts, competitiveness, innovation and resilience in the face of the dynamics of the industry, as well as to create value for shareholders and investors, PwC suggests that Grupo Energía Bogotá develops a structured exercise for the identification and assessment of business opportunities. This is a strategic process that can contribute to long-term success of the company in a changing and competitive business environment. Please see the full analysis and final recommendations in the full deliverable.

4.5.4. External verification

The double materiality assessment has limited external verification by BDO audit S.A.S BIC. The limited external verification process is intended to guarantee the veracity of the information contained in the assessment. The verification was

¹ "Relevant issues" are those ESG issues included in the double materiality assessment that were not prioritized in the impact materiality or financial

materiality. Consequently, they are highlighted as issues on which it is necessary to develop a management, measurement and reporting process as they are important and significant for the business.



carried out under the ISAE 3000 standard and focused on the review of the double materiality process and its stakeholders.

4.5.5. Approval of the results of the double materiality.

The results of the 2023 Integrated Sustainability Report and the update of double materiality were approved on March 26, 2024, at the ordinary meeting of Grupo Energía Bogotá S. A's Annual General Assembly of Shareholders, according to meeting minute 092, in response to the recommendation requested by the Corporate Governance and Sustainability Committee of the Board of Directors.