

## Company and Sector Performance

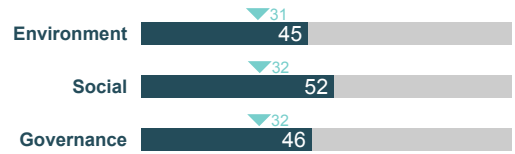
Company performance    Sector average performance    Sector performance

### ESG OVERALL SCORE

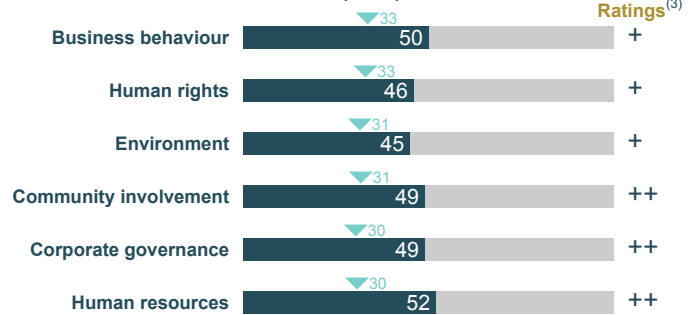


Information rate	86%
sector average	62%
Cooperation level <sup>(2)</sup>	Proactive
High severity controversies	No
Rank in Sector	4/62
Rank in Region	30/904
Rank in Universe	345/4482

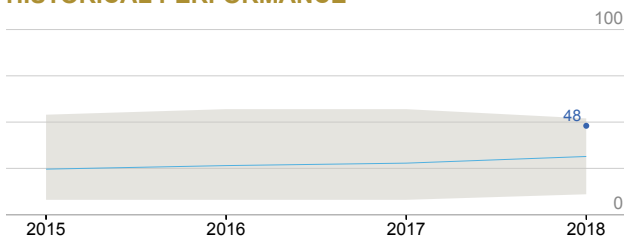
### ESG PERFORMANCE (/100)



### 6 DOMAINS PERFORMANCE (/100)



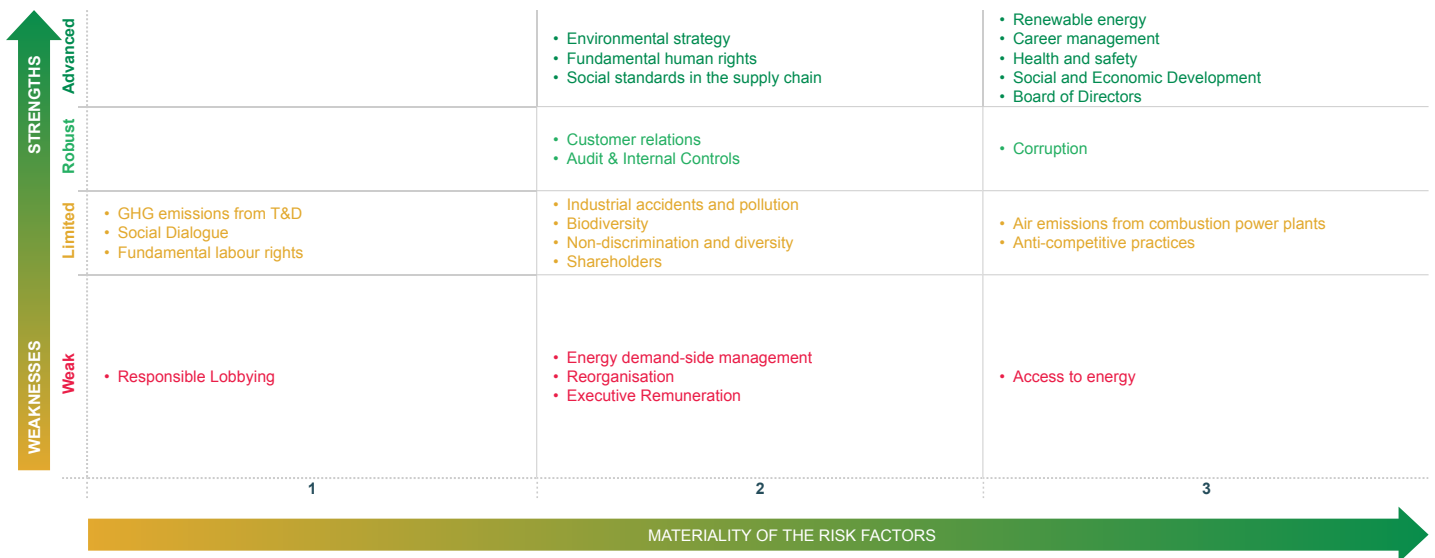
### HISTORICAL PERFORMANCE



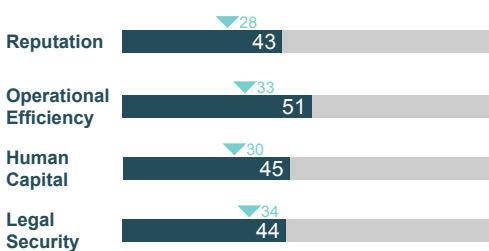
Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: No

## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

TOPIC	COMMENT	TREND
Health and Safety	An OHSAS 18001 health & safety certified system is in place. Celsia has implemented several measures to address health and safety issues within the Company, however, the measures to address the stress at work remains limited. The Company reports transparently its health and safety indicators at contractors' and employees' level and all of them have improved its performance in the past three years.	
Anti-corruption practices	The Company operates mainly in Colombia, which is considered as risky country according to International Transparency's Corruption Perception Index 2017. Despite this, the Company has an advance performance in this regard, conducting training for employees and contractors and also implementing internal audits to prevent corruption practices within the Company.	
Climate Change	Celsia's energy generation from renewable sources stood at 77% of its total generation in 2017 and its Environmental Policy includes diversification of the generation matrix, promotion of alternative non-conventional energy with low carbon emissions. In addition, its share of renewables is higher than the sector peers on average.	

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at [customer.service@vigeo-eiris.com](mailto:customer.service@vigeo-eiris.com)

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

## Company performance in all the Sustainability Drivers

		Weight	Overall score 48/100		Trend	Score	Leadership	Implementation	Results
			<b>Environment</b>			45	39	44	42
E	ENV1.3	3	Renewable energy			65	65	30	100
E	ENV2.4	3	Air emissions from combustion power plants			42	30	41	54
E	ENV1.1	2	Environmental strategy			78	79	76	N/A
E	ENV1.2	2	Industrial accidents and pollution			39	30	51	37
E	ENV1.4	2	Biodiversity			32	30	30	35
E	ENV3.1	2	Energy demand-side management			14	0	41	0
E	ENV2.2	1	GHG emissions from T&D			30	15	44	30
			<b>Human Resources</b>			52	46	51	61
S	HRS2.4	3	Career management			72	62	83	72
S	HRS3.2	3	Health and safety			62	65	56	65
S	HRS2.3	2	Reorganisation			12	0	0	35
S	HRS1.1	1	Social Dialogue			44	30	38	65
			<b>Human Rights</b>			46	44	45	50
S	HRT1.1	2	Fundamental human rights			60	37	79	65
S	HRT2.4	2	Non-discrimination and diversity			31	51	15	28
S	HRT2.1	1	Fundamental labour rights			48	44	35	65
			<b>Community Involvement</b>			49	38	58	50
S	CIN1.1	3	Social and Economic Development			72	51	100	65
S	CIN2.1	3	Access to energy			25	25	15	35
			<b>Business Behaviour (C&amp;S)</b>			50	51	48	52
G	C&S3.1	3	Corruption			50	65	42	43
G	C&S3.2	3	Anti-competitive practices			44	58	30	43
S	C&S1.3	2	Customer relations			54	30	76	55
S	C&S2.4	2	Social standards in the supply chain			70	65	68	77
G	C&S3.3	1	Responsible Lobbying			23	0	20	49
			<b>Corporate Governance</b>			49	67	41	38
G	CGV1.1	3	Board of Directors			66	62	79	56
G	CGV2.1	2	Audit & Internal Controls			58	87	48	39
G	CGV3.1	2	Shareholders			48	100	18	26
G	CGV4.1	2	Executive Remuneration			14	20	0	22

■ Weak (0-29/100)    
 ■ Limited (30-49/100)    
 ■ Robust (50-59/100)    
 ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

## Benchmark

### Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
BRENBACNOR2	EDP-Energias do Brasil	++	++	++	++	++	+	52
CL0002266774	Enel Chile	++	+	++	+	++	+	49
BRTBLEACNOR2	Engie Brasil Energia	++	+	++	+	++	=	49
<b>COT60PA00038</b>	<b>Celsia</b>	<b>+</b>	<b>++</b>	<b>+</b>	<b>++</b>	<b>+</b>	<b>++</b>	<b>48</b>
BRCMIGACNOR6	Cia Energetica de Minas Gerais	++	++	+	++	+	=	47
CLP371861061	Enel Americas	+	++	++	+	++	+	47
CLP3710M1090	Enel Generacion Chile	++	++	+	+	+	=	45
MA0000011439	Lydec	+	++	+	+	+	=	44
BRELPLDBS0S2	AES Brasil	++	=	+	++	=	--	42
PEP700511004	Enel Generacion Peru	+	++	+	+	+	-	42
BRGNANACNOR8	Neoenergia	=	+	+	=	++	+	42
PEP701011004	Enel Distribucion Peru	+	+	+	+	+	=	39
TH0834010R10	Glow Energy	=	+	+	++	+	=	39
PHY2292T1026	Energy Development Corporation	++	=	=	+	=	=	38
COE15PA00026	Interconexion Electrica SA ESP	+	+	+	=	+	=	36
RU000A0JPKH7	RusHydro	+	+	=	=	=	+	36
CL0001880955	AES Gener	+	+	+	=	+	=	35
MX01IE060002	ENova	=	+	+	=	++	+	35
BRTIETCDAM15	AES Tiete	+	+	=	=	=	=	34
CLP3615W1037	Colbun	=	+	=	=	=	+	34
KR7015760002	Kepco	=	+	+	=	=	=	34
BRTRPLACNOR4	CTEEP	=	=	+	=	=	=	33
VIGEIRIS0387	Enel Brasil	=	=	+	+	+	-	33
PLENERG00022	Energa	+	+	=	=	=	=	33
KR7036460004	Korea Gas	=	+	+	+	=	-	33
INE245A01021	Tata Power	=	=	+	=	+	+	33
RU000A0JPNM1	INTER RAO EES	=	=	=	+	=	++	32
BRCPLEACNOR8	Companhia Paranaense de Energia-COPEL	=	=	=	=	=	+	31
INE129A01019	Gail India	=	+	+	=	=	=	31
CL0001583070	Engie Energia Chile	=	+	+	=	=	-	30
BRELETACNOR6	Eletrobras	=	=	+	=	+	=	30
ID1000111602	Perusahaan Gas Negara	=	=	=	=	=	=	30

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
MYL534700009	Tenaga Nasional	=	=	-	+	=	++	30
PHY0001Z1040	Aboitiz Equity Ventures	=	=	-	=	=	+	29
HK0836012952	China Resources Power Holdings	=	=	=	=	=	+	29
PLPGER000010	Polska Grupa Energetyczna	=	=	=	-	+	+	29
MA0000012205	Taq Morocco	=	=	=	=	=	=	29
PLTAURN00011	Tauron Polska Energia	=	=	=	+	=	+	29
KYG8972T1067	Towngas China	=	=	-	=	+	=	29
MYL467700000	YTL Corp	=	=	+	=	=	=	29
PHY0005M1090	Aboitiz Power	=	=	=	=	=	+	28
CNE100000HD4	China Longyuan Power Group	+	=	-	=	-	+	28
CNE100000WS1	Huaneng Renewables	+	=	-	=	=	=	28
BRTAEECDAM10	Transmissora Alianca de Energia Eletrica	=	=	+	=	=	-	28
MYL674200000	YTL Power International	=	=	+	=	=	=	28
HK2380027329	China Power International Development	=	=	-	=	=	+	27
INE733E01010	NTPC	=	=	=	=	=	=	27
BRALUPCDAM15	Alupar Investimento	=	-	=	=	=	-	26
CNE100001T80	CGN Power	=	=	-	=	-	=	25
BMG2109G1033	CHINA GAS HOLDINGS	-	=	=	=	=	=	25
PEP702521001	Luz Del Sur	=	-	=	=	=	-	25
CND000000BC2	State Grid Corporation of China	=	=	=	=	=	--	24
CNE1000006Z4	Huaneng Power International	-	=	-	=	-	=	23
XS1117296894	China Three Gorges	=	-	--	=	=	-	22
KYG3066L1014	ENN Energy Holdings	-	=	-	=	=	=	22
HK0392044647	Beijing Enterprises Holdings	-	=	-	=	=	=	21
BMG2113B1081	China Resources Gas Group	-	=	-	=	=	=	21
XS0953958641	Slovensky Plynarensky Priemysel	-	=	-	=	=	-	19
QA0006929812	Qatar Electricity & Water	-	-	-	=	-	=	16
BREQTLACNOR0	Equatorial Energia	-	-	-	-	-	-	14
XS0989152573	Bulgarian Energy Holding	-	-	-	-	-	-	11
BRSTGDDBS000	StateGrid Brazil Holding	-	--	-	-	-	--	11

## General information

Celsia SA ESP specialises in the electrical energy generation and commercialization business. The Company notably operates thermal as well as renewable

power plants as well as electricity distribution networks. Celsia is headquartered in Medellín, Colombia.

## Selected financial data

Key data	Revenues	EBIT	Employees
2017	COP 3,094bn	COP 757bn	1,586
2016	COP 3,794bn	COP 642bn	1,557
2015	COP 3,691bn	COP 363bn	1,429
2014	COP 2,588bn	COP 669bn	1,116

Main shareholders	2018
Grupo Argos	52.93%
Fondo de Pensiones Porvenir	9.45%
Fondo de Pensiones Proteccion	8.77%
Fondo de Pensiones Colfondos	3.6%

Geographical Breakdown	Turnover 2017	Employees
Colombia	76.5%	83.6%
Central America	23.5%	16.4%

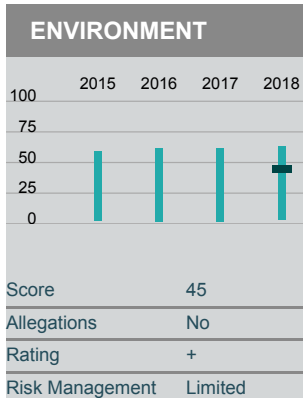
Main economic segment	Turnover 2017
Power Generation, T&D	100%

## Selected ESG Indicators

	2017
Non-executive Board member(s) responsible for CSR issues	Yes
Executive remuneration linked to CSR performance	No Info
Ratio of payments to employees vs. shareholders (3-year trend)	N/A
Percentage of independent Board members	57.14
Percentage of women on Board	29
Percentage of women in Executive team	10
Percentage of women in workforce	25.8
Transparency on lobbying budget	No
Percentage of employees covered by collective agreements on working conditions	66
3 year trend for safety at work	↘
Involvement in armament	No
Transparency on payment of tax	Partial
Management of social risks in supply chain	Advanced
Carbon factor (3-year trend)	↘

## CSR performance per domain

■ Sector performance  
■ Company performance  
Rating : min- / max ++

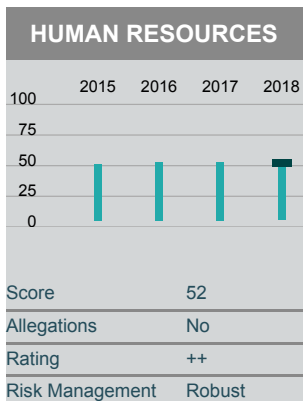


### Key issues

The Electric & Gas Utilities sector has a major role to play with regard to climate change and energy efficiency through the promotion of renewable energy sources, energy efficiency and a reduction in greenhouse gas emissions of power plants. Companies are expected to set ambitious climate change strategies, backed by relevant targets and widespread environmental management systems.

### Company performance

- The Company's performance in the Environmental domain is limited in absolute terms.
- Celsia displays an advanced Environmental strategy that addresses all its responsibilities. The Company also reports on significant measures to protect biodiversity such as protection programmes and land remediation. Low carbon factor stood at 157 KgCO<sub>2</sub>/MWh in 2017 and the overall share of renewables represented 77% of Celsia's generation. Although the Company reports some measures on energy demand-side management such as smart metering, promotion of energy efficiency, among other, there is no historical data provided to assess its performance in this regard.

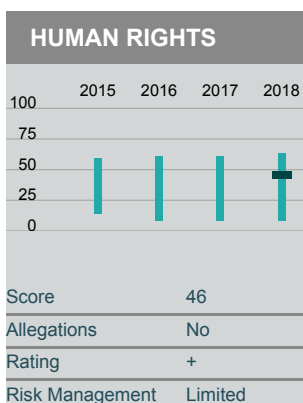


### Key issues

Safeguarding the safety and health of employees and contractors remains a key risk factor in the sector. Similarly, anticipating the ageing workforce and retirement of highly skilled workers through the development of career management and promotion of employability represents a major sector challenge. Anticipating and managing reorganisations represent a key challenge, notably following phase-out and optimisation operations after the Fukushima incident. Implementing and maintaining sound systems to guarantee social dialogue is important to the Electric & Gas Utilities sector, that traditionally benefits from strong well-established industrial relations.

### Company performance

- The Company's performance in the Human Resources domain is robust in absolute terms.
- In terms of Health and Safety conditions, Celsia has implemented measures such as internal monitoring, risks assessment, OHSAS 18001 certifications among others. Besides, employees' and contractors' accident frequency rate have decreased over the past three years. Regarding career management, employees seem to have regular performance assessment and the number of training hours per employee has increased over the past three years. On a less positive note, there is a lack of reporting on the way Celsia mitigates impacts of reorganisations on its employees.



### Key issues

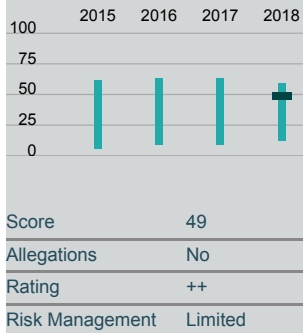
Companies with operations in weak governance zones and which are involved in large-hydro projects, mining activities, or gas exploration, tend to be more exposed than others to violations of stakeholders' fundamental human rights. Electric & Gas Utilities are expected to also have policies and management systems in place, e.g. information, training, risk-mapping, to deal with labour rights issues in their countries of operation and guarantee freedom of association and the right to collective bargaining. Finally, the industry remaining largely male dominated, discrimination need to be banned and diversity promoted if companies want to increase their competitiveness as well as attract and retain talents.

### Company performance

- The Company's performance in the Human Rights domain is limited in absolute terms.
- Celsia issued a Human Rights Policy to promote the human rights and also Celsia set up measures such as trainings, impact assessment and the FPIC. Also, Celsia addresses its main responsibilities in terms of labour rights and participates actively in meetings with trade unions from the sector. Finally, the Company discloses some measures set up to back up the Company's commitment to prevent discrimination, and the share of women in management positions shows a stable trend on the 3-year period



**COMMUNITY INVOLVEMENT**



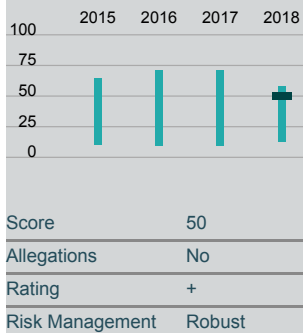
**Key issues**

Power generation companies' main responsibility in terms of Community Involvement is promoting access to energy in developing countries through collaborative projects with relevant stakeholders, capacity building. In their regions of operations, the companies are expected to address the disruptive impacts of their operations through their evaluation and monitoring, and promote the local social and economic development through social programmes and the reinforcement of the local content of operations. Finally, it is fundamental that companies implement relevant measures to avoid disconnections for poor households through initiatives that include raising awareness on energy consumption and energy efficiency among their customers.

**Company performance**

- The Company's performance in the Community Involvement domain is limited in absolute terms.
- Celsia has issued a formalised commitment toward the promotion of the local development, backed by significant means such as social development programmes, capacity building programmes, social impact assessments. Furthermore, the number of beneficiaries of the Company's investments has increased. Although Celsia does not disclose a commitment to promote access to energy, the Company allocated some measures to address this issue in Colombia and Central America. Finally, Celsia reports significantly on taxes paid.

**BUSINESS BEHAVIOUR (C&S)**



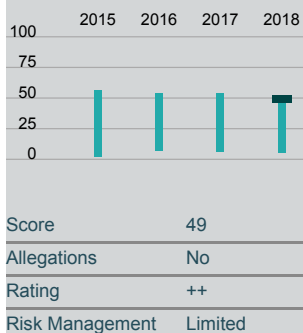
**Key issues**

Electric & Gas Utilities and Transmission companies operate in regulated markets where risks and opportunities are shaped by fiscal and regulatory frameworks and reforms. Thus, they are frequently involved in the political processes and government relations, highlighting the importance of prevention of corruption and of conflicts of interest. With the increasing competition, companies may be tempted to violate competition rules. Companies with end-use customers need to maintain transparent and responsible customer relations to improve customer satisfaction and their attractiveness in the market. Finally, as sector companies rely extensively on suppliers for coal, natural gas and uranium, social and human rights factors in the supply chain are of major importance.

**Company performance**

- The Company's performance in the Business Behaviour domain is robust in absolute terms.
- Celsia reports to include social issues into contractual clauses with its suppliers and specific on-site social audits are carried out annually by internal auditors. The Company appears to have set reporting systems and internal controls to monitor compliance in terms of its commitments to prevent corruption and anti-competitive practices. In terms of responsible customer relations, Celsia has a system to handle complaints coordinated by a third party and the customer satisfaction has remained stable over the past three years.

**CORPORATE GOVERNANCE**



**Key issues**

Corporate governance is critical to ensuring that a well-functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

**Company performance**

- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The Board is 57% independent. Some Board members have CSR expertise. In addition the Board received CSR trainings and performance is evaluated regularly by a third party. Besides, Celsia's internal control system covers some CSR risks through materiality assessment, monitoring of key risk indicators, trainings. On the other hand, a high level of share ownership is required to call an Exceptional General Meeting. Finally, information about executives' remuneration is not disclosed.

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## CSR performance per criterion

### Detailed Analysis

<b>Environment</b>	<b>11</b>
ENV1.1 Environmental strategy	11
ENV1.2 Pollution prevention and control (soil, accident, industrial safety, nuclear)	13
ENV1.3 Development of renewable energy	14
ENV1.4 Protection of biodiversity	15
ENV2.2 Management of energy consumption and GHG from Transmission & Distribution activities	17
ENV2.4 Management of energy consumption and air emissions from fossil-based Generation activities	19
ENV3.1 Energy demand-side management	21
<b>Human resources</b>	<b>23</b>
HRS1.1 Promotion of labour relations	23
HRS2.3 Responsible management of reorganisations	25
HRS2.4 Career management and promotion of employability	26
HRS3.2 Improvement of health and safety conditions	28
<b>Human rights</b>	<b>31</b>
HRT1.1 Respect for human rights standards and prevention of violations	31
HRT2.1 Respect for freedom of association and the right to collective bargaining	33
HRT2.4 Non-discrimination	35
<b>Community involvement</b>	<b>37</b>
CIN1.1 Promotion of the local social and economic development	37
CIN2.1 Promotion of access to energy and prevention of fuel poverty	40
<b>Business behaviour (C&amp;S)</b>	<b>42</b>
C&S1.3 Responsible Customer Relations	42
C&S2.4 Integration of social factors in the supply chain	44
C&S3.1 Prevention of corruption	46
C&S3.2 Prevention of anti-competitive practices	48
C&S3.3 Transparency and integrity of influence strategies and practices	50
<b>Corporate governance</b>	<b>52</b>

CGV1.1	Board of Directors	52
CGV2.1	Audit & Internal Controls	54
CGV3.1	Shareholders	56
CGV4.1	Executive Remuneration	58

 Involvement in allegations     Involvement in allegations with evidence of corrective measures

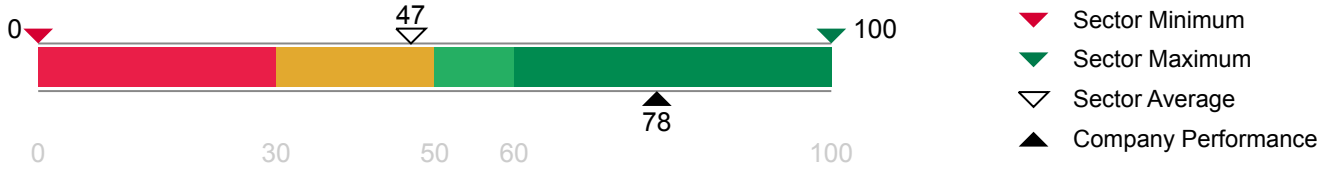
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Environment

Score: 45

ENV1.1 Environmental strategy

(score: 78, weight: 2)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Environmental Policy, also setting specific targets in this regard. The company is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to all its responsibilities in terms of environmental protection:  
 - Pollution prevention and control (soil, accident)  
 - Protection of biodiversity

Relevance of climate change strategy

The company commits to some of its responsibilities in terms of climate change:  
 - Development of renewable energy  
 - Management of greenhouse gas emissions from Generation activities

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

The oversight responsibility of the environmental policy is at the head of the generation leader and the transmission and distribution leader, whose teams have socio-environmental leaders who are responsible for validating the implementation of this policy throughout the organization.

Means allocated to environmental management

The company has allocated comprehensive resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

The Company has its Environmental Management System certified under the ISO 14001 Standard, which include the Environmental manual specifying procedures and responsibilities, Internal audits that assess the effectiveness of the EMS and Management review of the EMS.

- Environmental performance measured against targets: the Company has set targets in terms of biodiversity, water management, solid waste and climate change.
- External verification of reporting on environmental performance: Deloitte & Touche verifies the environmental information as independent third party.

**Coverage of certified environmental management systems**

Between 50% and 75% of the company's sites/offices have a certified environmental management system.

*In its reply to the Vigeo Eiris Questionnaire, Celsia states that the percentage of production sites covered by a certified environmental management system is 72.6%.*

**Carbon factor**

The company's carbon factor stands below the sector average

*The Carbon Factor of Celsia is 157.0 kgCO2/MWh in 2017 while the sector average is 224.4 KgCO2/MWh.*

<b>Leadership</b>	<b>79</b>
Visibility	100
Relevance	77
Ownership	65

<b>Implementation</b>	<b>76</b>
Means & resources	84
Coverage	65

**ENV1.2 Pollution prevention and control (soil, accident, industrial safety, nuclear)**

(score: 39, weight: 2)



**Relevance of commitments on pollution prevention and control**

The company's commitments take into account accidental pollution prevention during its operations.

*The Company is committed to the improvement of processes and early management of risks associated with the operation to prevent pollution issues.*

Comprehensive resources are allocated to pollution prevention and control:

- risk assessment/ identification studies
- training (including contractors)
- pollution control audits
- implementation of risk prevention procedures (emergency plans, simulation exercises)

**Means allocated to pollution prevention and control**

- *risk assessment/ identification studies: the Company carries out an identification and assessment process of potential situation of emergency in environmental topics, including pollution issues. Also, the company has a methodology to prevent and control its socio-environmental risks based on the permanent management of its risk matrix.*

- *implementation of risk prevention procedures: the management to identify possible emergency situations, analyze the vulnerability, establish measures to prevent them from happening and be prepared to respond should they arise, allows the organization to minimize the risks. Within the manual of the environmental management system, Celsia has an emergency preparedness and response guide, including in pollution issues..*

**Coverage**

72.6% of the Company's sites are covered by ISO 14001.

**Existence of accidental pollution**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

**Rehabilitation of polluted soil**

Information obtained from company and public sources regarding the rehabilitation of polluted soil is insufficient.

<b>Leadership</b>	30	<b>Implementation</b>	51	<b>Results</b>	37
<b>Relevance</b>	30	<b>Means &amp; resources</b>	65	<b>Trends</b>	37
		<b>Coverage</b>	30		

**ENV1.3 Development of renewable energy**

(score: 65, weight: 3)



**Relevance of the company's commitment in terms of renewable energy.**

The company has set quantified targets in terms of developing renewable energy.

*Celsia makes commitments regarding climate change in its Environmental Policy, which include diversification of the generation matrix, promotion of alternative non-conventional energy with low carbon emissions, improvement of operating efficiency and adequate emissions management. Also, the Company has set as target generating 59% of renewable energy in 2025.*

**Installed capacity in renewable energy sources**

*The company's installed capacity in renewable sources represented 1256 MW in 2017 which corresponds to 52.3% of the company's total installed capacity. This share stands in line with the sector average (sector average of 48.3%).*

**Scope of development of renewable energy sources**

Resources allocated cover only some technologies:

- Hydro
- Wind
- Solar
- Biomass
- Geothermal
- R&D on emerging technologies (wave, tidal, etc)

**Performance**

*Energy generation from renewable sources (77%) is above sector average. In addition, the company's energy generation from renewable sources has increased continuously over the past three years.*

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>100</b>
Relevance	65	Means & resources	30	Performance	100
		Scope	30		

ENV1.4 Protection of biodiversity

(score: 32, weight: 2)



Relevance of the commitment

The company's commitment towards biodiversity protection is general.

- Loss and fragmentation of ecosystem and habitats on operation sites due to exploration and extraction work (digging, drilling..)
- Effects on population's dynamic (breeding, feeding and reproduction behaviour), due to noise, habitats degradation or fragmentation
- Effects on sensitive or migratory species (due to noise, habitat degradation)
- Soil erosion (due to draining, use of pesticide, cut of trees)
- Loss of vegetal species due to use of chemicals
- Effects on aquatic's flora dynamic
- Effect on sediments transfer
- Effect of habitat fragmentation and ecosystems

*In terms of Biodiversity, Celsia is committed to Support research related to the conservation of threatened or endangered species and to Disseminate knowledge in scientific forums, the media and with other stakeholders.*

Managerial tools allocated to integrate biodiversity in the management of operations

The company has implemented some measures to identify its impacts and integrate biodiversity in the management of its operations such as:

- Environmental impact assessments
- Training relevant managers or employees on biodiversity
- Relevant biodiversity management guidelines
- Monitoring of biodiversity indicators

*- Training relevant managers or employees on biodiversity: Through its programme to improve biodiversity conservation, Celsia has carries out training in order to strengthening skills related to biodiversity.*

*- Monitoring of biodiversity indicators: the Company has a table with its habitats protected or restores, which includes the types of ecosystem, size of the area, progress of the actions and description of the activities implemented.*

Local measures taken to protect biodiversity on operation sites

The company has implemented some measures to limit the impacts of its operations on biodiversity such as:

- bird protection programmes (feeding stations, nest boxes, bird diverters on flight paths, etc)
- vegetation management programmes (decreased use of pesticides/herbicides)
- biotope management plans
- fish protection programmes (fish ladders, fishstock monitoring, fish restocking campaigns, improvement of fish habitats, etc)
- diversion dams and/or flood management and/or minimal flow rates
- land remediation/restoration
- pollutant monitoring during mining activities



- digging mining sites underground
- water heating/withdrawal management/monitoring

- *bird protection programmes: Celsia has biodiversity programmes to recue flora and fauna, which includes birds and trees where these birds lives.*  
 - *fish protection programmes: the company has implemented programmes such as Fish restocking, rearing native fish species in captivity and limnological monitoring.*  
 - *Land remediation: the Company has programes for reforestation, a comprehensive plant life management and a restoration action plans.*

**Coverage of local measures allocated to protect biodiversity on operation sites**

*There is no evidence that the measures put in place covers the majority of the Company's sites.*

**Results with regard to biodiversity protection**

Information obtained from the company and public sources regarding biodiversity indicators on its sites of operations is insufficient

*The Company reports results of its efforts to address the biodiversity issues in its business such as plantation of trees, allocation of hectares for conservation, fish migration and reproduction, monitoring flora and fauna among others. However, there is no historical data allowing to determine a trend.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>30</b>
<b>Relevance</b>	<b>30</b>

<b>Implementation</b>	<b>30</b>
<b>Means &amp; resources</b>	<b>30</b>
<b>Coverage</b>	<b>30</b>

<b>Results</b>	<b>35</b>
<b>Performance</b>	<b>65</b>
<b>Trends</b>	<b>0</b>

ENV2.2

Management of energy consumption and GHG from Transmission & Distribution activities

(score: 30, weight: 1)



Relevance of the company's commitment in terms of improving its network energy efficiency

The company does not disclose any commitment with regard to its network energy efficiency.

Relevance of the company's commitment on GHG emissions related to Transmission & Distribution activities

The company has set quantified targets with regard to its Greenhouse Gas (GHG) emissions related to Transmission & Distribution activities, but these do not cover the entire group.

*The Company has as target the replacement in Colombia of 100% of the circuit breakers in the 13.2 kVa substations that contain SF6 with vacuum circuit breakers by 2020 and reduce 100% of R22 refrigerant emissions by 2020 as short term.*

Means allocated to improve energy efficiency and reduce GHG emissions from Transmission and Distribution activities

The company has implemented some means to improve its network energy efficiency and reduce related GHG emissions.

- Monitoring of energy consumption and/or GHG emissions (direct and indirect)
- Assets replacement programme
- Energy efficiency programme
- Fugitive GHG emissions reduction programme
- Other

*- Monitoring of energy consumption and/or GHG emissions: the company monitors its SF6 emissions.*

*- Assets replacement programme: In order to achieve its targets set, the company plans the replacement of its circuits breakers that contain SF6 with vacuum circuit breakers*

Coverage

The company's measures cover the majority of its network.

*The Company will replace its circuits breakers in Colombia, where it has most of the Company's operations.*

Greenhouse Gas emissions linked to electric T&D activities

*The company's SF6 emissions related to the company's electricity T&D activities, normalised to distance of the grid, have remained stable over the past three years, standing at 0.06 t SF6/ km.*

Energy losses along the company's electricity network

The company's energy losses along its electricity T&D network, normalised to capacity transported/network distance, have remained stable over the past three years.

*The company's energy losses along its electricity T&D network, normalised to*

*network distance, have remained stable over the past three years, standing at 11.24 GWh /km.*

<b>Leadership</b>	<b>15</b>
Relevance	15

<b>Implementation</b>	<b>44</b>
Means & resources	30
Coverage	65

<b>Results</b>	<b>30</b>
Performance	30

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ENV2.4

Management of energy consumption and air emissions from fossil-based Generation activities

(score: 42, weight: 3)



The company discloses a general commitment to improving thermal power plants' efficiency and reducing related air emissions.

Relevance of the company's commitment on improving thermal power plants efficiency and reducing related air emissions

The company is committed to limit growth of thermal power plants using coal and reinforcing the commitment to increase wind, solar and hydroelectric power generation in the Company. In addition, Celsia is committed to change in the next two years the generator of Combustion Turbine 2 of the Flores IV Thermal Power Plant and keep implementing projects to update equipment, improve efficiency and increase installed capacity.

Means allocated to improve thermal power plants' efficiency (e.g. CCGT, CHP)

To improve its power plants' efficiency, the company is involved in technological improvements in coal/lignite power stations.

In 2017, installed capacity of CCGT stood at 610 MW, representing 53% of total thermal based installed capacity. In addition, Celsia has made improvements in the operating and maintenance procedures, the implementation of operational security and integration of the processes. Also, the reliability is supported by investments in improving and upgrading the units' equipment and systems. While in Panama, Celsia signed a contract for maintenance of the engines that use bunker fuel, and the company also changed the walls of the furnace and chemically cleaned the boiler.

Means and technologies allocated to reduce SOx, NOx, PM and Mercury emissions

The company has a minor involvement in technologies developed to reduce air emissions (SOx, NOx, Particulates, Mercury):

- Sourcing of low sulphur fuels (eg: natural gas)
- Low NOx combustion technologies
- Flue gas cleaning systems (NOx and SO2)
- Mercury emissions capture technologies
- Particulate Matter capture technologies
- Other

- Sourcing of low sulphur fuels: In Colombia, the Company only operates with natural gas and GNL.  
 - Low NOx combustion technologies: Company's thermal power generation plant has turbines which have built-in emission control systems such as water injection, steam injection and Dry Low NOx burners, to guarantee the control of the atmospheric emissions,

Share of the company's thermal plants covered by means and technologies to reduce SOx, NOx, PM and Mercury emissions

The company has taken such measures in all its thermal power plants. These measure is implemented in all of its thermal power plants.

**Measures to develop innovative technologies such as carbon capture and storage and associated new combustion techniques**

The company does not appear to be involved in the development of carbon capture and storage.

**Carbon Factor of thermal facilities (fossil-based power generation, excluding nuclear)**

*The company's fossil-based carbon factor has remained stable over the past five years, standing at 558 KgCO2/MWh in 2017.*

**Emissions of substances responsible for acid rain (SO2, NOx)**

The company's emissions of substances responsible for acid rain, normalised to production, have decreased continuously over the past three years.

*The company's emissions of NOx, normalised to production, have decreased continuously over the past three years by 12% from 0.1759 gNOx/kWh in 2015 to 0.1545 gNOx/kWh in 2017.*

**Other emissions: Particulates, Mercury emissions**

*The PM emissions per GWh generated has increased over the past three years by 78% from 0.046 PM/GWh in 2015 to 0.082 PM/GWh in 2017. The company states that Celsia do not generate direct mercury emissions.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>41</b>	<b>Results</b>	<b>54</b>
Relevance	30	Means & resources	25	Performance	54
		Scope	30		
		Coverage	100		

ENV3.1 Energy demand-side management

(score: 14, weight: 2)



Relevance of commitment related to Energy demand-side management

The company does not disclose any commitments related to Energy demand-side management.

The company has allocated limited means to address Energy demand-side management:

- awareness raising activities on energy efficiency (campaigns, leaflets, energy tips)
- promotion of energy-efficient appliances (boilers, heating systems, heat pumps, insulation, compact fluorescent light bulbs)
- consumption monitoring (diagnostics of energy installations, load curve advice, energy counselling/audit)
- tailor-made rates according to consumption patterns (day/night)
- energy service contracts (the energy supplier commits to reduce its customer's energy consumption)
- training of sales staff
- smart metering
- new tariffs and better billing
- promotion of renewable energy

Means dedicated to Energy demand-side management programmes

- promotion of energy-efficient appliances: the Company has a extensive portfolio of goods and services, such as Electric Mobility (electric bicycles), Efficient Lighting and Efficient Household Appliances.

- energy service contracts: the Company started projects such as a cooling district, a system that cools the public areas and stores. The process uses cogeneration from natural gas to cool the water that is distributed throughout the shopping center and to the air conditioning systems, producing 30% in energy savings.

- smart metering: In 2017, Celsia installed and integrated 3,520 smart meters in the Meter Management Center. Also, the Company contracted smart metering solutions with three bidders, to which we delivered the equipment to be installed in the next three years.

- promotion of renewable energy: the Company started its first large-scale solar farm in Colombia, Celsia Solar Yumbo, with an installed capacity of 9.8 MW, which will generate around 16.5 GWh of electric power per year. In addition , solar roofs started operating with an installed capacity equivalent to 3.6 MW. Celsia is working on installing an additional 43 MW in Colombia, and 3.1 MW more in Central America.

Energy demand-side management programmes cover most types of customers:

Scope of means dedicated to Energy demand-side management

- Households
- Local authorities / municipalities
- Industrial clients
- Small businesses

**Coverage of measures allocated to Energy demand-side management**

*There is no evidence that the measures put in place covers the majority of the Company's clients.*

**Outcomes of Energy demand-side management measures**

Information disclosed on energy saved by customers and/or on the number of Energy demand-side management measures is insufficient to determine a trend.

*The Company disclosed some results of its measures implemented such as, clients in solar energy projects, electric mobility, and other. However, the lack of historical data does not allow to determine a trend.*

<b>Leadership</b>	<b>0</b>
Relevance	0

<b>Implementation</b>	<b>41</b>
Means & resources	30
Scope	65
Coverage	30

<b>Results</b>	<b>0</b>
Trends	0



Human resources

Score: 52

HRS1.1 Promotion of labour relations

(score: 44, weight: 1)



Visibility of commitment on the promotion of labour relations

The company has made references to labour relations in its: *Integrated Report.*

Relevance of commitment on the promotion of labour relations

The company's commitment to promote labour relations is general. *Celsia's purpose is aimed at achieving that employees are strategic partners inside the Company.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management. *The Labor Relations team actively participates in the different internal committees, in order to permit and ensure continuous and fluid dialog.*

Coverage of employee representative bodies

The company has established a European Works Council or another representative consultative body covering the whole company. *The Company negotiate bargaining agreements with members of trade unions*

Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to the quality of the work environment, including:

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

Employee representative bodies in countries with restrictive legislation

Information obtained from the company and public sources regarding how the company promotes employee representation in countries with restrictive legislations is insufficient.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

**Coverage of collective agreements on working conditions**

Collective agreements on working conditions cover between 51 and 75% of its employees.

*In 2017, 66% of the Company's employees (including Colombia and Central America) is covered by collective bargaining agreements.*

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>38</b>	<b>Results</b>	<b>65</b>
Visibility	30	Means & resources	0	Performance	65
Relevance	30	Scope	100		
Ownership	30	Coverage	30		

**HRS2.3 Responsible management of reorganisations**

(score: 12, weight: 2)



**Relevance of commitment to manage reorganisations responsibly** The company does not disclose any commitment to manage reorganisations responsibly.

**Relevance of commitment to involve employee representatives in the process** The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations** Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

- significant financial compensation
- early retirement
- reduction of labour time
- internal mobility programme
- outplacement services
- individualised follow-up of employees
- re-training

**Coverage** Information obtained from the company and public sources regarding the percentage of sites where such measures are taken is insufficient.

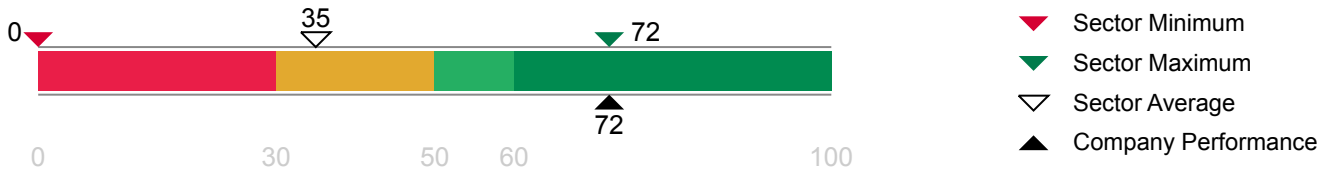
**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.  
*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

**Result of the company's commitment to manage reorganisations responsibly** The company does not provide any information on the impacts of reorganisations on employment.

<b>Leadership</b>	0	<b>Implementation</b>	0	<b>Results</b>	35
Relevance	0	Means & resources	0	Performance	35
Ownership	0	Coverage	0		

**HRS2.4 Career management and promotion of employability**

(score: 72, weight: 3)



**Visibility of commitment**

The company has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its:

*Human Resources Policy.*

**Relevance of commitment**

The company's commitment to promoting career management and training addresses its main responsibilities:

- Anticipate short and long-term employment needs and skill requirements
- Adapt employees' skill sets to their career paths
- Enable the progressive improvement in employees' qualification levels
- Put in place a concerted career management framework, which is transparent and individualized

**Ownership of commitment**

*Claudia Salazar is the Human and Administrative Management Leader and is part of the Management team of the Comapny.*

**Career management systems**

The company has set up an internal job opportunity marketplace and/or has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment interviews.

*Celsia has a platform to advertise vacancies for its organisation as well as companies of Group Argos. Also, the Company carries out a performance assessment for its employees.*

**Coverage of career management systems**

These career management systems cover all of the company's employees.

*The Performance management cycle covers the 97% of the Company's employees.*

**Types of training provided to non-managers**

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills.

*The employee development process starts as soon as individuals are hired, by way of training, and continues through the various activities centered on skills development, such as performance management and career planning. Also, Celsia aims its efforts on development of the Company's leaders to achieve technical results.*

**Means allocated to training for all employees**

*The number of training hours per employee has increased over the past three years by 8% from 49 hours per employee in 2015 to 53 hours per employee in 2017.*

**Mobility / turnover**

*The company's employee turnover has remained stable over the past three years, standing at 8.5% in 2017.*

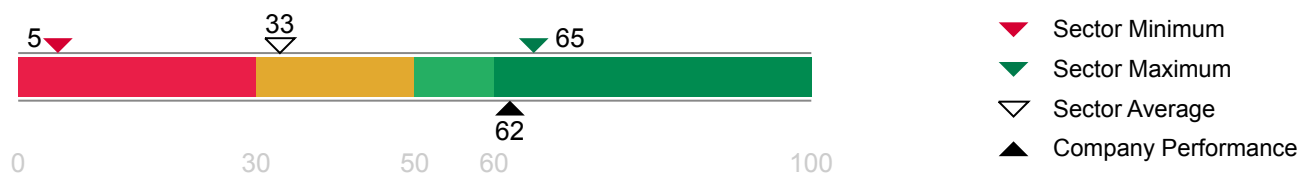
**Training delivered during the year under review**

All the company's employees received training during the year under review.  
*100% of the employees have received training in 2017.*

Leadership		Implementation		Results	
Leadership	62	Implementation	83	Results	72
Visibility	100	Means & resources	82	Performance	72
Relevance	65	Scope	65		
Ownership	30	Coverage	100		

**HRS3.2 Improvement of health and safety conditions**

(score: 62, weight: 3)



**Visibility of health & safety commitments**

The company has made a formalised commitment to health and safety issues, and has set up quantitative targets, which, however, only cover its own employees, in its:

*Human Resources Policy.*

**Relevance of commitment on the improvement of health and safety conditions**

The company's commitment addresses its main responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- reduce the number of driving accidents
- reduce stress/promote well-being
- prevent occupational disease

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

*The Chief HR and Administration Officer must assess the impact on occupational health and safety that may be generated by internal or external changes to the Company. In addition, the Chief HR and Administration Officer must guarantee the implementation of the occupational health and safety standards established in the legislation of each country of operation when implementing new projects or acquiring business.*

**Means allocated to health and safety**

The company has allocated means to address these issues, including a certified health and safety system:

- training/awareness raising programmes
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications

*- training/awareness raising programmes: Through the 66 workshops implemented and the support for leaders and offices, Celsia managed to disclose the strategy and start to implement the specific tools that are helping them to reduce its accident rates and to generate the culture of safety desired by the Organization.*  
*- monitoring: the Company monitors the Occupational Illnesses and accidents by employees and contractors.*  
*- risk assessments: The Company has an occupational health and safety program in place that seeks to identify, assess, prevent, inspect, and monitor the*

psychosocial risk factors and improve the quality of life of employees.  
 - internal H&S audits: The Chief HR and Administration Officer, together with the areas responsible, enforces and verifies compliance with current legal requirements on occupational health and safety with respect to contractors and service providers.  
 - OHSAS 18001 certifications: The Guanacaste wind power plant in Costa Rica is certified under the OHSAS 18001 standard since July 2011.

### Coverage of health and safety system

The health and safety measures cover the majority of the company's employees, as well as the company's contractors and sub-contractors.

All company's contractors are trained in occupational health and safety topics. The monitoring covers all the company's sites, employees and contractors. However, there is no evidence that the other measures covers to the majority of the company's employees.

### Means allocated to reduce stress at work

The company has allocated basic means to address stress at work, including:

- monitoring of absenteeism/rate of occupational disease
- job redesign (work organisation)
- assessment of stress through analysis of internal H&S data
- monitoring of stress through opinion surveys
- awareness raising for employees
- identification of stress sources
- stress support instruments (hotline, counselling service, employee assistance programme, etc)
- training on stress for employees
- training on stress for managers
- measures to improve ergonomics/ ergonomic design of workplaces

- awareness raising for employees: the company implemented a 'Quality of Life' programme which seeks the balance and wellbeing of employees through programmes which promote to the employees a healthy lifestyle in their physical, mental and emotional health.

- training on stress for employees: the 'Quality of Life' programme carries out a seminar which address the physical and mental health, in order to identify healthy behaviour and educate on illness prevention, adequate nutrition and healthy lifestyle habits, as well as prevention of risk factors.

### Coverage of means allocated to reduce stress at work

There is no evidence that the measures put in place covers the majority of the Company's employees.

### Accident frequency rate

The Total recordable injury frequency rate (/200,000 hwd) ratio has decreased over the past three years by 15% from 1.56 in 2015 to 1.33 in 2017.

### Accident severity rate

The Severity rate (/200,000 hwd) has decreased by 58%, but not continuously, over the past three years from 13.16 in 2015 to 5.48 in 2017. In addition, there were not fatal accidents over the past three years.

### Occupational diseases

The Rate of absenteeism has decreased by 0.9 percentage points over the past three years from 2.03% in 2015 to 1.12% in 2017. In addition, the rate of occupational diseases every 200,000 hours worked has remained stable at 0 over



the past three years.

**Accident frequency rate at contractors'**

The Total recordable injury frequency rate for subcontracted labor (/200,000 hwwd) has decreased by 43% over the past three years from 10.89 in 2015 to 6.22 in 2017.

**Accident severity rate at contractors'**

The Severity Rate at contractors has decreased over the past three years, but not continuously, by 44% from 543.9 in 2015 to 306.9 in 2017. Also, the rate of fatal accidents per 200.000 hours worked has decreased, but not continuously by 50% over the past three years, from 0.08 in 2015 to 0.04 in 2017.

**Absenteeism and/or Occupational diseases at contractors'**

the Rate of absenteeism for contracted labor has decreased over the past three years by 1.82 percentage points from 4.18% in 2015 to 2.36% in 2017. In addition, the rate of occupational diseases has decreased over the past three years by 43% from 10.89 in 2015 to 6.22 in 2017.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	65
Ownership	65

<b>Implementation</b>	<b>56</b>
Means & resources	48
Coverage	65

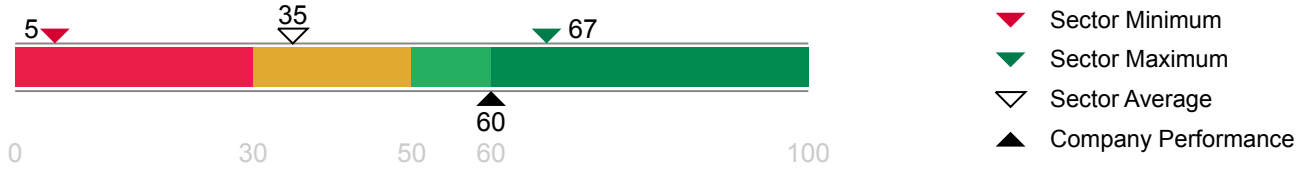
<b>Results</b>	<b>65</b>
Performance	65

Human rights

Score: 46

HRT1.1 Respect for human rights standards and prevention of violations

(score: 60, weight: 2)



Visibility of commitment on the respect for human rights standards and the prevention of violations

The company has issued a formalised commitment to respect and promote human rights in society in its Human Rights Policy. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment on the respect for human rights standards and the prevention of violations

The company's commitment to respect and promote human rights in society is general.

- respect the right to privacy
- respect the right to personal security
- respect property rights
- prevent cruel, inhuman, or degrading treatment
- respect freedom of expression
- prevent complicity in human rights violations

The company states that they promise to carry out its business operations in keeping with the Universal Declaration of Human Rights and in accordance with the regulatory systems applicable in the countries where Celsia conducts business activities.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The departments in charge of the surveillance of everything related to human rights are Sustainability and Human Resources.

Means allocated to the commitment on the respect for human rights standards and the prevention of violations

The company has set up a permanent system to ensure the respect and promotion of human rights in society that includes:

- awareness-raising programmes for employees
- external investigation of allegations
- resources dedicated to relocating population
- training programmes for employees
- grievance mechanisms
- human rights impact assessments
- internal audits
- consult local independent and representative stakeholders
- facilitate free, prior and informed consent (FPIC)
- human rights capacity building for local communities
- external audits/verification

- training programmes for employees: the Company carries out trainings on human

rights to some of its employees.

- human rights impact assessments: Celsia has carried out a pilot project at the Cucuana Hydroelectric Power Plant which enabled them to identify possible risks in human rights that could have an impact on operations and which will serve as a benchmark for the Organization's other power plants.
- consult local independent and representative stakeholders: a prior consultation process have to take place and proceed in developing projects in areas where ethnic minorities are present, including indigenous and afro-descendant communities.
- facilitate free, prior and informed consent (FPIC): Celsia recognizes, accepts and executes prior consultation processes when communities are present in the areas of direct influence of their projects and activities. FPIC applies according to the Colombian laws.

**Coverage**

The company has set up such systems throughout the company.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>79</b>
Means & resources	65
Coverage	100

<b>Results</b>	<b>65</b>
Performance	65

**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 48, weight: 1)



**Visibility of commitment**

The company has made references to freedom of association and the right to collective bargaining in its Integrated Report. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment addresses its main responsibilities:

- protection of freedom of association and the right to organise
- respect of the right to collective bargaining
- respect and protection of workers' representatives
- explicit support for ILO Conventions C87, C98, C135 ,or similar international texts on union rights
- prevent employee representative discrimination
- guarantee the effective exercise of the trade unions rights in the workplace

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

The department responsible for the oversight and fulfillment of the fundamental labor rights is the Human Resources department.

**Monitoring**

The company has implemented permanent measures to monitor the respect of freedom of association within its operations:

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

- regular internal audits: a committee made up of five employees is in charge of the evaluation, follow-up and guaranteeing compliance with the negotiation agreement.

**Promotion of collective bargaining**

Information obtained from the company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

**Coverage**

The company has set up such systems/programmes in parts of its operations,

including in some high-risk areas in terms of labour rights.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

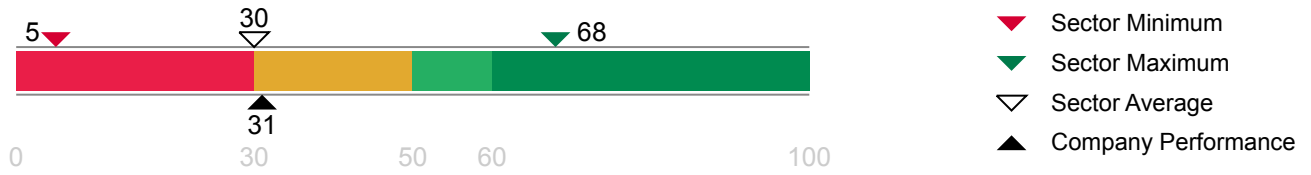
<b>Leadership</b>	<b>44</b>
Visibility	30
Relevance	65
Ownership	30

<b>Implementation</b>	<b>35</b>
Means & resources	37
Coverage	30

<b>Results</b>	<b>65</b>
Performance	65

**HRT2.4 Non-discrimination**

(score: 31, weight: 2)



**Visibility of commitment on non-discrimination**

The company has issued a formalised commitment to non-discrimination in its Code of Business Conduct. In addition, the company is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment on non-discrimination**

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- gender
- sensitive medical conditions
- trade union membership or activities
- discrimination in employment decisions (hiring / promoting / redundancies)
- discrimination in working conditions (working hours / training / remuneration / social security)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

The Human Resources Department oversees the Code of Business Conduct.

**Means allocated to non-discrimination**

The company has set up basic measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)
- job sharing initiatives
- monitoring of salary disparities
- training
- monitoring
- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures
- affirmative action programmes
- flexitime initiatives

- child care facilities/child care subsidies
- career break opportunities

- monitoring: the Company monitors the women in management position.  
 - confidential reporting system: Employees can report violations to the code through the transparency hotline.  
 Of note, the Company carries out a programme called 'comprometidos' which includes diverse activities, highlighting activities on topics such as ethics and good behaviour. However, it is not clear that discrimination issues are addressed in these activities.

**Coverage**

Although the company has set up monitoring and/or whistleblowing systems, the company has not gone beyond that to implement programmes to promote diversity in its operations.

**Results in terms of gender distribution**

The share of women in management positions has remained stable over the past three years, standing at 32% in 2017.

**Results in terms of employment of disabled persons**

The company does not disclose quantitative data on performance indicators such as the share of disabled persons in the total workforce.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>51</b>
Visibility	65
Relevance	65
Ownership	30

<b>Implementation</b>	<b>15</b>
Means & resources	30
Coverage	0

<b>Results</b>	<b>28</b>
Performance	65
Trends	15

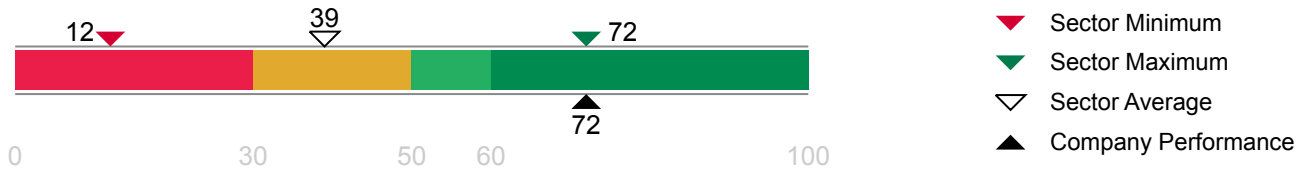


Community involvement

Score: 49

CIN1.1 Promotion of the local social and economic development

(score: 72, weight: 3)



Visibility of the policy

The company has issued a formalized and accessible commitment to promote local social and economic development in its:

*Social Policy and its Integrated Report.*

Relevance of commitment

The company's commitment to promote local social and economic development is general.

- Optimise the impact of operations on the local economy
- Promote the creation and development of local businesses
- Promote the transfer of technology and skills to developing countries
- Promote the employment and training of local personnel
- Reduce the social impacts related to site closures, openings, and restructuring
- Implement a responsible tax strategy

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

*The department responsible for monitoring and controlling local social and economic development is the socio-environmental and sustainability department.*

Means allocated

The company has allocated extensive means to address social and economic development, including:

- Social development programmes
- Capacity building programmes
- Infrastructure development programmes
- Social impact assessments
- Grievance mechanisms

- *Social development programmes: Through the Celsia and Epsa foundations, Celsia invested over COP 9,600 million in education in the country. The foundations' management model consists of four programs: Energy and Water, Going Green (Verde Vivo), Mathematics and Language, through which we covered over 350 schools and benefited around 96,700 people, including students, teachers, parents, community leaders and the community in general, in 36 Colombian municipalities.*

- *Capacity building programmes: The majority (88.7%) of Celsia's purchases were made from local suppliers in 2017, in addition, 98% of the executives are from local communities which is a way to demonstrate company's commitment to the locals communities.*

- *Infrastructure development programmes: Celsia started projects and initiatives that improve living conditions through the construction of community infrastructure,*

such as road infrastructure in 12 municipalities and construction and improvement of nine areas for meetings, relations, recreation and enjoyment of the communities in its areas of influence. also, in Panama, Celsia has improved the waterlines of the community of El Valle in Chiriquí, Panama.

- Social impact assessments: Celsia carried out a training process on indicators so that its teams has the necessary tools for the relevant creation of indicators and build impact assessments.

Some of the indicators are: socio-environmental programs, beneficiaries by line of action, social investment, among others.

- Grievance mechanisms: In the impact evaluation, the Company specifically measure the socio-environmental grievances. In 2017, 11 grievances were presented through formal complaint mechanisms and 10 of those claims were resolved.

### Geographical coverage

These means are allocated throughout the company.

### Performance trend

The number of centers where Celsia has implemented Socio-Environmental programmes has increased over the past three years from 18 (only in Colombia) in 2014 to 24 (in Colombian and Central America) in 2017. In addition, the number of beneficiaries has increased by 14% over the past three years from 294,364 in 2015 to 337,574.

### Transparency of tax reporting

The Company reports significantly on taxes paid. Reporting covers:

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

- taxes paid in key countries of operations: the Company reports its taxes paid in Panama, Costa Rica and Colombia.

### Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The Company operates in IMF 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, and it justifies its presence in most of them.

The Company operates in Panama, and Offshore Financial Center, however its presence is justified for its active operations in this country.

### Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

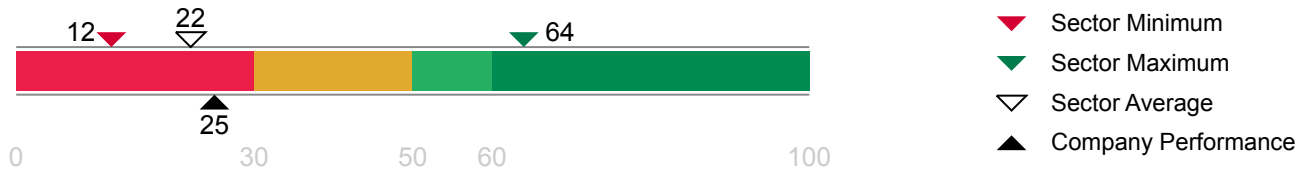
As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.

Leadership		Implementation		Results	
Leadership	51	Implementation	100	Results	65
Visibility	65	Means & resources	100	Performance	65
Relevance	30	Coverage	100	Trends	65
Ownership	65				

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**CIN2.1 Promotion of access to energy and prevention of fuel poverty**

(score: 25, weight: 3)



**Visibility of the commitment on the promotion of access to energy**

The company refers to addressing the access to energy in developing countries

**Relevance of the company's commitment on the promotion of access to energy**

The company's commitment to address the access to electricity in developing countries is general

- Establish collaborative projects (with governments, UN agencies, NGOs, businesses)
- Foster transfer of technology/capacity building (educational support, promotion of devices, building of dedicated infrastructure)
- Support renewable energy projects (renewable energy, LPG...)

*Celsia aims to develop activities that provide access to electricity and efficient energy use in communities in its areas of influence.*

**Visibility of the commitment on the prevention of fuel poverty**

The company does not disclose any commitment with regard to addressing fuel poverty.

The company does not disclose any commitment to address fuel poverty

**Relevance of the commitment on the prevention of fuel poverty**

- Vulnerable customer assistance
- Financial support
- Energy demand-side management

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

*The oversight responsibility of the social policy is at the head of the generation leader and the transmission and distribution leader, whose teams have socio-environmental leaders who are responsible for validating the implementation of the Socio-Environmental policy throughout the organization.*

**Measures implemented to promote the access to energy**

The company has allocated some measures to address the access to energy in developing countries.

- Rural electrification projects/Extending electricity grids – direct operational involvement
- Provide access to electricity/gas through off-grid solutions (micro/mini grid) - direct operational involvement
- Provide capacity building/technology transfer
- Provide financial support to promote access to energy (renewable energy, LPG)

networks and cooking gas devices funding through micro-credits)

Innovative partnerships with stakeholders

- Rural electrification projects/Extending electricity grids: In Colombia, the company implemented rural electricity project in 11 municipalities of Valle del Cauca through a Coverage Plan, which benefitted 660 people.

- Provide access to electricity/gas through off-grid solutions (micro/mini grid): Celsia implemented a hybrid solution (solar, battery and diesel) to supply the Community Council of Punta Soldado in Buenaventura, benefitting 114 families.

**Coverage of the measures implemented to address access to energy**

These measures have been allocated only in a limited number of locations.

**Measures implemented to reduce fuel poverty**

Information obtained from the company and public sources regarding measures allocated to address the fuel poverty issue is insufficient.

- Financial support
- Innovative (non-obligatory) tariff schemes
- Energy demand-side management (energy efficiency) for vulnerable customers
- Customer assistance (e.i. energy ombudsman)

**Coverage of the measures implemented to address fuel poverty**

Information obtained from the company and public sources regarding the percentage of the company covered by such efforts is insufficient.

**Performance trend - Access to energy**

*The number of beneficiaries of the 'access to energy' programmes has decreased over the past two years from 3,247 in 2016 to 2,433 in 2017.*

**Performance trend - Fuel poverty**

The company does not disclose indicators on fuel poverty.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

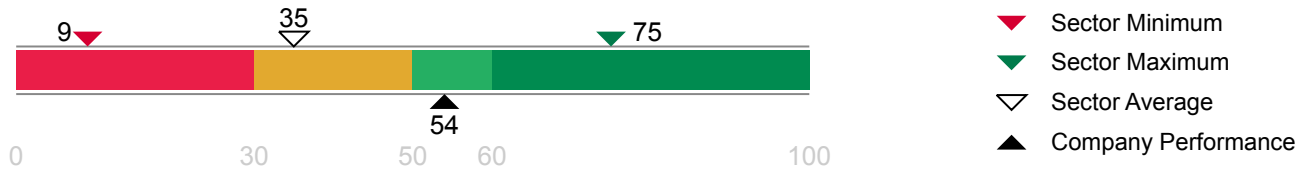
<b>Leadership</b>	<b>25</b>	<b>Implementation</b>	<b>15</b>	<b>Results</b>	<b>35</b>
Visibility	15	Means & resources	15	Performance	46
Relevance	15	Coverage	15	Trends	0
Ownership	65				

Business behaviour (C&S)

Score: 50

C&S1.3 Responsible Customer Relations

(score: 54, weight: 2)



Visibility of commitment on responsible customer relations

The company refers to responsible contractual agreements (customer service, service continuity, etc.) in its:

*Integrated Report.*

Relevance of commitment on responsible customer relations

The company's commitment is general.

- fair treatment of customers
- procedure for handling complaints
- transparent price/billing policy
- timely/complete communication with customers
- flexible and easy termination
- service continuity

*The company makes reference to provide products and services that satisfy needs to ensure quality and timeliness in every relationship between clients and the Organization.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

*The commercial team with their commercial leader Luis Felipe Vélez are the ones that have a direct relationship with the client and must meet clear objectives so they can measure their performance.*

Means allocated to ensure responsible customer relations and respect contractual agreements

The company has implemented some measures:

- Training of sales staff
- Sales evaluation based on client satisfaction indicators
- Information on customer rights (and company duties towards customers)
- Compliance with a relevant industry code (e.g. Code of Practice for the Face to Face Marketing and Selling of Energy)
- Monitoring of service quality indicators (customer satisfaction, service continuity, complaints, etc.)
- Service interruptions prevention measures (and contingency plans)

*- Training of sales staff: In 2017, all personnel were required to take the customer service training as an initial step to improve company's customer perception.*  
*- Monitoring of service quality indicators: the Company carries out surveys among its clients (wholesale and residential) in order to know its satisfaction. In 2017, the Company surveyed 87.5% of the clients of the wholesale market and the general satisfaction rating was 9.4 (out of 10) while the residential satisfaction rating of*

perceived quality of 85.8%. Additionally, Celsia began to measure the loyalty of its residential and business customers, by incorporating the NPS (Net Promoter Score) indicator.

- Service interruptions prevention measures: Celsia assess the reability of its transmission through the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). Also, in order to improve the reliability of its clients Celsia increased the number of remotely controlled switchgears in its electric grid from 420 to 580.

**Coverage of the means allocated to ensure responsible customer relations and respect contractual agreements**

The company's measures have been implemented throughout its operations.  
*The measures put in place covers the 100% of Celsia operations.*

**Complaints management system**

There is a formalised and accessible system to handle complaints, with measures to ensure fair treatment of decisions coordinated by a third party:

*The Company has a transparency line for stakeholders to place requests, feedback or complaints directly to the organisation. This line is used to report all types of un-conformities of both internal & external stakeholders in an anonymous fashion. All reports are analysed, resolved and sent to the appropriate area. Additionally, Celsia has a procedure for receiving and tending to all requests, grievances, and claims made by the communities that are within the company's areas of influence. The process of managing complaints or claims, as well as the quality of responses to clients, are part of the audits of the SSPD, the external management audit and the internal quality audits programmed by Celsia.*

**Customer satisfaction**

*Customer satisfaction has remained stable over the past three years, standing at 85.8% in Residential clients and 97.2% inwholesale clients.*

**Results on service continuity on electricity networks**

*The System Average Interruption Duration Index has increased over the past three years from 732.6 min in 2015 to 971.4 min in 2017. Of note, the Company justify the increase as a result of the increase in rainfall, there was greater growth of vegetation, consequently, throughout the stretches, there were short and long duration incidents in 2017 due to branches, trees and palms on the network.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

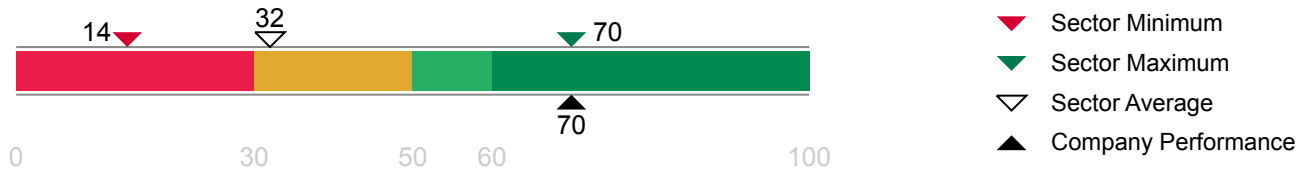
<b>Leadership</b>	<b>30</b>
Visibility	30
Relevance	30
Ownership	30

<b>Implementation</b>	<b>76</b>
Means & resources	65
Coverage	100

<b>Results</b>	<b>55</b>
Performance	55

**C&S2.4 Integration of social factors in the supply chain**

(score: 70, weight: 2)



**Visibility of commitment**

The company has issued a formalised commitment to including social factors in supply chain management in its:

*Suppliers Code of Conduct.*

**Relevance of commitment**

The company's social requirements for suppliers address the main relevant issues in the sector:

- Freedom of association and right to collective bargaining
- Abolition of child labour
- Abolition of forced labour
- Non-discrimination
- Health and Safety
- Decent wages
- Working hours
- Other rights (e.g. prevention of cruel, degrading and inhuman behaviour, etc.)

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

*In the Supply Chain team, the Company has a Supplier Management and Development Leader responsible for implementing and monitoring all social, environmental and economic issues with suppliers (including the Code of Conduct for Suppliers).*

**Means allocated**

The company has set up at least three measures to include social factors in supply chain management:

- integration of social issues into contractual clauses
- supplier questionnaires
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

- *integration of social issues into contractual clauses: Celsia gives to all suppliers strategic socio-environmental specifications to enter into the contract, during execution of the contract and upon contract termination.*  
 - *supplier questionnaires: The supplier performance assessment is conducted annually. Within the supplier performance assessment process, Celsia takes into account relevant criteria to measure the suppliers' compliance in terms of quality, opportunity, service, environmental, occupational health and safety.*



- *supplier support: There is an induction and awareness raising on socio-environmental management. Without this requirement, it shall not be able to execute the work or services hired.*  
 - *non-compliance procedures for suppliers: if there is a breach of contract, and the quality criteria is affected, the supplier shall be evaluated, regardless of whether it is a critical or non-critical supplier.*  
 - *risk assessments for suppliers: According to the Risk Management Policy & strategic risk, The Supply and Distribution Chain risk is included as one of the company strategic risks, so the supply team assesses the risks of the supply chain every year.*

**Audits of suppliers/contractors**

Specific on-site social audits are carried out by internal auditors.

*Comprehensive audits and inspections are carried out annually to company's suppliers, which include social issues. Follow-up visits are coordinated by the Relationship and Development of Suppliers department and with the accompaniment of different areas. The visits are made on demand with the suppliers that require a deeper follow-up, the core suppliers of the business and other suppliers that suggest the areas of Celsia and its companies.*

**Coverage of the means allocated**

The measures implemented cover the main contractors/suppliers.

*The measures put in place covers the 100% of the company's suppliers. In addition, 2,759 were the number of suppliers subject to assessment in 2017.*

**Coverage of the social audits**

The audits covered a very limited share of/ less than 20% of the company's suppliers/contractors.

*In the analysis of Suppliers on Social and Environmental Matters, 13% of company's suppliers were assessed.*

**Transparency on social compliance in the supply chain**

The company monitors quantitative data on the compliance of its suppliers with social standards and has implemented corrective measures in case of non-compliance.

*In the Analysis of Suppliers on Social and Environmental Matters, 38% of suppliers identified as having possible negative impacts with its improvement plans were agreed. Also, Celsia carries out a performance assessment also to follow-up and feedback of action plans during contracting, execution, and after the termination of the contracts. If there is a breach of contract, the company reports that the supplier shall be evaluated.*

**Stakeholders' feedback**

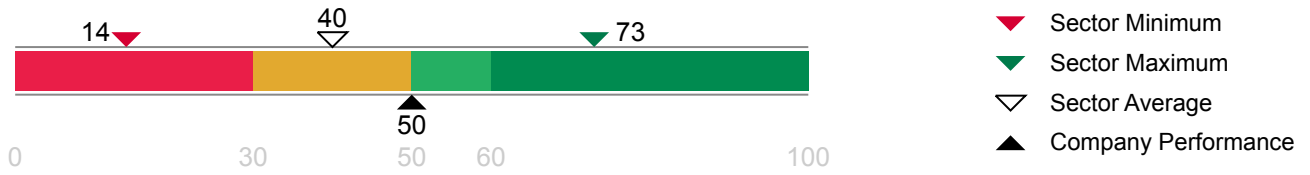
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>68</b>	<b>Results</b>	<b>77</b>
Visibility	65	Means & resources	82	Performance	77
Relevance	65	Coverage	32		
Ownership	65				

C&S3.1 Prevention of corruption

(score: 50, weight: 3)



Visibility of commitment on the prevention of corruption

The company has issued a formalised commitment to preventing corruption in its Fraud, Bribery and Corruption Risk Management Policy and in its Code of Conduct. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment on the prevention of corruption

The company's commitment to preventing corruption addresses its main responsibilities:

- giving / receiving bribes
- restriction of facilitation payments
- gifts and invitations
- extortion
- fraud
- embezzlement
- money laundering
- conflicts of interest
- illegal financing of political parties
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The Fraud, Bribery and Corruption policy is approved by the Steering Committee and may be updated upon recommendation by the Audit, Finance and Risk Committee or Board of Directors. In addition, the Conduct Committee and Business Conduct Officer are directly involved in establishing the activities necessary to comply with this policy.

Involvement of employees in the prevention of corruption

The company has instituted formal training programmes for relevant employees and contractors on corruption prevention.

Celsia conducts trainings for all the employees and managers with an approach of business ethics, anti-money laundering and counter terrorist financing, anti-fraud, anti-bribery and anti-corruption, which included the assessment of matters related to conflicts of interest and other provisions of its Code of Business Conduct. These trainings also covers third party business associates.

Means allocated to the prevention of corruption

The company has set up reporting systems to prevent corruption that include:

- approval procedures for gifts, etc. by an independent department
- external audits (by an independent, external specialised organisation)
- the possibility to contact internal audit, legal or compliance departments directly

& confidentially

- a dedicated confidential hotline or email address
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- risk assessment of company vulnerability

- a dedicated confidential hotline or email address: There is a follow-up and audit processes to verify the compliance of safe procedures and all employees can access to the transparency hot line with adequate discretion through its Transparency Hotline.

- internal audits: in order to manage the compliance of the code of conduct, the Business Conduct Committee. This committee shall have the permanent assistance of the individual responsible for the functions of internal audit.

**Coverage of the means allocated to the prevention of corruption**

The measures implemented cover all significant parts of the company.

**Transparency on corruption suspicions raised through the employee reporting system**

The company does not disclose any quantitative data on the number or nature of corruption incidents reported internally.

*Of note, Celsia did not have confirmed cases of corruption & bribery during the past four fiscal years.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	65
Ownership	65

<b>Implementation</b>	<b>42</b>
Means & resources	48
Coverage	30

<b>Results</b>	<b>43</b>
Performance	43

**C&S3.2 Prevention of anti-competitive practices**

(score: 44, weight: 3)



**Visibility of commitment on the prevention of anti-competitive practices**

The company has issued a formalised commitment to prevent anti-competitive practices in its:

*Antitrust Policy and in its Code of Business Conduct.*

**Relevance of commitment on the prevention of anti-competitive practices**

The company's commitment to preventing anti-competitive practices addresses its main responsibilities:

- Abuse of dominant position
- Price-fixing
- Transparency on the market
- Industrial espionage

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

*The superior organism for the administration of the Code of Business Conduct is the Business Conduct Committee.*

**Involvement of employees in the prevention of anti-competitive practices**

The company has instituted formal training programmes for relevant employees on the prevention of anti-competitive practices.

*There are training activities in topics of business conduct carried out in Celsia for all employees.*

**Means allocated to the prevention of anti-competitive practices**

The company has set up reporting systems to prevent anti-competitive practices that include:

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)

*- a dedicated confidential hotline or email address: The Line of Transparency protects identities and makes easier information on Wrong Acts in an anonymous and confidential way.*

**Coverage of the means allocated to the prevention of anti-competitive practices**

The measures implemented cover all significant parts of the company.

**Reporting**

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

*Of note, Celsia did not incur any fines or settlements related to anti-competitive practices in the past four fiscal years.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>58</b>
Visibility	65
Relevance	65
Ownership	30

<b>Implementation</b>	<b>30</b>
Means & resources	30
Coverage	30

<b>Results</b>	<b>43</b>
Performance	43

**C&S3.3 Transparency and integrity of influence strategies and practices**

(score: 23, weight: 1)



**Visibility of the commitment on transparency and integrity of influence strategies and practices**

Information on the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

**Relevance of the commitment on transparency and integrity of influence strategies and practices**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

**Ownership of commitment**

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

**Involvement of employees**

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

**Measures allocated towards transparency and integrity of influence strategies and practices**

The company appears to allocate some measures to ensure transparency and integrity of lobbying practices:

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities
- independent party for monitoring lobbying budget/external audit
- disclosure of the positions in the period of preparation of a debate and during the debate

- internal monitoring for lobbying budget: the Company has a record of the budget used in local, regional or national political campaigns / organizations / candidates, trade associations or tax-exempt groups.

**Coverage of the measures allocated towards transparency and integrity of influence strategies and practices**

*There is no evidence that the monitoring system covers the majority of the Company's activities.*

**Reporting**

The company reports the total budget dedicated to lobbying practices.

*The company reports that it has not made any specific contributions to lobbying in 2017, but reports that it the company has contributed monetarily in trade associations and tax-exempt groups. The Company has spent in Trade associations or tax-exempt groups (e.g. think tanks): 954,856,892 COP.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>20</b>
Means & resources	15
Coverage	30

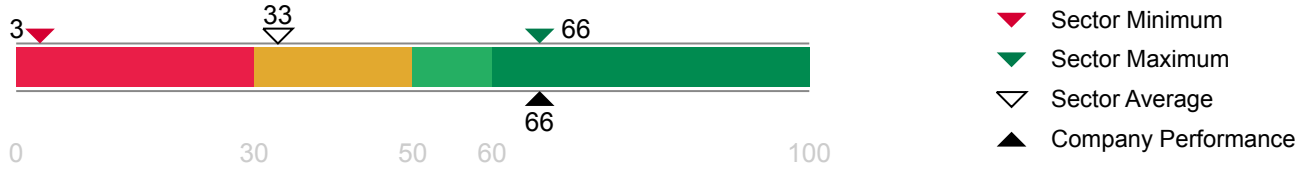
<b>Results</b>	<b>49</b>
Performance	49

Corporate governance

Score: 49

CGV1.1 Board of Directors

(score: 66, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee**

No executive is a member of the committee, but half or fewer are independent.

One members of the three-member Appointment and Remuneration Committee is considered independent.

**Independence of the Board Chairman**

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

**Responsibility allocated over CSR issues**

There is a CSR committee that is part of the Board. In addition the Head of CSR department makes regular reports to the committee.

The Board has a Sustainability and Corporate Governance Committee which is in charge of formulate proposals and actions taking into account the best practices in sustainability, and to monitor and track plans and management of the Company in this regard. Socio-environmental issues are the responsibility of the Generation Team, which has social and environmental specialists who support the development of generation projects, management of the Organization's assets and evaluation of New Businesses; as well as the Transmission and Distribution Team, which has social and environmental professionals responsible for supporting the project management of these two businesses. In Central America, the Organization has an Environmental Team, which is part of Operations and Project. All departments of the company provide relevant business information to the board of directors to keep them informed of all operations.

**Share of independent shareholder-elected Board members**

In accordance with standards advocated by Vigeo Eiris, the Board is more than 50% independent. Four members of the seven-member Board are considered independent.

**Diversity of the skills and backgrounds of the Board**

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

- Board members with demonstrated expertise on CSR issues: Maria Fernanda Mejia has expertise on auditing issues related to corporate responsibility, and economic, environmental and social matters. In addition, Maria Luisa Mesa has its a lawyer with experience in corporate governance issues.



Training is provided upon joining the board and through regular updates, including training on CSR issues.

#### Training and expertise provided to board members

*Celsia promotes training of Board members to increase their knowledge of company's new projects in order to facilitate their participation in meetings and decision-making. As part of the trainings, the Board participates in a conference on the global electricity industry, energy efficiency and non-conventional renewable energy given by Professor Gretchen Bakke, PhD. in Cultural Anthropology.*

#### Regular election of Board members

*Board members are eligible for re-election following 2-year terms.*

#### Evaluation of Board's functioning and performance

In accordance with standards advocated by Vigeo, performance is evaluated regularly by a third party, with disclosure on the results.

*The Board of Directors is assessed by an independent expert during the term for which it was elected, and in the year it is not assessed under this methodology, it performs a self-assessment of its management. Also, Celsia started an assessment of the 2016-2017 period with the support of AT Kearney, an independent consulting firm with ample knowledge on corporate governance that has been supporting our evaluation and self-assessment processes since 2012. The results are disclosed in the website.*

#### Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO/Chairman/Board, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

- Health & safety
- Climate change
- Pollution prevention
- Anti-competitive practices
- Corruption
- Community relations

#### Regularity of and attendance at Board meetings

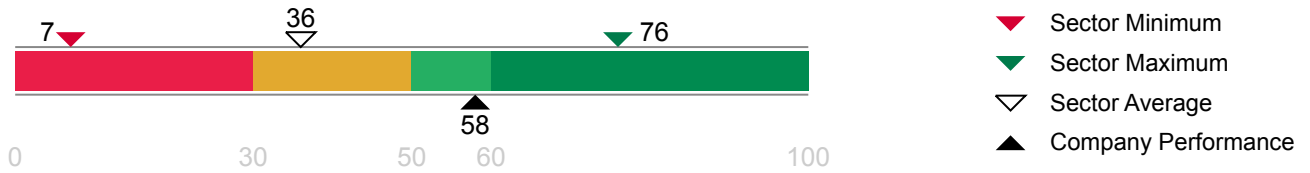
Regular meetings are held, and attendance rates are disclosed, but these are below 90%.

*11 Board meetings were held in 2017 and the attendance rate was 84%.*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Jorge Velasquez			X		X		X					X	CEO Grupo Argos	
Gonzalo Perez			X		X		X		X			X	CEO Grupo Sura	
Alejandro Piedrahita			X									X	CFO Grupo Argos	
Eduardo Pizano			X			X								X
María Luisa Mesa			X											X
María Fernanda Mejía			X			X								X
David Yanovich			X		X	X	X							X

**CGV2.1 Audit & Internal Controls**

(score: 58, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

All members are independent non-executive directors.

All members of the three-member The Audit, Finance and Risk Committee are considered independent.

**Skills and backgrounds of Audit Committee members**

Members appear to have financial and/or audit experience AND relevant operational experience. In addition, at least a member has CSR skills and experience.

Maria Fernanda Mejia has expertise on auditing issues related to corporate responsibility, and economic, environmental and social matters.

**Operational and CSR risks covered by the company's internal controls system**

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations.

- Health & safety
- Climate change
- Pollution prevention
- Anti-competitive practices
- Corruption
- Community relations

- Climate change & Anti-competitive practices: The Internal Audit of Celsia evaluates the internal control system of the organization, therefore, this includes revisions such as compliance with the socio-environmental and anti-competitive requirements that the organization must meet to develop its corporate purpose.  
 - Corruption: The Fraud, Bribery and Corruption Policy was approved by the Steering Committee to implement a system to manage the risk of Fraud, Bribery and Corruption, with the goal of establishing control measures aimed at preventing their occurrence.

**Role of the Audit Committee in overseeing internal and external controls**

The Audit Committee has a limited role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

**Management of the CSR risks**

Relevant processes dedicated to management of CSR risks are in place:

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

- Risk-related training: Celsia developed the Protiviti platform, a comprehensive tool designed to support corporate governance, risk management and control, auditing and compliance. In 2017, Celsia trained the users of the tool to start its implementation in 2018.

- Monitoring of key risk indicators: the Audit, Finance and risk committee review the effectiveness of the CRMS through the monitoring of risk maps, dashboards, limits and indicators, and create the improvement initiatives that they deem necessary to align the risk profile with the strategic objectives and the defined risk appetite. also, the Company developed the Protiviti platform to control and monitor risks.

- materiality assessment: the Company carried out a materiality analysis since 2012.

#### Independence of the firm's external auditors

Information obtained from the company and public sources regarding the independence of the firm's external auditors is insufficient.

*The Company reports its audit fees without a breakdown between the audit and non-audit fees. Thus, is not possible verify the level of independence of the firm's external auditors*

#### Inclusion of CSR issues in the company's reporting

The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited/moderate level of the assurance.

*The scope of Deloitte is a limited review. Also, the verification process was conducted in accordance with ISAE 3000 and the AA1000SES.*

#### Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

CGV3.1 Shareholders

(score: 48, weight: 2)



**Nonexistence of voting rights restrictions**

The company respects the "one share - one vote" principle.

**Safeguards on transactions with major shareholder(s)**

More than half of the board is independent, and in addition, there are additional safeguards in place to monitor transactions between the company and its major shareholder(s).

*Section 24 of Article 35 and section 6 Article 49 of the Company Bylaws define the procedure to assess and approve transactions between related parties. Similarly, within the functions of the Board of Directors and Audit, Finance and Risk Committee which are contained in the Corporate Governance Code, are the authorizations required for this type of transactions, referring to the provisions of the Company Bylaws. Also, the Board of Directors is responsible for approving transactions with related parties when these have a material impact or are outside the scope of the ordinary course of business, or are in conditions different than the market's.*

**Ability to add items to the agenda of the AGM and to convene an EGM**

Major restrictions have been identified to convene an EGM.

*A high level of share ownership (25%) is required to call an Exceptional General Meeting.*

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.

*The following items are not put to a vote at the AGM:  
- Executive remuneration*

**Presentation of CSR strategy to shareholders and investors**

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

- Climate change
- Pollution prevention
- Corruption
- Health & safety
- Community relations
- Anti-competitive practices

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

**CGV4.1 Executive Remuneration**

(score: 14, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

No executive is a member of the committee, but half or fewer are independent.

One members of the three-member Appointment and Remuneration Committee is considered independent.

**Disclosure of senior executives' individual remuneration**

Executive remuneration is disclosed, but on a collective rather than on an individual basis. In 2017 the remuneration of the management team (including variable compensation) was COP \$13.061.530.000 of which COP \$5,158,000,000 corresponds to variable compensation.

**Link between Short Term Incentive Plans and the performance of the company**

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

**Link between the main Long Term Incentive Plan and the performance of the company**

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

**Link between variable remuneration and CSR performance of the company**

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

- Health & Safety
- Climate Change
- Pollution Prevention
- Customer Satisfaction
- Other

**Severance pay for senior executives**

Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

**Evolution of CEO-to-employee compensation ratio**

Information obtained from the company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

The CEO remuneration is not disclosed.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Celsia did not appear to be involved in any controversy related to this sustainability driver.*

## Detailed Scores and Ratings

## CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2018/08	+	++	+	++	+	++

## SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	45	39	44	42
Human resources	52	46	51	61
Human rights	46	44	45	50
Community involvement	49	38	58	50
Business behaviour (C&S)	50	51	48	52
Corporate governance	49	67	41	38

## SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	78
	2	39
	3	65
	4	32
Environment 2	2	30
	4	42
Environment 3	1	14

Sub-domain	Criterion	Score
Human resources 1	1	44
Human resources 2	3	12
	4	72
Human resources 3	2	62

Sub-domain	Criterion	Score
Human rights 1	1	60
Human rights 2	1	48
	4	31

Sub-domain	Criterion	Score
Community involvement 1	1	72
Community involvement 2	1	25

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	3	54
Business behaviour (C&S) 2	4	70
	1	50
Business behaviour (C&S) 3	2	44
	3	23

Sub-domain	Criterion	Score
Corporate governance 1	1	66
Corporate governance 2	1	58
Corporate governance 3	1	48
Corporate governance 4	1	14



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## Overview of the latest updates

Date of the latest update	Information updated
2018/08	Carbon & Energy Transition
2018/08	<b>Full ESG profile</b>

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