



CELSIA

La energía que quieres



ESG

REPORT

— 2021

Integrated Report Summary

Content



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Celsia, the energy you want

In this report, we present the summary of our Integrated Report 2021, in which we highlight the main achievements and results of the Company's Environmental, Social and Corporate Governance (ESG) Management.

The information is presented in a consolidated manner and under the guidelines of the Task Force on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB). Deloitte & Touche Ltda. carried out the independent verification of the indicators in order to ensure the reliability and accuracy of the information published.

To know the details of the indicators by region (Colombia and Central America), the precision of the variations and the behavior compared to previous years of the indicators described here, we invite you to consult our Integrated Report 2021 by [clicking here](#).

This is who we are

At **Celsia**, we are passionate about renewable energies and energy efficiency. We generate and transmit efficient energy from renewable sources (water, sun and wind) with thermal backup.

To convert our clients in true fans, we have found new ways to advise them with advanced, innovative solutions so that their home, company or urban project is connected and they can enjoy all the advantages of the new era of energy with our business model.

Celsia PermaneC

We understand sustainability as the change to grow, remain and evolve over time and for this reason, we innovatively anticipate risk, converting them for our Clients and other Stakeholders in opportunities for profitable, respectful and responsible growth.

We respond to the challenges of the contemporary world, such as climate change and ecoefficiency; likewise,

we are committed to the integral development of our Employees, their families and the communities where we operate.

Our objective is to create long-term value for our investors, by ensuring energy quality and efficiency, by promoting ethical, transparent behavior, and by responsibly managing our ESG risks and challenges.

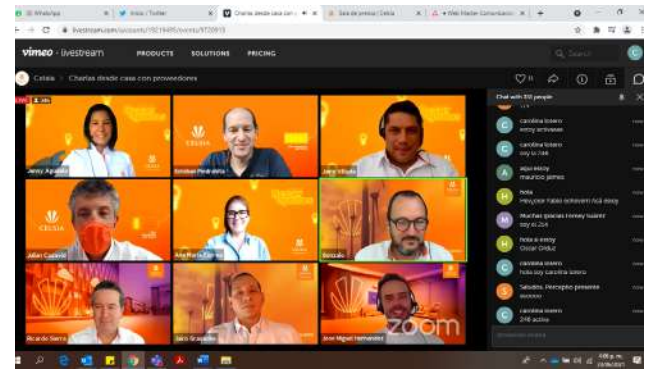
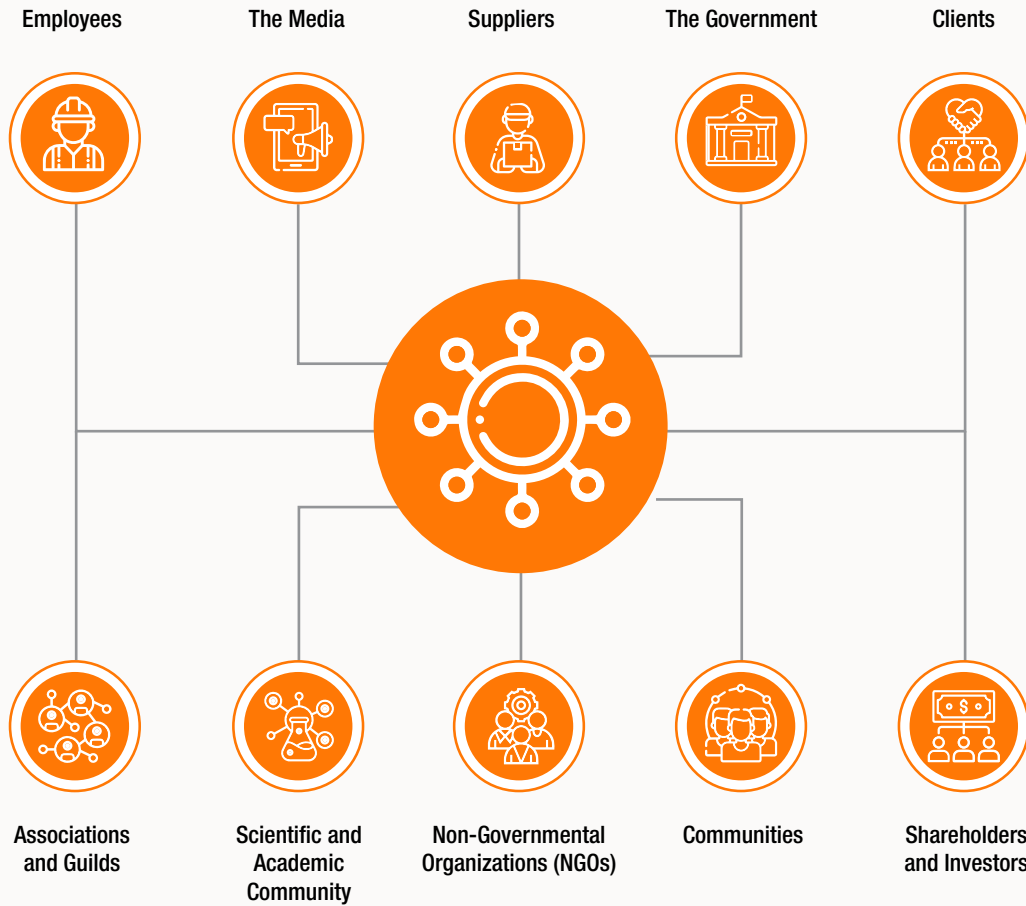


We understand sustainability as the change to grow, remain and evolve over time in a profitable, respectful and responsible way.

To learn more about our understanding of sustainability [click here](#).

This is how we relate to our Stakeholders

Our relation with Stakeholders is developed in an ethical, respectful and balanced framework, composed of our Corporate values, practices and commitments, which help us to build and maintain trust to contribute to sustainable development.



More than 400 suppliers in Colombia connected virtually to the Talks from Home, aimed at these Stakeholders.



We delivered a new site for the community broadcasting station of the municipality of Suárez, Cauca.

Principales resultados durante el 2021

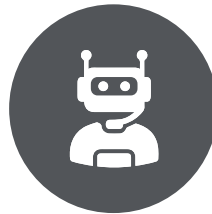
Quarterly, we delivered the Company results to our Shareholders and Investors through Conference Calls, including the Report on ESG indicators.



Monthly, we had talks with our Employees in which we revealed the Company results in different ESG issues.



We Implemented the “Luzi.A. Voice” Chatbox, as **Celsia’s** virtual assistant to respond and direct all client calls, and we developed an exclusive, preferential service channel for large energy consumers.



Together, with Associations and Guilds, we actively participated in identifying regulatory opportunities to develop new energy-generation projects, by promoting and boosting proposals and bills.

We made 23 relationship visits to suppliers.



We sent all the journalists with whom we have a relationship a virtual box with 25 tools, with digital resources valuable to them to improve their journalistic skills and practice.



In the communities of our areas of influence, **we promoted more than 143 dialogue spaces** that allowed community participation in the framework of new-project development and the operation of assets. Inside these spaces, noteworthy was the development of prior consultation processes with 122 ethnic communities of the areas of influence of the new projects in La Guajira, Colombia.



Meeting to deliver boats to 13 fishing families of the Calima – Darien (Valle de Cauca) Reservoir.

Our Material Issues

Aware that materiality analysis is a dynamic, participatory exercise that supports the execution of the strategy, our Materiality Analysis carried out in 2018 is still valid. Below we detail the key issues for the permanence of our business over time and how we carried out the process to identify and prioritize them.



Economic growth



Our people



Business diversification



Energy-resource management



Client experience



Conservation of ecosystems and contribution to society

Materiality Analysis Process



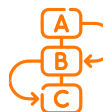
Investigate the environment

- » MEGA and strategy
- » Corporate policies
- » Strategic risks
- » Trends
- » Referencing
- » Indices and standards



Dialogue with stakeholders

- » Valid channels of communication
- » In-depth meetings with relationship leaders and stakeholders



Priorizar

- » Valid channels of communication
- » In-depth meetings with relationship leaders and stakeholders



Validate

- » Steering Committee
- » Board of Directors



Communicate and give feedback

- » Integrated report
- » Dialogues with stakeholders
- » Permanent review and reflection

Alignment of the strategy with the global sustainability agenda

We are committed to the call of the United Nations to achieve sustainable development by



Therefore, we have prioritized seven Sustainable Development Goals (SDGs) based on our understanding and, lastly, the image of the SDG.

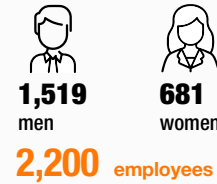


Our business in figures

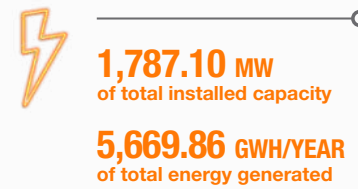
COMMERCIALIZATION – CLIENT EXPERIENCE

1,237,038 homes and businesses	940 large companies	3,763 new businesses	39 virtual-attention kiosks	6,007 payment points	77.7 E/Ce Valle del Cauca
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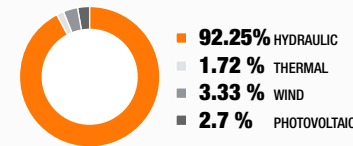
OUR TEAM



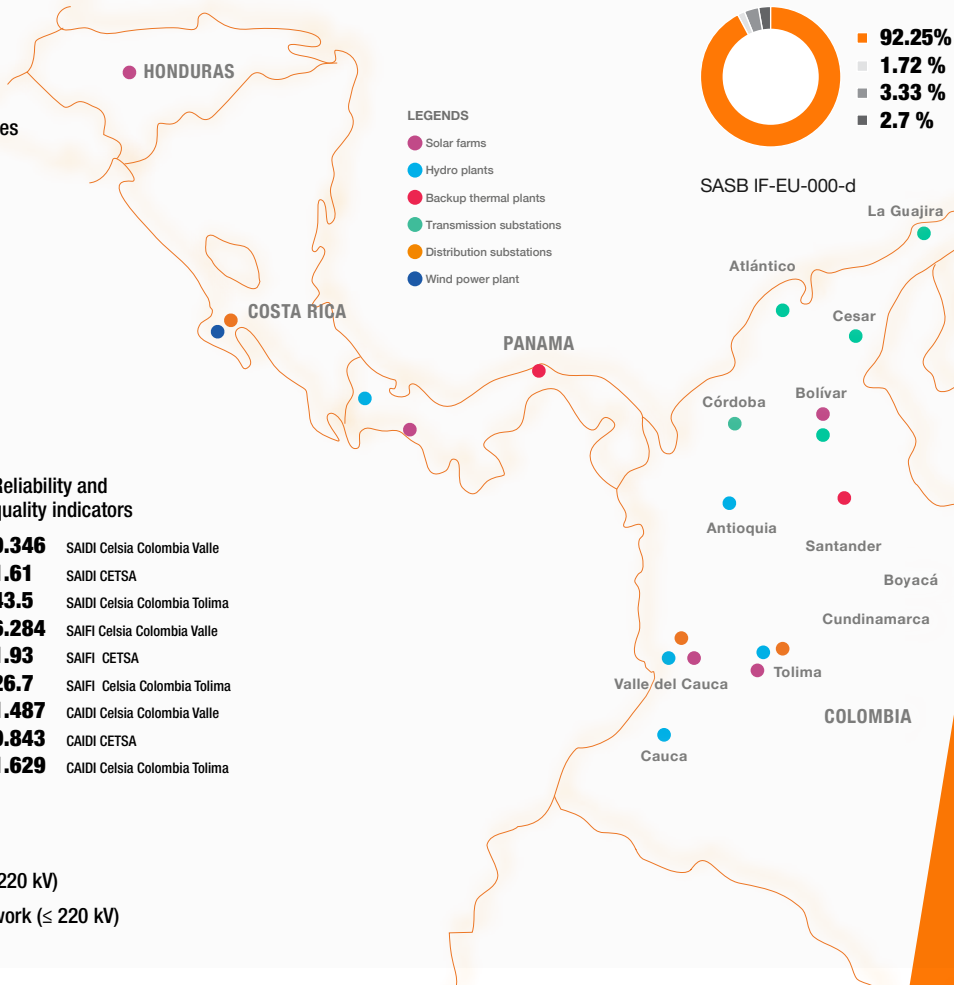
POWER GENERATION



% of energy generated by source



SASB IF-EU-000-d



1,241,741 clients

SASB IF-EU-000-a

- 2** thermal districts in operation
- 79** backup plants
- 21** recharging stations for electric vehicles
- 237** home chargers

TRANSMISSION

16 TRANSMISSION SUBSTATIONS
291 km of transmission network \geq 220 kV

DISTRIBUTION

177 DISTRIBUTION SUBSTATIONS

- 51** 115-kV distribution substations
- 126** 34.5- /13.2-kV substations

45,722 km of distribution network

SASB IF-EU-000-c

45,155 total length of aerial distribution network (\leq 220 kV)
567 total length of underground distribution network (\leq 220 kV)

Reliability and quality indicators

9.346	SAIDI Celsia Colombia Valle
1.61	SAIDI CETSA
43.5	SAIDI Celsia Colombia Tolima
6.284	SAIFI Celsia Colombia Valle
1.93	SAIFI CETSA
26.7	SAIFI Celsia Colombia Tolima
1.487	CAIDI Celsia Colombia Valle
0.843	CAIDI CETSA
1.629	CAIDI Celsia Colombia Tolima



HYDRAULIC
22 hydraulic plants
5,230.59 GWh energy generated
1,249.64 MW installed capacity



THERMAL
3 thermal plants
97.27 GWh energy generated
356.2 MW installed capacity



WIND
1 wind plant
188.7 GWh energy generated
49.5 MW installed capacity



PHOTOVOLTAIC
153.3 GWh energy generated
131.76 MW installed capacity

SOLAR FARMS

2 connected to NIS
17.9 MW installed capacity of solar farms
6 connected to NIS dedicated farms in operation
90.86 total capacity of solar farms

SOLAR ROOVES

88 installed and operating
29.45 MW installed capacity
179 rooves installed and operating in Colombian homes
1.36 MW installed capacity of rooves in Colombian homes

SOLAR FLOORS

8 installed and operating
10.09 MW installed capacity



Environmental

Climate change

TCFD Risk Management – b

With climate change being the greatest current challenge to humanity, our company has recognized the challenges of operating in a changing environment, the physical and emerging risks present in the territories where we operate and their possible impact.

This is how **Celsia's** climate-change strategy was formulated, which includes mitigation, compensation and adaptation actions and which is aligned with the strategy of Grupo Argos and its subsidiaries, basing their actions on internationally accepted methodologies, such as science-based targets (SBTs) and carbon neutrality.

The positive impacts of climate change have encouraged us to explore new businesses; demand management, the implementation of new technologies – such as Advanced Metering Infrastructure (AMI), electric mobility, home automation, efficient lighting and research on other energy sources of the new age, such as hydrogen (H2), are some of the findings that we have implemented.



Committed to the comprehensive management of climate-change risks and opportunities, our Board of Directors and support Committees discussed topics related to this problem and their impacts on the company's strategy.

Governance of risks for climate change

TCFD Governance – a – b.

Committed to the comprehensive management of climate-change risks and opportunities, our Board of Directors and support Committees analyze topics related to this problem and their impacts on the company's strategy; making suggestions, recommendations and comments on the arguments presented and – in turn – they are periodically presented the progress of each of the pillars of the climate-change strategy.

In 2021, the climate-change management strategy was presented in detail to the Board of Directors and during the year, in the two meeting of the Sustainability and Corporate Governance Committee, the progress and efforts in each of the components of the strategy – such as the mitigation, adaptation, compensation and communication plans and awareness – were shown and our commitments and principal results in the management of climate change for our different stakeholders were disclosed, through social networks, the integrated report, newsletter and press releases.



In 2021, the climate-change strategy was presented in detail to the Board of Directors.

Physical and transition risks related to climate change

TCFD Strategy – a – c TCFD Risk Management – a

Climate risk is considered a strategic risk for the company, and it is valued qualitatively and quantitatively, from the physical impacts to our assets to market, technology and regulatory implications.

In the quantifications carried out on this risk, the catastrophic models made by Marsh (RMS RiskLink and/or AIR Touchstone computational model), in which threats of nature are analyzed and the probable maximum loss is established, and

the Monte Carlo simulation is carried out.

Additionally, we have identified other current and potential risks that can bring about a substantial change in our strategy:

- » Regulatory changes that may include taxes on the use of natural gas SASB IF-EU 110a.3
- » The extreme seasons of drought that may impact stock prices directly and, therefore, the Company's income

Opportunities derived from climate change

TCFD Strategy – a-c

Climate change brings us opportunities, such as tax benefits, carbon markets, sustainable credits, tradable quota market, tax on carbon, generation from hydrogen, certificates of origin for renewable energy and other alternative sources.

Scenario analysis

TCFD Risk Management – a TCFD Risk Management – b TCFD Strategy – c

At **Celsia** we rely on financial models and the methodology of scenario planning to define a strategy in the short, medium and long term, and we have defined the growth strategy with low carbon emissions, prioritizing the generation of wind, solar and hydroelectric power.

SASB IF-EU-110a.3 TCFD Strategy – a

On the other hand, there are risks or limitation factors that may affect the achievement of Celsia's emission-reduction goals, such as:

- » Regulatory changes that do not facilitate the development of low-emission technologies.
- » Extreme climatic-variability phenomena that affect the resources we use.
- » Not obtaining environmental licenses for wind and solar projects. eólicos y solares.
- » Limited access to economic or financial resources for the development of projects.
- » Cost variability of new technologies to implement conventional non-renewable energies.



During 2021, we conducted the third Green Bonds issue worth **COP 140,000 millones** awarded to the International Finance Corporation (IFC). With this, we have reached an emission total of COP 280,000 billion, taking into account the first issue made in 2018.



TCFD Strategy – a – b

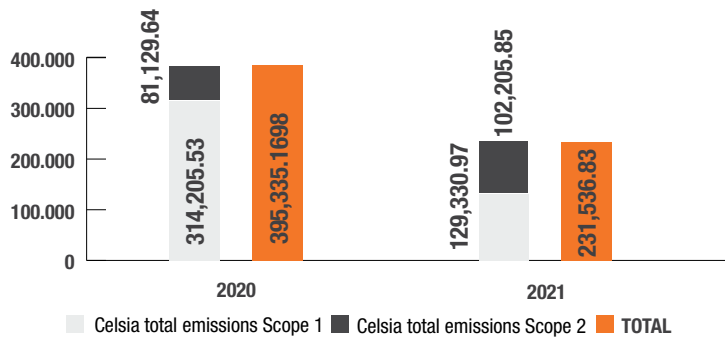
We consider climate change in financial-planning processes, contemplating, among others, access to capital, acquisitions or sales, operating costs and income. As impacts and opportunities, we find the financing conditions for renewable projects, the use of tax benefits and the sale of Carbon Bonds, thanks to the CO2 emissions avoided with the construction of 1,153 MW renewable generation in the next four years.

Carbon footprint

Properly managing the inventory of greenhouse gas (GHG) emissions is one of the actions that ratifies our commitment to mitigation and adaptation to climate change.

Total GHG emissions, Scope 1 and Scope 2

SASB IF-EU-110a. TCFD Metrics and Objectives – b



Our CO₂ emissions Scope 1 are associated with the operation and maintenance of our assets. In turn, our total CO₂ emissions Scope 2 are associated with the purchase of energy imported from the network and to the transmission and distribution losses.

TCFD Metrics and Objectives – b

During 2021, the three primary sources of emissions Scope 3 that we manage were:

- » Activities related to fuel and energy (not included in Scope 1 or Scope 2).
- » Waste generated in operations.
- » Business trips.

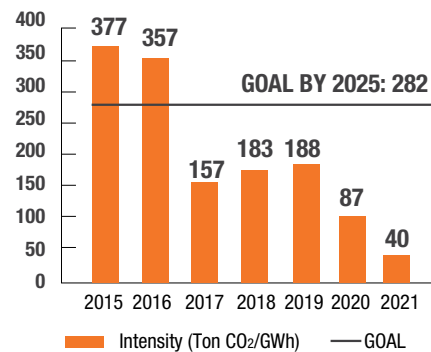


In 2021, our renewable energy-generation projects avoided the emission of 319.077 Tons of CO₂eq; thus, we contributed directly to the energy transition and the commitments of COP26.

At **Celsia**, we want to actively contribute to the fight against climate change; for this reason, we have set out to reduce the GHG-emission intensity associated with energy generation by 25% by 2025 (base year 2015).

Intensity of GHG emissions

SASB IF-EU-110a.3 TCFD Metrics and Objectives – c



SASB IF-EU-110 – a – 3
In our goal to reduce emissions, we have not presented a recalculation of the information.



395,335.17
231,536.83
TON CO₂eq
Total green-house-gas emissions

2020 2021



4,550.34
5,669.86
GWh
Energy generated



76.95
89.17
%
Reduction compared to the base year

We achieved an **89.17%** reduction in the intensity of emissions compared to 2015; this, thanks to the firm bet on renewable energies and the company decision to divest the carbon-based thermal asset in Panama.

Management of energy resources

At **Celsia**, we understand that to remain over time, we must focus on the optimal, efficient use of natural resources, so our **Environmental Policy** develops and implements activities for their conservation, taking into account the stakeholders identified for the organization, and through actions aligned with the company's short-, medium- and long-term socio-environmental goals, which promote compliance of the current environmental jurisprudence in each region.

Our actions are reflected in:

- » **To separate** waste properly, decreasing its generation and ensuring its correct disposal.
- » **To measure the quality** of the biotic or abiotic media and – in accordance with the results – establish action plans.
- » **To mitigate** air pollutants from fixed and mobile sources.
- » **To promote** the sustainable use of water and biological resources.
- » **To implement actions** aimed at the organization's circular economy for the optimization of renewable and non-renewable resources.

Celsia's La Pails Solar Farm (Valle del Cauca, Colombia) was the last plant of photovoltaic generation set in operation by the company in 2021.



Rational use of water and energy

Below, we present the results we obtained in matters of water and energy:

TCFD Metrics and Objectives – c



WATER

0.39498
million m³

Consumption

1.45
million m³

GOAL

We emphasize that the generation of hydroelectric energy makes a non-consumptive use of water, translated in a lower consumption of this liquid, despite the volumes captures and that the data recorded as use correspond to domestic use and cleaning of assets, primarily.

SASB IF-EU-140a.1 SASB IF-EU-140-a-3

At **Celsia**, we do not capture or use water in places with scarcity or extreme scarcity of water, thanks to tools, such as Global Water Tools and the Water Risk Atlas, which allow the company to identify those sites found in areas of water stress and monitor the availability of water in the basins where our facilities are located.



In 2021, we managed to optimize 237,3 million m³ of water as a result of increased efficiency in the turbines and the implementation of new technologies in some of our hydroelectric power stations, which allowed minimizing hydraulic losses due to leaks and generate energy with less use of water resources.

We exceeded the 124 Mm³ goal set for the accumulated savings in the hydraulic resource by 2021.

TCFD Metrics and Objectives – c



ENERGY

406,229.91
MWh

Consumption

3,190,329.6
MWh

GOAL

SASB IF-EU-150a.1

During 2021, energy generation with solid fossil fuel (coal) was eliminated at the Colón Thermal Complex, which positively impacts the consumption of energy resources.

112,647.1
MWh

Energy consumption from renewable resources

293,725.41
MWh

Energy consumption from non-renewable sources



WASTE

In the countries where we are present, energy consumption varies in accordance with the operation of our thermal assets, taking into account that they operate as backup energy.

In Panama, the use of all the defective photovoltaic panel components was carried out, in order to make the lowest final disposal in landfills or dumps.



In 2021, we did not generate ash and plaster waste.

SASB IF-EU-150-a-1



An employee at the 49,5 MW wind plant in Guanacaste, Costa Rica

Other atmospheric emissions

SASB IF-EU-120-a-1 TCFD Metrics and Objectives-c

At **Celsia**, we recognize and manage changes in the environment; for this reason, the emissions of atmospheric pollutants for air quality and the availability of natural resources are a priority. Hence, every year or through the mitigation hierarchy, we seek to reduce the environmental impacts associated with atmospheric emissions, investing significant resources for the use of cleaner fuels and efficient, environmentally friendly technologies.

SF6 Emissions

0.23 Ton

Consumption

0.24 Ton

GOAL

Particulate matter (PM) emissions

189.52 Ton

Consumption

308.61 Ton

GOAL

NOx emissions

669.00 Ton

Consumption

1,333.73 Ton

GOAL

SOx emissions

1,643.79 Ton

Consumption

2,158.32 Ton

GOAL



At **Celsia**, during 2021, there were no mercury emissions because the Bahía Las Minas Plant in Panama stopped generating power with fossil fuel (coal). PM, NOx and SOx contaminants are not emitted in densely populated areas or in areas close to them.

ReverdeC

SASB IF-EU 140-a-3

is our participatory ecology restoration program with which we are planting 1,000,000 trees annually for a period of 10 years. With **ReverdeC** we conserve biodiversity, the water resource and we generate connectivity between ecosystems and biological corridors to preserve species.



100%
local labor and suppliers



68
community meetings and knowledge dialogues



24
community plantings



34
hydrographic basins intervened



96
species planted

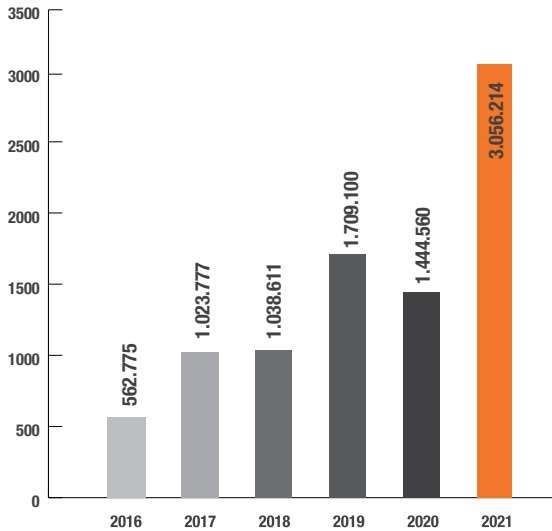


69
native species



8,835,037

Total trees planted so far



4,990 ha

Total hectares as of December 30, 2021



Támesis, Antioquia, the department where **ReverdeC** has planted 1.207.000 trees.

Social



Our people

At **Celsia**, we give our best to grow together and we understand that the primary way to attend our clients and turn them into true fans is having happy, committed people and who are trained in their jobs.

We ensure that our employees' productivity develops in healthy environments. All people have the right to opportunities on equal terms, regardless of their ethnic group, country of origin, sexual orientation, race, ability, gender, age or even personal interests. Therefore, we promote positive labor relations under a framework of assertive communication; additionally, we build spaces for close relationships and trust among employees and groups.

We are convinced that – by being safe – we are sustainable; for this reason, our main objective is for our employees and contractors to return to their homes healthy every day.



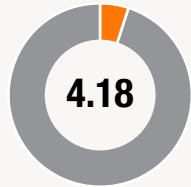
At Celsia, safety is a vital, non-negotiable value.

We delivered 1,581,000 face masks to students in 30 municipalities in Colombia.

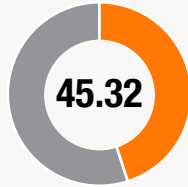


Number of employees in **Celsia**, according to generational ranks

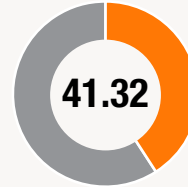
■ 2020 ■ 2021



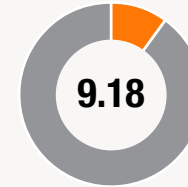
92
Employees in the **Centennial** generation.



997
Employees in the **Millennial** generation.



909
Employees in **Generation X**.



202
Employees in the **Baby Boomer** generation.



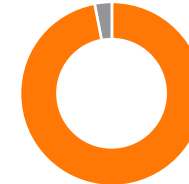
Total employees in 2021:

2,200

Labor indicators



7.86%
Rotation rate



97%
Assessment of employee commitment

240 new hirings



Celsia Employees in Tolima

1.74%
Growth of **male** employees during 2021

6.74%
Growth of **female** employees during 2021

Our commitment is to increase the participation of women in a sector that – traditionally – has been occupied by men.

Celsia was one of the companies that promoted private vaccination plans for employees and their families.



SASB IF-EU 320a.1

During 2021, six employees of contractor companies lost their lives in events that could have been prevented by following safety protocols. We are clear about this because all events were duly investigated and their causes identified, which allows us to learn and to take action.

The company deeply regrets their absence and sends its condolences to their families and friends.



Occupational Health and Safety



50,202

hours of training given in topics related to Occupational Health and Safety to employees and contractors.



100%

of our contractors were trained in Occupational Health and Safety topics.



202

incidents registered in employees and contractors.

SASB IF-EU 320-a-1



41.116

Total rate of recordable incidents (TRRI)

SASB IF-EU 320-a-1



14

quasi accidents (high-potential incidents) recorded in employees and contractors.

SASB IF-EU 320-a-1



2.387

Near miss frequency rate (NMFR) for the work-related quasi accidents.

SASB IF-EU 320-a-1



0.001

mortality rate in contractors; our direct employees did not register any fatalities.

SASB IF-EU 320-a-1

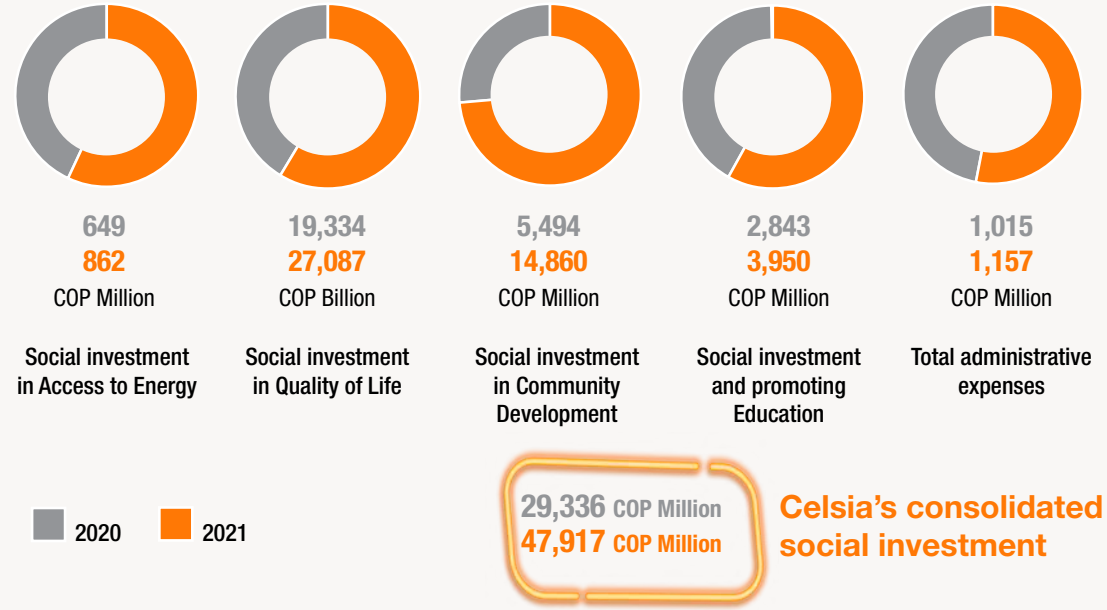
We are partners of development

Social investment

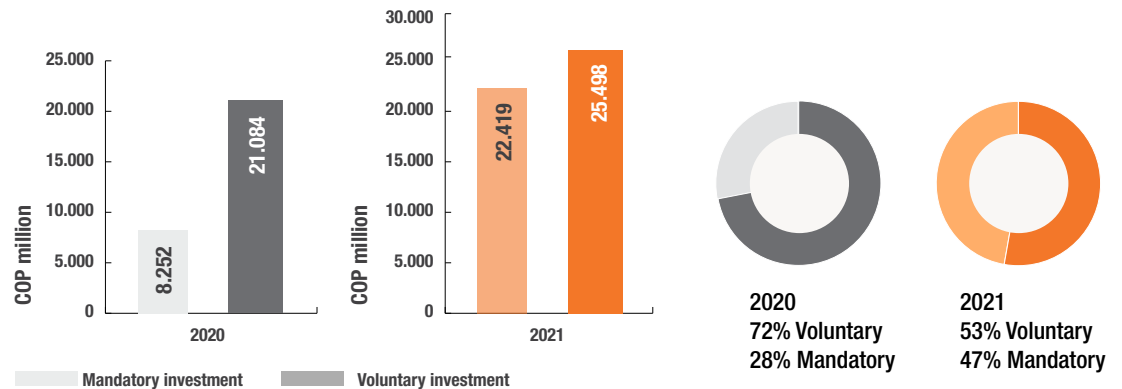
At **Celsia**, we work hand in hand with the communities and other social actors in the territories where we are present, becoming key allies to their development and consolidating mutually beneficial relations, since we are convinced that this is the best way to generate value and transparently guarantee the viability of both the assets and new projects.

Our **Social Policy** contains the relationship principles for social management and is based on three pillars: respect, transparency and building trust. Starting here, we have a positive impact and we articulate it to the communities of the area of influence of our assets and new projects, intervening in four strategic lines: improving the quality of life, promoting education, community development and access to energy.

Amounts of our social investment



Amounts of our voluntary and mandatory social investment



Total of voluntary and mandatory social investment in 2020
29.336 COP million

Total of voluntary and mandatory social investment in 2021
47.917 COP million



389,914 people benefitted through all our lines of social investment in Colombia and Central America.



Corporate and economic governance

Corporate Governance

At **Celsia**, it is important to have high governance standards that allow us to strengthen and ensure the balance of the management of each administrative body, improve the capacity for decision making and ensure transparency in the disclosure of information to shareholders and other stakeholders.



We have a modern control and operations center in Valle del Cauca.

Our Board of Directors

It is the highest governing body of our organization; it is made up of seven principal members who have great knowledge of the sector and extensive experience, training and a variety of skills and profiles to identify, assess and analyze the different factors that can affect the achievement of the organization's strategic objectives. It is the function of the Board of Directors to formulate proposals and actions, taking into account the best practices in ESG matters; monitor and traction action plans, financial results, risk management, climate strategy, as well as approve, guide and review the strategy and main projects.

To more effectively attend its responsibilities, the Board of Directors has three permanent support committees: the **Audit, Finance and Risk Committee;** the **Appointment and Retribution Committee;** and the **Sustainability and Corporate Governance Committee**, which propose the establishment of policies and actions to improve the company's management.

You can consult the CVs of the **Celsia Board of Directors** by [clicking here](#)



All our Board of Director members are independent, according to the S&P criteria.



In 2021, the Board of Directors carried out a self-evaluation on its operation and structure, its committees and the Celsia CEO.



David Yanovich
CEO
Cerrito Capital

María Fernanda Mejía
Independent Consultant

Jorge Mario Velásquez
Grupo Argos
CEO

Eduardo Pizano
Independent Consultant

María Luisa Mesa
Partner Mesa
González y Asociados

Alejandro Piedrahíta
Financial Vice President
Grupo Argos

Rafael Olivella
Corporate Affairs Vice President
Grupo Argos

94.51%
attendance

COP 7.0 million
monthly remuneration per Board meeting

COP 7.0 million
monthly remuneration per committee meeting

4
members of the Board of Directors are independent, in accordance with the criteria indicated in the Law and Bylaws.

5,29
years is the average length of stay of a member of the Board of Directors.

The members of the Board that belong to Grupo Argos do not receive remuneration for their participation in Board Committees.

Our Steering Committee

You can consult the CVs of our Steering Committee by [clicking here](#)



Ricardo Sierra Fernández
Celsia Leader



Claudia Salazar
Human Management and Administrative Leader



Marcelo Álvarez
Generation Leader



Luis Felipe Vélez
Commercial Leader



Simón Pérez
Innovation Leader



Farah Rajal
Assistant to the CEO



Santiago Arango Trujillo
Corporate Affairs Leader



Javier Gutiérrez
Central America Leader



Julián Cadavid
Transmission and Distribution Leader



Esteban Piedrahita
Financial Leader



Carlos Alberto Solano
Regulatory Affairs Leader

Ethics and transparency

At **Celsia**, ethics and transparency are part of our culture and DNA. The commitment to integrity is permanent and is the essential element that guides our actions, both in our personal life and in the business environment, with all stakeholders.

Our guidelines and directives in ethics, transparency, competition


and anti-corruption are primarily found in the Bylaws, Codes of Good Governance and Business Conduct, as well as in some of our policies (Policy for Fraud Risk Management, Bribery and Corruption, and Competition Policy), which are a guide for the correct, integral and honest performance, applicable for all people who form part of **Celsia**.

Cybersecurity

SASB IF-EU-550-a-1

Aligned with our Corporate Strategy, at **Celsia** we also take care of cybersecurity and mitigate the risk of a cyberattack on operations; we prevent the leakage, adulteration and unauthorized access to personal data and we guarantee entries, avoiding the unavailability of critical cyber assets, through a strategy which covers information security, personal data and cybersecurity. With the foregoing, we guarantee the reliable and safe delivery of the electric-power service.

Learn about our Information Security Policy by [clicking here](#)

 During 2021, there were no cybersecurity incidents in the company's infrastructure for which we had to pay files of suffer loss of our income.

Relevant figures on ethics and transparency

100%
of our employees were formed and trained in the Code of Conduct.

100%
of the members of our Board of Directors were informed and trained on topics of information use, transparency, preventing corruption and money laundering.



Zero (0) cases of corruption and briber have occurred in the last four (4) years.



Learn about our Cybersecurity Policy by [clicking here](#)

This is our first quick-charge station set for service in Tuluá, Valle del Cauca.

Risk management

The comprehensive management of risks and opportunities is a priority principle in the actions of all our employees. This allows us to: plan the events that may significantly affect us and prepare to mitigate their impacts, thereby reducing uncertainty in decision making.

TCFD Risk Management – c

At **Celsia**, we manage risk under the guidelines of the **Risk Policy** and the **Comprehensive Risk Management System (SGIR, in Spanish)**; we align ourselves with good international practices, such as the IOS 31000 standard and the COSO ERM standard, based on the understanding of the business, objectives, environment and trends.

Subsequently, we identify, analyze, value and manage the following strategic risks:

- | | | | | | | | | |
|---|---|--|---|---|--|---|---|--|
| 
1.
Culture and human talent | 
2.
Regulations | 
3.
Political risk | 
4.
Technology | 
5.
Climatic variability | 
6.
Projects | 
7.
commercial | 
8.
Fuel | 
9.
Obsolescence of assets |
| 
10.
Cybersecurity | 
11.
Demand | 
12.
Financial | 
13.
Acquisitions | 
14.
Supply and distribution chain | 
15.
Competitors | 
16.
Energy portfolio | 
17.
Social | 
18.
Reputational |

We delivered 1,523 clay water-purifying filters to families who do not have access to drinking-water systems in 19 municipalities in five (5) Departments of Colombia.



Governance of risks

TCFD GGovernance-b

Our organization has the following governance structure, responsibilities and functions to ensure and loos after the implementation of the SGIR and other actions that are defined in the Risk Policy.



Board of Directors

To ensure the implementation of the SGIR and to approve the policy and risk appetite.

TCFD GGovernance-a



CEO

To respond to the Board of Directors and Shareholders, and to report on the profiles and status of the risk-mitigation plans.



Steering Committee

To report on the operation of the SGIR and to give alerts on new risks identified.



Audit, Finance and Risk Committee

To assist the Board of Directors in all the responsibilities related to the supervision of the SGIR and monitor the strategic risks.

TCFD GGovernance-a



Risk Area

To design and lead the implementation of the risk policy, processes and methodology; to monitor the effective administration of risks and to support the company's teams in the evaluation of risks.



Internal Audit

To evaluate the efficiency and efficacy of the SGIR, the risk-mitigation plans and the controls.



Risk Managers

To build and update the risk maps and controls of their processes; to support disclosure and risk culture and the implementation of the SGIR in its processes.



Employees

To apply comprehensive risk management in accordance with the policy and the methodology; to give alerts on possible risks in their processes and report events of risk materialization.

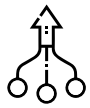


During 2021, we carried out 50 risk-management workshops in processes, projects and new businesses; we finalized the implementation of the Business-Continuity Plan in Colombia; we conducted test exercises with the company's critical processes and updated the climatic-variability risk quantification.

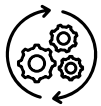
Sustainable supply

The supply process is part of **Celsia's** value chain. Our process must be enduring the supply and provision of services contracted as part of the continuity strategy, not only of our business, but also of the productive chains of which our suppliers and – in some cases – our clients..

We work with suitable suppliers; we carry out due diligence and we have good control of the compliance with our policies, manuals and guidelines. Additionally, framed in our supply pillars 4.0 (digital transformation) and sustainable supply, we operate under the following principles:



1. Strengthening the relationship model with suppliers.



2. Continuity in the management of supply-chain risks.



3. Boosting simplification and digitalization initiatives.



4. Development and promotion of action lines that promote the creation of social value for suppliers.



5. Development of new skills and competencies.

Purchases from local suppliers



1,181
1,677
COP Million

Purchases made from local suppliers.



74
75
%

Purchases made from local suppliers.



2,386
2,493
#

Local suppliers contracted.



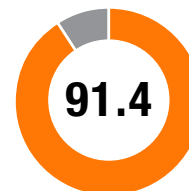
93
92
%

Local suppliers contracted.

■ 2020 ■ 2021



In 2021, we built and launched the first digital substation in Colombia.



We achieved a positive result of **91.4%** in the supplier-satisfaction survey in 2021.

Economic performance

We present the economic and financial results and those of the company's operations, and extensive information on the performance of some indicators of the business that form part of the reported annual Financial Statements.

The management of these topics is aimed at maintaining the long-term vision and continuing with the generation of value for our stakeholders, in such a way that the economic results are healthy and are in harmony with the dynamics of relationships with the social and environmental settings.

Operating income

4.11 COP billion

Net profit

544,500 COP million

EBITDA

1.37 COP billion



Client experience

Our clients are the center of our strategy; for this reason, we seek to always provide them with a memorable, unique and gratifying experience. Below, we present the principal results that we obtained during 2021:

912,925 COP Million

Residential clients

246,035 COP Million

Commercial clients

104,779 COP Million

Industrial clients

Income associated with electric-energy supply in clients of the regulated residential, commercial and industrial market in Celsia.

SASB IF-EU-240-a-1

625.15 COP/KWh

Residential clients

603.74 COP/KWh

Commercial clients regulated category

567.14 COP/KWh

Industrial clients regulated category

Average retail electricity rate per KWh of electricity, depending on the type of Celsia client.

SASB IF-EU-240-a-1

65,757 COP

Average monthly electricity bill for the first 105.18 KWh sold to residential clients each month.

12,758

Previously disconnected residential clients, whose service was reinstated within 30 days from the date of the power outage.

SASB IF-EU-240-a-3.

63.23%

Percentage of power outages that was reestablished in a period of 30 days.

SASB IF-EU-240-a-3

20,178

power outages among residential clients for non-payment of their bills.

SASB IF-EU-240-a-3

The indicators for residential clients do not apply to Central America, as we do not have regulated-market clients (retailers) in this region.

Access to energy

SASB IF-EU-240-a-2

At **Celsia**, we serve regulated clients in Colombia in the Departments of Valle del Cauca, Tolima and San José del Palmar, Chocó. There, we manage the connection of clients to the electric-power service, under what is regulated by the Energy and Gas Regulatory Commission (CREG, in Spanish).

The **external factors** that affect service provision for our clients are:

- » Network unavailability close to the client's location.
- » Client non-compliance with technical requirements.
- » Public-order problems and epidemiological risks.
- » Difficulty paying the service due to socioeconomic conditions.

Additionally, we have identified some risks and opportunities of the external factors previously mentioned.

Risks

- » Failure to pay the bill with one's own income and for third parties.
- » Lower income of the marketer due to compliance of regulatory standards.
- » Difficulty to deliver bills in areas of high risk, due to the presents of armed groups.

Opportunities

- » Development of virtual channels for client service, on-site activity management, sending the bill and collection.
- » Follow-up of the process structuring to collect payment for services rendered..
- » Development of the Orange School for clients with topics of general interest.



We procure that every request be attended to in a timely manner, providing continuous, reliable and safe service.



CELSIA

The energy you want