

2017 ANNUAL MANAGEMENT REPORT

CONTENTS

PROMIGAS

- OUR BUSINESSES
- OUR PEOPLE
- SUPPLY CHAIN
- ASSOCIATIONS WE BELONG TO
- COMPREHENSIVE MANAGEMENT WITH A SUSTAINABLE APPROACH
 - Materiality, scope and coverage

OUR FUNDAMENTAL FOCAL POINTS

- CORPORATE GOVERNANCE
 - Ethics
 - Corporate Governance Structure
- HUMAN RIGHTS
- RISK MANAGEMENT
- RELATIONS WITH INTEREST GROUPS

OUR GOALS

- MESSAGE FROM THE PRESIDENT TO OUR SHAREHOLDERS AND ALL OUR INTEREST GROUPS
1. TO GROW IN A PROFITABLE AND SUSTAINABLE MANNER, IN LINE WITH THE EXPECTATIONS OF OUR SHAREHOLDERS
 - Economic Environment
 - Sector and Regulatory Matters
 - Natural Gas Consumption in Colombia
 - Promigas
 - Investment Portfolio
 - Corporate Financial and Economic Management
 - Financial Statements
 - Consolidated Financial Statements
 - Financial Information Dissemination and Control Systems
 2. TO STRENGTHEN THE VALUE PROPOSAL FOR OUR CUSTOMERS
 - Competitive Solutions and Customer Service Quality

- **Our Operations**
3. **TO OPTIMIZE PRODUCTIVITY AND GUIDE THE ORGANIZATION TOWARD OPERATIONAL EXCELLENCE LEVELS**
 - **Service Continuity and Integrity**
 4. **TO STRENGTHEN SUPPLIER AND CONTRACTOR MANAGEMENT**
 - **Supplier Loyalty**
 5. **TO STRENGTHEN RELATIONS WITH THE COMMUNITY**
 - **Promotion of Local Development**
 - **Contribution to the Quality of Education**
 6. **TO GUARANTEE AN ENVIRONMENTALLY RESPONSIBLE OPERATION**
 - **Management of Resources and Waste**
 - **Climate Change**
 - **Biodiversity**
 7. **TO GUARANTEE A SAFE OPERATION**
 - **Safety in all our processes**
 - **Safety in our operations**
 - **Safety in our supply chain**
 - **Safety for our communities**
 8. **TO STRENGTHEN THE OVERALL DEVELOPMENT OF OUR STAFF**
 - **Human Management**
 - **Strengthening the Organizational Climate**
 - **Overall Development and Knowledge Management**
 - **Talent Management**
 - **Health at Work**

PROSPECTS FOR 2018

CHALLENGES FOR 2018

ACKNOWLEDGEMENTS

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REPORT PROFILE

ATTACHMENTS

- **Attachment 1: Audited Profit and Loss Statement, 2nd Semester, 2016**
- **Independent Review Memorandum**
- **GRI Content Index**

PROMIGAS

As we work towards our goal of connecting markets to sources of energy, especially natural gas, we generate value by building long-term, mutually beneficial relations with interest groups.

For more than 40 years, we have delivered progress and wellbeing to Colombia and Peru, carrying out our activities effectively and responsibly, and this has enabled us to play an active and important role in the process of making this fuel available on a mass scale in our own country¹.

We develop energy markets directly and through our strategic transportation and distribution business groups (GEN). The former consists of organizations engaged in the transportation of natural gas and liquefied natural gas (LNG), the provision of integrated solutions for industry, and energy generation, and the latter of natural gas distribution companies, electricity distributors and marketers, and the non-banking finance business.

We transport 52% of Colombia's natural gas through a network of more than 3,000 km of gas pipelines belonging to ourselves and to our carriers, and we provide services for hydrocarbon producers and big industries that include natural gas compression and dehydration, the construction of gas pipelines and interconnection lines, and energy solutions such as generation, cogeneration and self-generation.

Our affiliate Sociedad Portuaria El Cayao (SPEC) operates a floating regasification terminal that is permanently anchored at a port in Cartagena Bay, where it processes more than 400 Mpcd. It is the first of its kind in the country, and not only will it ensure that the natural gas needs of electricity generating companies can be met at times of peak demand, it will also make it possible for the country to access the international LNG market.

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In Colombia, we distribute natural gas to around 3.4 million users, which is nearly 40% of the domestic market and translates into around 12 million beneficiaries, while in Peru we distribute to over 575,000 users through our share in Cálidda and Quavii and will reach a further 150,000 users in the north of the country in the next five years.

We operate and maintain approximately 26,000 km of electricity distribution networks, providing around 370,000 users with this service in 38 towns in the south of the country.

We have an AAA rating for issues in Colombia and an international BBB- rating for local and foreign currency IDR issues. We also hold ISO 9001 quality system, OHSAS 18001 occupational health and safety, and ISO 14001 environmental certifications.

¹ Promigas SA ESP is a private company that is supervised by the Superintendency of Domestic Public Services and the Colombian Financial Superintendency. Its head office is located in Barranquilla, Colombia.

We have been involved in the vehicular natural gas (VNG) business, which we pioneered, for more than 24 years. This has had positive economic and environmental impacts, due to the very characteristics of the fuel, and we continue to search for new growth opportunities.

Promigas has led the natural gas revolution in Colombia by creating a positive economic, social and environmental impact.

OUR BUSINESSES

GEN Transportation Employees: 511 Revenue: \$1,333,209 million Assets: \$8,579,791 million	Natural gas transportation	Promigas Promioriente Transmetano Transoccidente	Gas pipeline: 3,089 km. Capacity: 975.7 Customers: 21, in different regions of Colombia.
	Integrated solutions for industry and energy generation	Promisol Zonagen	Dehydration capacity: 210 Mpcd Compression capacity: 18,100 HP Zonagen electricity generation capacity: 8.75 MW. Promisol electricity generation capacity: 35 MW. Promisol thermal generation capacity (steam): 75 T/h without post-combustion, 130 T/h with post-combustion. Promisol thermal generation capacity (thermal oil): 71 T/h.
	LNG	Sociedad Portuaria El Cayao (SPEC)	Regasification capacity: 400 Mpcd Storage capacity: 170,000 m ³
GEN Distribution Employees: 2,917 Revenue: USD 816 million Assets: USD 962 million	Natural gas distribution	Surtigas GdO Gases del Caribe Efigas Gases de La Guajira Cálidda Quavii	Accumulated users: 3,986,123 Gas sales: 8,748 m ³
	Electricity distribution	Compañía Energética de Occidente (CEO)	Customers: 367,258 Energy required: 608 MW Networks: 26,543
	Non-banking finance	Brilla	Loans granted: 2,154,648 Number of users: 2.4 million Portfolio: \$629,089 million
	Shared services	Enlace Versa	Processes: * Procurement and accounts payable * Treasury * Payroll * Accountancy and taxes * Information technology

NOTE. Figures prior to eliminations; revenue includes financial assets and participation method plus dividends. GEN Distribution financial figures do not include companies that do not consolidate: Gases del Caribe (Efigas and Gases de la Guajira) and Cálidda.

17 companies, 3500 employees, Colombia, Peru

Principal GEN Transportation indicators

Operation	Promigas	Transmetano	Promioriente	Transoccidente
Gas pipeline length (km)	2556	189	333	11
Volume transported (Mpcd)	331.4	51.4	64.7**	44.5
Maximum capacity (Mpcd)	738	77.6	85.8***	73.6

** Volume transported Gibraltar - Bucaramanga: 31.4 Mpcd. Volume transported Barrancabermeja - Payoa - Bucaramanga: 27.0 Mpcd.

*** Maximum capacity Gibraltar - Bucaramanga: 49.9 Mpcd. Maximum capacity Barrancabermeja - Payoa - Bucaramanga: 36.2 Mpcd.

**** IFRS figures, 2016.

Principal GEN Distribution indicators

Operation	Natural Gas						Electricity
	GdO	Surtigas	Gases del Caribe	Efigas	Gases de la Guajira	Cálidda	CEO
Accumulated users	1,093,577	736,073	934,729	536,116	108,810	576,813	367,258
Number of towns	253	176	210	32	63	22	38
Natural gas sales Mm ³ / electricity	963	885	1,195	240	24	7,885	608
Coverage (%)	87	91	89	81	86	72	

OUR PEOPLE

	Promigas		Transmetano		Promioriente		Transoccidente		Promisol		Zonagen		Surtigas		GdO		CEO		SPEC	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Staff	254	137	15	7	22	12	3	3	38	5	23	4	241	169	278	219	151	133	19	7

Details of Promigas staff

Staff by type of contract	2017	
	Number	%
Indefinite term	380	97
Fixed term	11	3
TOTAL	391	100

Staff by benefit group	2017	
	Number	%
Collective pact	274	70
Comprehensive salary	101	26
Collective convention	16	4
TOTAL	391	100

Number of staff by organizational level and gender	2017	
	Male	Female
Managerial	19	11
Non-managerial	235	126
TOTAL	254	137

Number of staff by geographical location	2017	
	Male	Female

Atlantic coast	253	136
Bogotá	1	1
TOTAL	254	137

Number of staff by age range	2017
From 18 to 30	86
From 31 to 50	215
Over 50	90
TOTAL	391
Average age (years)	40.61
Average seniority (years)	12.52

SUPPLY CHAIN

Total suppliers: 4,222

Purchases: 671,165 million

	2016		2017	
	Number	Value of purchases in millions of pesos	Number	Value of purchases in millions of pesos
Suppliers of goods				
TOTAL	236	\$55,447	234	\$81,919
Foreign	10	\$4,591	11	\$63,251
National	226	\$50,856	223	\$18,668
Suppliers of services				
TOTAL	2647	\$84,653	1080	\$84,616
Foreign	194	\$6,043	129	\$4,938
National	2453	\$78,610	951	\$79,678

Proportion of expenditure, local suppliers

Suppliers by geographical location (consolidated)	2017		
	Number	Value of purchases (millions of pesos)	%
Foreign	140	\$68,189	41
National	1174	\$98,346	59

From national suppliers (89 % of total)			
Interior of country	394	\$42,806	44
Caribbean region	780	\$55,540	56

From suppliers in the Caribbean region (59 % of total)			
Barranquilla	536	\$44,580	80
Rest of Caribbean region	244	\$10,960	20

59% of purchases were made from national suppliers. 56% of these were from suppliers from the Caribbean region, with 80% from suppliers in Barranquilla².

Promigas historical figures

Suppliers		2013		2014		2015		2016		2017	
National	Caribbean	97%	52%	89%	49%	96%	60%	92%	43%	59%	56%
	Other		48%		51%		40%		57%		44%
Foreign		3%		11%		4%		8%		41%	

	Transmetano	Promioriente	Transoccidente	Promisol	Surtigas	GdO	CEO	SPEC
Number of suppliers	289	381	94	235	712	770	527	
Value of purchases (millions of pesos)	10,850	33,225	1,839	172,785	93,067	94,793	99,910	

Note: Promigas information relates to new purchases of goods and services generated in 2016.

ASSOCIATIONS WE BELONG TO

Promigas and its affiliates play an active role in associations and initiatives that help them achieve their goals and contribute to social and economic development in the regions where they operate. Promigas, Gases de Occidente, Surtigas and Compañía Energética de Occidente are signatories to the Global Compact, and Promigas has also joined this organization's Caring for Climate initiative.

We are also active members of well-known international institutions in the gas sector and sit on the Gas Control committee of the American Gas Association's (AGA) and the committee of the National Association of Corrosion Engineering (NACE), and we belong to various important Colombian institutions, notable among which are Naturgas, Andesco, World Energy Council (WEC), Colombian Corrosion Engineers Association, National Gas Operation Council (CNO Gas), Colombian Safety Council, Colombian Industrial and Personnel Relations Association (ACRIP), Grupo Apell, Concentra, ICONTEC, National Accreditation Organization (ONAC), ANDI, Fenalco, and the Institute of Internal Auditors.

We appreciate the value of institutional synergies in matters of local, regional and national interest for enriching public policies, and we accordingly continue to play an active role, together with several of our companies, in organizations like Entrepreneurs for Education, the Business Foundations Association (AFE) and the Inter-American Network of Foundations and Entrepreneurial Action for Base Development (RedEAmérica).

COMPREHENSIVE MANAGEMENT WITH A SUSTAINABLE APPROACH

We at Promigas view sustainability from a transverse angle in our efforts to generate lasting economic, social and environmental value for interested parties, centered around the human being as the fundamental focal point of all our actions. Based on ethics and transparency, we treat the opportunities and risks deriving from our activities in a responsible and effective manner, thereby fostering sustainable development.

² Local refers to suppliers located in our area of influence. Locations with significant operations refers to places where we engage in our principal activity.

We constantly review our activities and we compare ourselves against the highest sustainability standards, such as the Dow Jones Sustainability Index, which allows us to work on any omissions that might be identified in order to improve the performance of our organization.

We are also committed to the Global Compact and its principles, as well as to the United Nations Sustainable Development Goals (SDG), and these enable us to identify future growth opportunities, to improve the value of our business sustainability, to use new resources more efficiently, to strengthen relations with interested parties, and to participate using a common language and with a shared goal.

We have determined that the following SDGs are a priority for Promigas.

* **Objective 4. To guarantee fair, good quality, inclusive education and promote learning opportunities for everyone, throughout their lives.**

Promigas and its Foundation work actively on developing skills and knowledge, and on education programs that concentrate on training managerial staff, teachers and families, in order to achieve the following:

- * Good quality education that is fair for all;
- * An adequate transition from one education cycle to another, starting from early childhood;
- * Development of students' moral, civic and intellectual skills to the maximum, and also their commitment to their community and to protecting the planet;
- * Development of protective contexts that contribute to the quality of school education;
- * Provision of the basics for a better scientific and technical education; and
- * Training for young people in entrepreneurship and ensuring that schools are able to develop those skills in their students.

* **Objective 7. To guarantee that everyone has access to affordable, safe, sustainable and modern energy.**

Promigas is working to develop more efficient energy markets, with a view to increasing their share of the domestic market.

* **Objective 13. To adopt urgent measures to combat climate change and its effects.**

We are committed to implementing measures that will mitigate risks associated with climate change, and climate change is hence a material issue in our comprehensive management with a sustainable approach.

We have set in motion a plan to reduce our carbon footprint, to which end we are measuring greenhouse gas emissions and have committed ourselves to achieving a 10% reduction by 2025.

As part of our 'Relationship with Communities' plan, we are working on training groups of people who will understand the risks and draw up the necessary emergency response plans, and we provide them with equipment that will help them to mitigate the effects of climate change.

* **Objective 15. To protect, reinstate and promote the sustainable use of land ecosystems, to manage forests in a sustainable manner, to fight against desertification, to halt and reverse the degradation of land, and to put a brake on the loss of biological diversity.**

- * We establish measures aimed at minimizing areas to be worked on and restoring biodiversity through reforestation.
- * We participate voluntarily in industry initiatives that set out to implement actions to protect biodiversity and the development of communities in areas where we operate.
- * We support and finance special protection projects in natural parks by means of reforestation and environmental education components.
- * We select alternative routes for projects that cause the fewest environmental effects and impacts.

MATERIALITY, SCOPE AND COVERAGE

Our management model is centered around four fundamental focal points, which guide our actions in terms of approach and implementation, and these are coordinated with strategy and relevant matters on which our management, measurement and communication at corporate level are based.

This is how we make our accountability viable and communicate progress made in our management with a sustainable approach in terms of the contribution to business (growth, productivity, risk mitigation, profitability) and compliance with interest groups.

Our material issues are corporate; in other words, they extend to the companies that make up our portfolio. Internally, they relate to our employees, while externally they relate to the target publics of each one.

OUR FUNDAMENTAL FOCAL POINTS

CORPORATE GOVERNANCE

Ethics

Our culture is centered on a sound system of principles and values and on the commitment to do what is correct in the correct way.

Promigas and its affiliates have a Compliance Program that covers individuals, processes, policies and procedures, is aimed at ensuring that laws and regulations are adhered to and anti-fraud and anti-corruption risks are mitigated, and contains a commitment to do business ethically and to help people to act correctly. The Compliance Manager reports periodically to the Presidency and to the Audit, Risks and Good Corporate Governance Committee.

Principles and Values. The principles and values established by our organization reflect its ethical philosophy; they are part of its thought structure and the fruit of its overall beliefs. They are at the heart of its culture and are associated, predominantly, with the ways of acting that the company values because they contribute to living in harmony and to it achieving its goals.

Identity	3 principles	7 values
BE	Decency	Respect
		Integrity
		Solidarity
DO	Passion	Responsibility
		Commitment
KNOW	Innovation	Excellence
		Entrepreneurship

The Compliance Program includes the following elements.

1. Top management commitment: essential for dealing with ethical risks and establishing ethics in the organization's culture.
2. Risk Analysis: we have an Anti-Fraud and Anticorruption risk matrix and also one covering Asset Laundering and the Financing of Terrorism and the causes thereof, together with details of actions for mitigating them.
3. Clear, written controls.
 - a. **Code of Conduct.** Promigas has established a Code of Conduct which clearly sets out guidelines that enable all its workers and third parties to act in an ethical and responsible manner, doing what is correct in the correct way and making decisions that are fully in line with applicable regulations and corporate values. It also sets out guidelines and mechanisms that will help them in complex situations.

This document defines the standards (policies, procedures) that workers should put into practice in the course of their daily activities, with a view to improving the company's performance in its relations with interest groups and restating that the organization supports decisions that are made to the highest ethical standards.

- b. **Policies and procedures.** While the Code of Conduct provides guidelines for making decisions based on behavior, compliance policies and procedures are specific and focused on mitigating risks that are identified. They are viewed as living documents that are an integral part of the organization's daily life and tools that are key to successful compliance management, meaning that they should therefore be used and updated whenever necessary.

They include the following.

- * Corrupt Practices Abroad Law (FCPA).
- * Transaction Approval Policy (PAT).
- * Gifts and Attentions Policy.
- * Anti-Fraud and Anticorruption Policy.
- * Policy on Transactions with Parties Related to Administrators.

- * Manual on the Prevention of Asset Laundering and the Financing of Terrorism.
- * Procedure for Handling Confidential Reports.
- * Due Diligence Procedure for Promigas Board of Directors Candidates. Forms.
- * Donations Form.
- * Employee Confidentiality Agreement.
- * PAT Policy Breach form.
- * Transaction Modification form.
- * Transaction Review form.
- * Company Creation form.
- * Prevention of Asset Laundering and Financing of Terrorism questionnaire.
- * Prevention of Asset Laundering and Financing of Terrorism third party certification.

4. Reliable reporting mechanisms

Promigas and its associated companies have anonymous reporting mechanisms, such as the confidential reporting line and website, which have been outsourced to a supplier abroad, thus ensuring that the process is anonymous and confidential. These mechanisms function 24 hours per day, 7 days per week.

The telephones and websites that can be used by the organization's staff and third parties are:

- * Telephone 01800 9120577. www.reportesconfidencialespromigas.com
- * Telephone 01800 9120534. www.reportesconfidencialesdistribuidoras.com

These mechanisms offer confidentiality, anonymity and system integrity, 24/7 availability, a process for receiving, attending to and responding to reports, and the certainty that all reports are investigated and taken into account.

Reports that are received via email, office visits, telephone calls or any other method are also entered into the anonymous reports system.

5. Communications and training

Communication and training are very important aspects of the Compliance Program. They are mechanisms that help workers and third parties to be aware of and understand policies and procedures, and the correct application thereof.

Employee training takes place on an annual basis, while for suppliers and contractors it is carried out every two years.

ETHICAL CULTURE DISSEMINATION AND TRAINING	No.	%
The total number and percentage of members of the governance body who have been informed of the organization's anticorruption and anti-fraud policies and procedures, by region.	10	100
The total number and percentage of <u>employees</u> who have been informed of the organization's anticorruption and anti-fraud policies and procedures*.	1880	100

*Includes the following affiliated companies: Promisol, Gases de Occidente, Surtigas, Compañía Energética de Occidente, Quavii, Transmetano, Transoccidente, Promioriente, Enercolsa and Zonagen.

595 hours of human rights training were carried out during the year as part of Code of Conduct training.

6. Program control monitoring

A structure was established for duties and responsibilities deriving from all risks which follows the three lines of defense scheme.

- a. First Line of Defense: line of business. It is responsible for executing processes and should implement corrective action to deal with deficiencies. It defines controls.
- b. Second Line of Defense: risk and compliance areas. These are responsible for risk management that facilitates and monitors the implementation of effective risk management practices by the first line of defense.
- c. Third Line of Defense: administration by whoever conducts independent management reviews. Internal Audit provides a guarantee as to the effectiveness of governance, risk management and internal controls, based on the highest level of independence and objectivity in the organization.

The Three Lines of Defense model

Board of Directors / Audit Committee		
Top Management		
Control and Regulation Bodies		
External Audit		
First Line of Defense	Second Line of Defense	Third Line of Defense
Management controls	SOX Compliance	
Internal control measures Safety Officer		
	Risk Management	Internal Audit
Overall Quality Management		
Compliance		
Assumes, executes and controls risks.	Defines directives and verifies system effectiveness (GR/CIs)	Independently evaluates system effectiveness (GR/CIs)

7. Continuous reinforcement and improvement of the process.

Reinforcement commences with the Code of Conduct, processes and procedures. These are disseminated adequately to all personnel, so that they can understand them beforehand and be clear as to what conduct is inappropriate and not acceptable, and the action that the organization would take in the event that it should occur.

Corporate governance structure

The corporate governance structure is as follows.

- * General Meeting of Shareholders. This is our highest social body, and it held two ordinary sessions in 2017.
- * Board of Directors. This is our supreme administrative body. It acts in representation of the shareholders and to benefit sustained growth in the organization. Twelve meetings were held in the course of the year.
- * Board of Directors Committees. The Audit, Risks and Good Corporate Governance Committee and the Compensation, Development and Nominations Committee. The former met seven times in 2017, four times in ordinary session and twice extraordinarily, while the latter met twice.

Two new committees were formed during the year.

Investments Committee, the main function of which is to advise the Board of Directors on analyzing and evaluating investments and decision-making and follow-up thereon, with a view to ensuring that the company and its portfolio grow profitably, thereby generating value. The Committee consists of three representatives of the Board of Directors, who should have experience in and knowledge of the financial, risk, project management and investment areas. Others who may attend meetings as guests are the Promigas President and Vice-Presidents, and external officials or staff that the Committee entrusts with specific tasks or who have responsibilities relating to the matters to be discussed or experience with them, and whose attendance is deemed necessary and advisable at the meeting.

Strategy and Sustainability Committee which, in addition to analyzing proposals relating to strategy, will reflect on, propose and approve guidelines on best practices on the subject of sustainability. Matters on which the Committee will concentrate are stated in the current Management with a Sustainable Approach model. The Committee consists of four members of the Board of Directors, and the Promigas President and Vice-Presidents may attend meetings, as may the Sustainability and Environment Manager and any other company official whose attendance might be deemed necessary.

- * Presidency and top management. They are in charge of the organization's processes and activities, with support from internal committees that are responsible for evaluating and carrying out follow-up thereon. The Organizational Management Committee follows up on matters relating to sustainable management.

Administration

- * **Antonio Celia Martínez Aparicio:** President
- * **Ricardo Fernández Malabet:** Vice-President, Transportation Business
- * **Rodolfo Anaya Abello:** Vice-President, Distribution
- * **Alejandro Villalba McCausland:** Vice-President, Operations
- * **Aquiles Mercado González:** Vice-President. Finance and Administration
- * **Eduardo Rosado Fernández de Castro:** Vice-President, Corporate Affairs

Relevant facts

- * The Critical Posts with Fraud Risk Policy was drawn up and implemented.
- * The Donations, Sponsorships and Conflicts of Interest policies were drawn up, together with the respective control forms.
- * Responsibilities relating to risks were defined in the Anti-Fraud and Anticorruption policy, in line with the Three Lines of Defense arrangement.
- * In November 2017, the Colombo-American Chamber of Commerce recognized Promigas' commitment in the 'Declaration on the Fight against Corruption'.

Notable features

- * The Compliance Program is constantly being promoted and enriched by the support and commitment shown by top management.
- * The Promigas Compliance Manager was certified as a 'Compliance Professional' by the Society of Corporate Compliance and Ethics in 2011.
- * In 2014, the Promigas Compliance Program was highlighted during the Fifth Good Business Transparency Practices Round Table.

Indicators

CONFIRMED CASES OF CORRUPTION AND ACTION TAKEN	2016 (number)	2017 (number)
Total number and nature of confirmed corruption incidents.	4	11
Total number of confirmed incidents where employees were dismissed or penalized for corruption.	14	13
Total number of confirmed cases where contracts with business partners were terminated or not renewed due to breaches related to corruption.	30	4
Report of public judicial cases of corruption filed against the organization or its employees during the period, and the results of such cases.	0	0

Seven of the 13 cases of corruption were detected by internal audit, and the remaining four via the report lines. All of them resulted in the dismissal of the employees involved and the termination of relations with the suppliers in question. 80% of these reports related to conflicts of interest not divulged, and the remaining 20% to the divulging of confidential information.

HUMAN RIGHTS

OUR DECLARATION OF HUMAN RIGHTS

The human being is the focal point of everything we do, and we therefore have to respect his rights, promote them, and remedy any negative consequences, should this be necessary. We value diversity and recognize that rights are non-negotiable and inherent in all persons, who should be treated equally.

At Promigas, we honor and experience rights in the following ways.

Labor practices

With respect to our staff, contractors and suppliers:

- * We encourage honesty, integrity, respect and trust.
- * We foster wellbeing and quality of life.
- * We provide safe, healthy conditions.
- * We recognize the right to freedom of association.
- * We offer equal opportunities: we promote fairness, impartiality and equal conditions.
- * We do not tolerate abuse of any kind. This includes, but is not limited to, forced labor, discrimination, harassment and use of force.
- * We do not tolerate child labor.
- * We train our staff, contractors and suppliers to appropriate and respect human rights.

Territories where we operate

With respect to communities and other social actors:

- * We act in accordance with public policies and we recognize the State as principal guarantor of fundamental human rights.
- * We guarantee a safe environment while carrying out our operations.
- * We recognize property rights and work to preserve, protect and respect territories.
- * We help, with other actors, to contribute to quality of life in communities in our area of influence by respecting their autonomy in managing their development.
- * We value the culture and idiosyncrasies of communities, and to this end, we approach their realities from a differentiated perspective.
- * We favor the building of trust.
- * We respond jointly to emergencies and humanitarian aid situations, in conjunction with the corresponding institutions.
- * We work with state security organizations to deal with public order situations that could affect both the rendering of the public natural gas service and the carrying out of initiatives aimed at the common good.
- * We evaluate, prevent and mitigate the social, cultural and environmental impacts of our operations.

Environment

- * We recognize that the environment is a common good.
- * We value the fight against climate change as essential action that is vital to living in a balanced environment, and we mitigate causes and adapt by adopting policies and practices to deal with the respective effects.
- * We take on, in a proactive and responsible manner, environmental challenges that could have an unfavorable impact on access to and the enjoyment of natural resources.

Ethics

- * We recognize the link between human rights and ethics based on practices that value people's dignity.
- * We encourage our staff and contractors to adopt practices based on a sound system of values and the commitment to do what is correct in the correct way.
- * We prevent fraud and corruption as part of our ethics principles.
- * We foster respectful, proactive and transparent communication with our interest groups, in a context of dialogue.
- * Our management approach on this matter is preventive, one of zero tolerance and public rejection of any type of human rights violation or breach of International Humanitarian Law by the company or by related interest groups, and we support the authorities in order to prevent impunity.

Relevant facts

Surtigas has worked especially hard on gender equality and inclusion by rolling out policies with a clear differential approach that guarantee respect for persons and equal opportunities and working conditions for men and women, and as a result it was awarded the Equipares Seal of Equality at Work.

GdO, meanwhile, designed a strategy for identifying, preventing and remedying the consequences of an eventual failure to adhere to human rights, which included, among other things, training, and identifying and designing a risk map on the subject and indicators for monitoring activities and preventing threats, in line with existing procedures.

Indicators

- No reports of discrimination, harassment at work or of any other kind were made to the Labor Harmony Committee.
- No complaints were received during the period about impacts on human rights.

RISK MANAGEMENT

Comprehensive Risk Management allows top management to have a full view of all risks to which the organization is exposed and enables it to improve the decision-making process for achieving the targets set.

Promigas and affiliated companies have a comprehensive risk management policy which sets out guidelines for identifying, evaluating, monitoring, controlling, mitigating and, in general, keeping all risks that could affect the normal course of our activities and operations properly under control. It has also established a risk analysis for high-value projects or ones that have a significant impact on the organization, so that the social, environmental, legal and regulatory, financial, supplier and market risks can be analyzed from the time the project is first conceived and better planning can thus be carried out for making decisions about the risks and mitigating them.

The following activities were carried out during 2017.

- * Trends exercise as input for identifying strategic risks.
- * Analysis of the interrelation between Strategic Risks at Promigas and in affiliated companies.
- * Online Comprehensive Risk Management Committees were set up with associated companies as a follow-up, coordination, cooperation and exchange of good practices mechanism between companies.
- * Fraud and corruption risks were brought into line with the application of good shareholder practices.
- * Start of 'Risk Manager' as a Promigas pilot program, the goal of which is to make process leaders and their teams aware of, and get them to implement, new mechanisms aimed at strengthening the self-management and self-control of risks.
- * To this end, a guide has been designed with a view to simplifying periodic follow-up and making it possible to continuously identify events that occur and mitigation activities.
- * At the meeting with suppliers, the proposed risk methodology in the supply chain was presented, which it is intended to implement early in 2018 in the form of a pilot program with suppliers.
- * The following contingent risks were identified, with the respective mitigation actions. Promigas identified as contingent risks, in other words risks that could materialize in the long term, ones associated with climate change due to rising sea levels in areas that are critical for our natural gas infrastructure. Monitoring and follow-up have therefore been carried out in the form of shore surveying and bathymetry. Changes have also been identified in consumer behavior throughout the value chain (gas appliances being replaced by electric ones and the mass use of electric cars, and major consumers migrating to an energy or mixed portfolio where electricity plays a bigger role). Technology supervision studies are accordingly being conducted, as are feasibility studies to verify technologies and their potential impact on our business units.

The company's climate strategy was designed in line with the above, and four strategic lines were established which determine action that is to be taken with respect to climate change on each issue and provide a response to the risks and opportunities defined, overall execution of which will contribute to the long-term stability of the Promigas business.

One of them, namely carrying out a climate change vulnerability and physical risk analysis, aims to develop infrastructure protection mechanisms and proposes that vulnerability and risk studies be conducted using

data from existing national and regional climate change projections, so that changes can be identified in physical threats at critical points for infrastructure identified by Promigas. The aim is to thereby reduce uncertainty about climate change risks, improve the possibility of adapting, and reduce unscheduled maintenance costs and losses in the event of disasters occurring.

Indicators

Mitigation action plan compliance percentage	2014	2015	2016	2017
Promigas (%)	95	92	96	92

	Transmetano	Promioriente	Promisol	Surtigas	GdO	CEO
Mitigation action plan compliance percentage (%)	100	95	90	93	95	93

RELATIONS WITH INTEREST GROUPS

Relations with interest groups is an essential part of our management and one of our fundamental focal points. We constantly foster interaction scenarios in order to discover their perceptions and expectations and thus cultivate long-term, mutually beneficial relations.

We have mechanisms and procedures that enable us to incorporate this information into our process improvement cycles and provide the necessary feedback. We also have mechanisms for receiving their requests, complaints, claims and reports.

In 2017 we concluded a study aimed at defining our 'reputation index' which enabled us, among other things, to review and once again prioritize our interest groups.

Our priority interest groups are detailed below, with a summary of the principal scenarios and conclusions.

SHAREHOLDERS

We have an investor care office, which attends to minority shareholders, among other things. We continually receive requests for information there, mostly consultations relating to shares and dividends. We have noted a growing interest in particular details about our business, including regulatory matters, consolidated results and risk management.

We have accordingly improved our content on matters relating to economic and regulatory performance and new business. We have also continued to amplify the report on environmental and social issues, given that these are questions that our shareholders are finding more interesting every day.

We periodically release our results. Two events were held during the year when our quarterly results were released by teleconference. Two general meetings of shareholders were also held, and these were transmitted online, thus allowing those who were unable to attend in person to have the opportunity to be contacted through this channel.

Promigas maintains its BVC IR issuer commitment, offering specialized communication channels. These include the Investor Care Office, which is in charge of providing personal attention or attention by email at acciones@promigas.com and answering persons who contact us via our website. We also rely on the comprehensive service provided by the Central Securities Depository (Deceval), with a view to increasing levels of satisfaction with the management of company shares, which have been dematerialized and held in custody there since 2003.

Quarterly statements are still sent out of shareholders' investments, and also management and profit and loss reports. Additionally, the website is kept up-to-date, where investors can find certificates for their income tax return together with financial, management, and all other relevant information.

Principal shareholders

Shareholder Name	Total No. of Shares	% Share
Corporación Financiera Colombiana S.A.	388,359,392	34.22
EEB Gas S.A.S.	172,916,643	15.24
CFC Gas Holding S.A.S.	120,084,141	10.58
Amalfi S.A.	90,661,847	7.99
Consultorías de Inversiones S.A.	59,742,495	5.26
Promi CFC S.A.S.	56,194,084	4.95
Fondo de Pensiones Obligatorias Protección Moderado	37,761,870	3.33
Azurita S.A.S.	28,307,251	2.49
Fondo de Pensiones Obligatorias Porvenir Moderado	27,844,428	2.45
Perugia S.A.S.	25,535,189	2.25
Lipu & Cía. S.C.A.	23,385,346	2.06
Conscar S.A.S.	12,097,406	1.07
Fondo de Pensiones Obligatorias Colfondos Moderado	11,716,940	1.03
Subtotal	1,054,607,032	92.93
Other, individually less than a 1% share	80,241,011	7.07
Total outstanding shares	1,134,848,043	100.00

BOARD OF DIRECTORS

This was elected for the period March 2017 to March 2019. We have for independent members.

Name	Post or role (principal / alternate)	Other significant posts or commitments	Skills	Attendance at Board meetings in 2017
Bernardo Noreña Ocampo	Principal Chairman	- President of Corporación Financiera Colombiana	Economist, MBA, specialist in finance and accountancy	9
Equity Member				
Carlos Caballero Argáez	Principal	Director of Alberto Lleras School of Governance, Los Andes University; former president of the Bogotá Stock Exchange;	Civil engineer, finance, good governance, and technical skills in the sector	12
Independent member		Director of Banco de la República; ex-Minister of Mines		

Luis Fernando Mejía Castro	Principal	Ex-Minister of Mines, member of the Ecopetrol Board of Directors	Technical skills in the sector, lawyer with MBA.	8
Independent member				
Leonardo Garnica Eljaiek	Principal	Consultant	Industrial engineer with an MBA, consultant and expert in investment and financial structuring projects	8
Equity member				
Claudia Betancourt Azcárate	Principal	General Manager of Amalfi S.A.	Economist, expert in risks	12
Equity member				
Carlos Arcesio Paz Bautista	Alternate	Manager of Proyemco Ltda.	Business manager, specialist in marketing	7
Independent member				
Gustavo Ramírez Galindo	Alternate	Vice-President, Investments, Corporación Financiera Colombiana	Electrical engineer with a master's degree in Economics	12
Equity member				
Mauricio Maldonado	Alternate	Vice-President, Strategy, Grupo Aval Acciones y Valores S.A.	Industrial engineer with a master's degree in Business Management	12
Independent member				
Rafael Navarro Crane	Alternate	Manager / Litigation Management, Legal and Regulation Vice-Presidency, GEB	Lawyer, specialist in Administrative and Commercial Law, and specialist in Mining and Petroleum Law	9
Equity member				
Camilo De Francisco Valenzuela	Alternate	Director of Projects and Investments, Amalfi S.A.	Business manager, expert in company appraisal	12

Equity member

Make-up of Board of Directors, by age - 2017	Number	%
Between 30 and 50	4	40
Over 50	6	60

Make-up of Board of Directors, by gender - 2017*	Number	%
Male	9	80
Female	1	20

* Not belonging to minority group

STAFF

We continued to strengthen our communication channels with the 'Connected with You' campaign, a communication strategy aimed at disseminating and promoting the benefits that the company offers its people, namely:

- * For employees: descriptive videos and greater scope of services.
- * For relatives: dissemination of the benefits the company offers. This was done in Barranquilla, Riohacha, Sincelejo and Cartagena, with an attendance figure of 80.

As a result of these activities, we were able to appreciate that the benefits are well understood, both by employees and by their relatives.

Primary Groups. In order to boost these within work teams, in 2017 we began to design and develop resources as a function of corporate skills, with a view to providing practical materials that will reinforce the dynamics of these gatherings.

Finally, we have established opportunities for dialogue with the company's President. At these talks, he shares his views on business regulation and markets, and also current news, first hand with employees, which means they can get a better understanding of these matters and of changes that need to be made if the strategy is to be successful.

CUSTOMERS

We have a close relationship with different members of customer company staff, and we do all we can to find out more about them and their spheres of business, so that we can identify their needs and thus design suitable proposals. We continually disseminate our commercial policies, which are based on principles of neutrality and fairness, bearing in mind that we are a regulated business. Every year we conduct a satisfaction study, so that we can implement action plans jointly with customers that will improve areas where room for improvement has been detected.

We at Promigas appreciate the role that service plays as a fundamental part of our organizational structure, and we therefore have a big commitment to the customer as we perform our activities, since we are convinced that we will see the results reflected in their loyalty and full satisfaction. This is why we introduced a competitive solution development initiative this year, in the form of an 'internal customer satisfaction measurement', so that we could obtain information about customer perceptions of the different services which would result in improvements that would benefit our customers and reiterate our culture of service excellence.

GOVERNMENT AND REGULATORY BODIES

Because we are a regulated business, this interest group is of particular interest to us. During the year we carried out a reputation study that was drawn up by the National Consultancy Center, and this enabled us to discover their perception of us and discover the results of our relationship with them.

The most important results included the fact that they consider us to be a gas sector leader that concerns itself with the wellbeing of the communities in its area of influence. They value our staff and the progress we have made in technology, and highlight the female presence in the company.

COMMUNITY

Our aim is that our actions should support local development. Our Community Relations team monitors social risks and we draw up plans, actions and programs that will enable us to minimize the effects of those risks and exploit opportunities to reinforce our relations with the community as we contribute to its development in a sustainable manner.

We engage in prior consultations with ethnic communities in the area of influence of our construction projects, and we aim to include possible impacts on communities and the corresponding mitigation actions in our environmental management plans.

In 2017 we carried out a relationship with local government and communities campaign, with a view to demonstrating our commitment, making our social programs known in areas where we have activities, together with the benefits resulting from projects we have carried out and the plan of action for the year, and enquiring into the possibility of joint company-local government development activities in those areas.

Additionally, in the context of the community dissemination strategy, we conducted a new survey to find out the community's perception of disaster risk management in their areas, the results of which confirm that they all want risk management offices and companies to be better prepared to face risks relating to climate phenomena.

SUPPLIERS AND CONTRACTORS

We work to strengthen the performance of our wide range of suppliers and we provide opportunities to relate and communicate with them in the form of periodic meetings and, every six months, the issuing of our *Bulletin for Suppliers and Contractors*. We also hold training workshops for them. Activities aimed at keeping our suppliers up to date on matters relating to safety, health and the environment, among other things, are arranged periodically. We also continue to train administrative staff and other officials at Promigas and companies that we provide with back office services and who are involved in different stages of the supply chain.

With a view to sharing relevant information for improving relations and providing opportunities to listen and to discuss matters of interest to the parties, in 2017 we held the fourth annual gathering of suppliers, with a 41% participation figure.

Using the relationship model, every two years since 2014 we have measured supplier loyalty. Based on the results, improvements to our process of relating with them have been drawn up, such as the new supplier induction program and the issuing of electronic bulletins containing up-to-date and relevant information.

OUR GOALS

MESSAGE FROM THE PRESIDENT TO OUR SHAREHOLDERS AND ALL OUR INTEREST GROUPS

Despite the difficulties that arose this year due to the decline in economic activity, as envisaged, our results were highly satisfactory and we achieved the vast majority of the goals we had set ourselves by virtue of the hard work put in by the whole organization.

In Colombia's natural gas sector, we continue to insist that CREG should issue the delayed resolutions on both distribution and transportation. We have reiterated the importance of opportune regulation to the regulatory body, which has lagged behind on this matter for a long time, thus affecting normal performance of these activities.

Sector dynamics mean that the Commission urgently needs to be made more agile, assertive and balanced. There is a need to consolidate confidence, so that private agents can go on investing in service expansion.

In December 2017 the regasification terminal celebrated the end of its first year of operations, a year that was marked by 100% availability throughout the twelve months. This was extremely important both for the sector and for Promigas, bearing in mind that electricity generation system reliability counts on this infrastructure.

At international level, we achieved another significant landmark when Quavii began operations in November 2017. This project in northern Peru involves transporting natural gas from the liquefaction plant to seven cities in that part of the country as a replacement for more expensive and more polluting fuels. We thus continued to consolidate our position as sector leader in the neighboring country and to make the benefits of this economic, efficient and safe fuel available on a mass scale.

During the year we also began to carry out the first construction activities on the so-called 'Canacol Loop', which will enable us to expand our transportation capacity and to receive gas from fields on the southern part of Colombia's Caribbean coast. It is envisaged that when operations commence on this, there will be a 100-MPCD increase in the available gas supply.

In the case of our transportation affiliates, the start of operations at the Malena Compression Station, which belongs to Transmetano, means that we have increased maximum transportation capacity in the Sebastopol-Medellín gas pipeline by 22%, thereby guaranteeing transportation to meet growth in demand. At Promioriente, meanwhile, commissioning of the Los Pinos Compression Station will allow all users to benefit from a more reliable service and will provide greater operational stability in the gas pipeline and greater growth prospects.

Elsewhere, we can highlight the fact that we obtained a USD 200 million international syndicated loan through fourteen banks in Asia, Europe and the Americas. This achievement resulted in our being chosen as one of three finalists for the Latin America Business of the Year award, made by British company GFC Media Group. This reflects our constant commitment to search for the best sources of funding and thus guarantee sustainable growth.

Our year-end financial results show that we continue to consolidate the ability of Promigas and its associated companies to meticulously meet the targets set and the commitments taken on with shareholders and interest groups, despite difficulties and unforeseen circumstances, principally on the regulation front, where reforms are needed, as we have already said. The efficient use of resources and the high quality and safety standards in the companies' operations resulted in 2017 in our yet again exceeding the objectives established for the year.

We ratified our commitment to the Global Compact and the principles enshrined in its four major themes, namely human rights, environment, anticorruption and labor standards, and also its *Caring for Climate* initiative, which we support by directing our environmental initiatives at mitigating the impacts and effects of climate change.

Similarly, for Promigas, the commitment to ethics is a fundamental part of our activities. We have strict controls to guide our actions, and the organization is committed to investigating and adopting the necessary measures, irrespective of the level of whoever might have infringed the regulations, in order to maintain transparency, while acting at all times in line with our guiding principles on the matter.

We always focus our attention on quality and on modern management models which allow for sustainable development and the generation of benefits for shareholders and interest groups, while adhering to principles and values that are centered on the human being as the focal point of our actions.

1. TO GROW IN A PROFITABLE AND SUSTAINABLE MANNER, IN LINE WITH THE EXPECTATIONS OF OUR SHAREHOLDERS

Economic environment

The worldwide economy continued to perform positively during 2017, due to a gradual recovery in the economies of developed countries and good performance by those in emerging ones, notably China, with growth figures higher than expected and a spike in raw materials prices. In the United States, the Federal Reserve (FED) raised its target interest rate three times during the course of the year, and it closed at between 1.25% and 1.50% in response to better economic results and almost full employment rates. Furthermore, in December the United States Congress passed a fiscal reform, which reduced the corporate tax rate from 35% to 20%. The US government expects the reform to have a big impact on economic growth, although some experts are of the opinion that it will only be a moderate one.

Meanwhile, the international oil price picked up considerably during the year, closing at over 60 dollars per barrel (WTI), 17% higher than 2016, on average.

This recent favorable global economic environment will enable the Colombian economy to reverse the downward trend that began with the fall in oil prices in 2014. The economic growth figure for the year is estimated to have been 1.8%, the lowest since 2009.

The downturn began three years ago with the June 2014 fall in oil prices. This restricted investment in the mining and energy sector and in production areas linked to this fuel, resulting in a significant reduction in the country's exchange terms and a decline in oil-related investments. Public expenditure was therefore affected, due to the country receiving less oil revenue, and the government was forced to introduce a tax reform in late 2016 which, in turn, affected household consumption. This latter was also affected in 2016

by high interest rates, due to inflation caused by the El Niño phenomenon and a truck drivers' strike. As these problems lessened in 2017, so the economy showed signs of a gradual recovery.

In view of this economic context, Standard & Poor's reduced Colombia's sovereign debt credit rating from BBB to BBB-. However, neither TES (domestic public debt bond) interest rates nor the exchange rate were significantly affected by this measure.

There was a downward trend during the year in the twelve-month inflation figure, which closed at 4.09%, slightly above the Banco de la República target range of between 2% and 4%. The fall in inflation compared to the previous year was due to the inflationary shocks that had led to a big increase in food prices moderating.

Since inflation was falling, Banco de la República made the decision to lower its intervention rate, from 7.50% in January 2017 to 4.75% in December. Bearing in mind that this is the basis for other interest rates, such as the FTD rate and the current maximum legal rate, the consumer credit cost also fell considerably.

The average dollar exchange rate during 2017 was 2,951 pesos, 3% below the average for the previous year. The rate fluctuated between 2,838 and 3,093 pesos, meaning it was less volatile than in the previous two years. The dollar continues to be influenced mainly by changes in the international oil price, albeit to a lesser extent than in previous years, and by decisions made by the FED on interest rate changes, which had no additional impacts this year, since the market was already expecting the variations.

Sector and regulatory matters

In 2015, CREG introduced the direct negotiation between purchasers and sellers mechanism as a new method for selling natural gas in Colombia, and established a schedule stipulating the length of the contract negotiating period. The information given below is taken from the monthly reports for the second half of 2017 published by the Colombian Natural Gas Market Administrator, the entity responsible for collating, centralizing and publishing sector transaction and operation information. Only information from the primary market was taken into account.

Natural gas transportation

- * **Start of administrative action for assets whose regulatory useful life has expired.** In December 2017, pursuant to Resolution 126 of 2010, an application was submitted to CREG to begin the administrative process relating to the following Promigas assets that had been operating since 1998 and whose regulatory useful life had therefore expired.
 - Dibulla - Palomino Loop and Palomino Compressors, on the Ballena - La Mami section.
 - Gas pipeline to Termoflores, on the La Mami - Barranquilla section.
 - 15 branch gas pipelines.

- * **Remuneration for assets whose regulatory useful life has expired.** The following assets are currently at the expert evaluation or assignation of experts stage:
 - Promigas, useful life 2016: La Mami - Bureche Loop and 2 branch pipelines.
 - Promigas, useful life 2017: 13 branch gas pipelines.
 - Transoccidente, useful life 2016: Yumbo - Cali gas pipeline.
 - Promioriente, useful life 2017: 8" Bucaramanga - Payoa gas pipeline.

- Transmetano, useful life 2017: Sebastopol - Medellín gas pipeline.
- * **Transitory natural gas supply plan.** CREG issued definitive Resolution 107 of 2017, whereby procedures are established that have to be followed for executing 'Natural Gas Supply Plan' projects, and also Resolution 155 of 2017, which establishes complementary rules for providing gas import infrastructure from the Pacific.
- * **Transportation tariff methodology.** In August 2016, CREG issued a draft of CREG Resolution 090, a proposed methodology for calculating the natural gas transportation tariff. Efforts were made in the course of 2017 to get CREG to establish an appropriate, robust regulatory framework for transportation activities. It is envisaged that the definitive resolution relating to the new methodology will be issued in the first quarter of 2018.
- * **Commercialization of the wholesale natural gas market.** In September 2017, CREG issued Resolution 114 of 2017, whereby matters relating to commercialization of the wholesale natural gas market are adjusted and all adjustments and modifications that have been made to CREG Resolution 089 of 2013 are brought together. The focus is on promoting competitiveness among parties involved in the supply market by designing mechanisms that will lead to greater transparency and liquidity and by creating new products that are expected to meet specific demands.
- * **Development of natural gas infrastructure.** In November 2017, CREG issued Resolution 155 of 2017, which sets out regulations relating to the Open Season as a market mechanism for developing gas transportation infrastructure projects associated with extensions and gas pipelines other than capacity expansions and dedicated and connecting pipelines. With this Resolution, CREG promotes infrastructure developments for natural gas transportation capacity through free negotiations based on supply and demand. The infrastructure resulting from these processes should be operated by a carrier.

Natural gas distribution

- * 2017 brought two structural changes in natural gas regulations for the distribution area. On the one hand, CREG issued Resolution 114, which regulates commercial aspects of the wholesale natural gas market and brings together and, at the same time, replaces the content of CREG Resolution 089 of 2013. It affects how distribution companies contract supply and transportation by establishing a new auction mechanism to supply the short-term market, and it also makes the long-term gas market slightly more flexible.
- * At the same time, 2017 also saw a transition in distribution methodology. CREG Resolution 066, which is still being discussed, established general criteria for remunerating distribution and marketing activities relating to the provision of domestic public services through networks. Circular 034, which permits applications for transitory charges, granted distribution companies a pause in the delay in updating Colombian market tariffs. CREG Resolutions 174, 197 and 198 authorized Surtigas, Gases de Occidente and Gases del Caribe, respectively, to make transitory distribution charges.

- * **Cálidda.** In July 2017, a start was made on the process of updating Cálidda tariffs when the Five-Year Plan was submitted to Osinergmin. The resolution determining the new tariff is expected to be issued in April 2018, and it is envisaged that this will come into force in May.
- * **BonoGas Peru.** BonoGas continued to be employed in 2017 as a mechanism to encourage the mass use of natural gas in the country, and it is included in the Energy Social Inclusion Fund (FISE). This program enabled Cálidda to make over 130,000 new connections during the year.

Electricity distribution

- * A fourth version of the draft resolution relating to remuneration for electricity distribution activities was published for comments in 2017. However, it still contained the change in methodology towards a 'depreciated asset' arrangement, rather than the 'realizable new value' scheme that is currently in force, despite the numerous observations made by the different agents involved.

Natural gas consumption in Colombia

The average natural gas consumption figure in Colombia in 2017 was 944 Mpcd, 7% down on the previous year.

The sectors where the highest consumption was recorded were non-regulated industrial, with a 26% share, regulated industrial, with 23%, and thermo-electric, with 19%. No specific sector reported a considerable increase; on the other hand, the one that reported the biggest fall was thermo-electric, where consumption was 35% down, and this was the main reason for less natural gas being used in total this year. The reduction in the thermo-electric sector was due to more hydro-electric generation taking place than in 2016, with a consequent drop in gas dispatches to thermo-electric power stations.

Natural gas exports to Venezuela were suspended in July 2015, which means that demand figures during the last two years relate exclusively to domestic demand.

386,553 new natural gas users were served in Colombia this year, bringing the total number of families served to 8,732,149, which translates into approximately 67% of the Colombian population having access to the service. 80% of these users are in the interior, 17% are on the coast, and the remaining 3% are in isolated areas. 98% of regulated users are residential, 85% of whom are in level 1, 2 and 3 income brackets.

Promigas

We endorse our commitment to adequately reward our shareholders and interest groups through our corporate vision, which implies making every effort that might be necessary to consolidate our position as an energy holding company in Colombia and Latin America. This vision is set out in the long-term strategic plan, which was drawn up in 2016 with support from international consultancy firm McKinsey, and the organization has made significant progress with this by implementing strategic initiatives for achieving the goals established in it.

We work extremely hard to achieve sustainable growth, and we are progressing responsibly and with excellence as we help to improve the quality of life of people in areas of influence of our operations.

Relevant corporate facts

Promigas obtained international loans totaling USD 200 million

Fourteen banks in Canada, Chile, Italy, Japan, Peru, Spain and the United States took part in a USD 200 million syndicated loan to Promigas. These funds have made it possible to finance the necessary infrastructure for transporting higher volumes of gas from the southern part of Colombia's Atlantic coast, and to have more fuel available for final users. These funds have also been allocated to financing the consolidation of operations in Peru through Quavii, an affiliate that serves seven cities in the north of the country.

Because of this operation, Promigas was chosen from three hundred companies in the region as one of three finalists for the 2017 Latin American 'Financial Business of the Year' award, made by British company GFC Media Group, which specializes in emerging market intelligence.

The reasons why GFC Media Group's publishers chose Promigas include its acceptance by the market, the excess credit obtained (USD 500 million), the involvement of fourteen banks in Asia, Europe and the Americas, and the fact that "it is Promigas' first syndicated transaction on the American dollar market, resulting in a significant diversification of the company's source of finance".

Brilla today has two million users

With over 2,4 million users, loans totaling \$2.3 billion granted in ten years and recognition by the World Bank, G-20, Financial Times and IFC, Brilla is an example of a successful, inclusive project in Colombia.

Promigas, which owns the Brilla brand, granted Gases del Caribe, Surtigas, Gases de Occidente, Gases de la Guajira and Efigas the right to use it, and also Compañía Energética de Occidente (CEO) from January 2016. Through this program, it has helped to create a positive impact on the wellbeing of the most vulnerable households in terms of unsatisfied basic needs and problems with accessing formal credit. This is particularly clear when it is noted that the products most sold are building materials, electrical appliances, televisions, computers and, for the last two years, cell phones.

Brilla began operations in 2007 when distributors of the Promigas portfolio started, at the request of this latter, to grant approved credit limits to users with a good payment record for their natural gas service connection.

The program has been noted for its low past due portfolio index, which confirms user responsibility and loyalty in response to the company's vote of confidence.

WATTA KA>II, an initiative that won the RedEAmérica '3rd Latin America Transformers - 2017' award.

The WATTKA KA>2 initiative, which is the result of an alliance between Promigas Foundation, Alpina Foundation and Fundación Caminos de Identidad (Fucai), won the RedEAmérica '3rd Latin America Transformers - 2017' award in the 'Sustainable Communities and Private Social Investment' category.

Six indigenous communities in the municipality of Manaure (Chispana, Pactalia, Guaymaral, Chichitshii, Iyishpa and Polumatchon), in Colombia's La Guajira province, have been involved in Watta Ka>ii, and the aim has been to work on restoring ways of earning a living, health care, food production, and education.

Each community, school and family has its Ayaawataa (school and family community observatory), a key tool that enables them to recognize the best mechanisms for protecting and caring for children. It has reinforced the school - community relationship by forming managerial councils and parents' school and ensuring that children's rights are guaranteed.

Promigas obtained rating ratification by Fitch Ratings

In November, for the seventh consecutive year, Fitch Ratings ratified Promigas' BBB- rating (international scale) for local and foreign currency IDR issues, and emphasized its strong market position, geographical diversification, low risk profile for investors, and stable and predictable revenue structure. The rating agency also confirmed, for the sixteenth consecutive year, Promigas' AAA rating (domestic scale), with stable prospects.

CEO company wins RSE Andesco Award

At the award ceremony which was held as part of the closing events at the 19th Andesco Congress, CEO was the company that won the RSE award in the 'Best Corporate Governance Environment' category, for its implementation of strategies aimed at reinforcing the organization's principles and values.

Commissioning of Malena and Los Pinos compression stations

Malena Compression Station, in the town of Puerto Berrío, Antioquia, began commercial operation on August 1, 2017.

The commissioning of this station will result in a 22% increase in maximum transportation capacity in the Transmetano (Promigas affiliate) gas pipeline, from 64 Mpcd to 78 Mpcd, thus guaranteeing transportation for new market growth and the provision of a service that is to the highest standards in terms of quality and reliability.

Transmetano has reiterated its commitment to the region with these investments and its everyday commercial management aimed at meeting its customers' current requirements, and it has succeeded in boosting the transportation capacity that will be required in order to meet the growth in demand in Antioquia.

Los Pinos Station, which was opened by Promioriente before the end of 2017, will enable all its users to enjoy a reliable transportation service via the Barranca - Bucaramanga gas pipeline, thus guaranteeing operational stability and future market growth in the region.

Commencement of operations - Quavii

The start, by Quavii on October 27 last, of tests, including the receipt of gas, on the natural gas transportation and distribution system that will serve seven towns in northern Peru consolidates Promigas' position in its neighboring southern country. This presence dates back to 2006, when a 40%

share was acquired in Cálidda, a company that distributes natural gas and envisages achieving over a million connections in Lima and El Callao by 2021.

The project in northern Peru, a market served by our affiliate Quavii, consists of transporting natural gas originating in the Camisea deposit from the Pampa Melchorita liquefaction plant in Cañete (Lima) to seven towns in that part of the country. Operations commenced officially in November, in Trujillo, an event that was a historic landmark for Promigas as a Colombian multi-Latin company, with 74 direct jobs and a further 376 indirect ones being created.

The towns that will receive the natural gas service are Trujillo, Pacasmayo, Chiclayo, Lambayeque, Chimbote, Huaraz and Cajamarca. USD 60 million out of the total USD 214 million committed to the concession have been invested to date.

Promigas Foundation is recognized by the Agency for Reincorporation and Normalization (ARN).

Promigas Foundation has been working on the subject of peace and reconciliation from its Learning Center in the town of Soledad, Atlántico, since 2016, through its 'Reinforcement of Small Businesses from a Peace and Reconciliation Viewpoint' initiative.

The national government's Agency for Reincorporation and Normalization (ARN) granted Promigas public recognition, in the 'Business Reinforcement' category (for its contribution to peace-building in the country), because of its interest, through its Foundation, in working as a strategic partner on initiatives that support the transformation toward a sustainable and lasting peace in various scenarios by making it possible for more Colombians to have the opportunity to carry out social and economic projects, all in a context of legality.

Gas transportation operations

At the end of 2017, the gas pipeline system was 2,556 kilometers long, 0.2% up on 2016, with a maximum transportation capacity of 783.3 Mpcd, the same as in 2016. The volume of gas transported in 2017 was 331.4 Mpcd, slightly higher than the figure for the previous year. One relevant point worth emphasizing is that at the end of 2017 a new 20 Mpcd transportation contract was signed with the producer Canacol.

There was a moderate increase in the demand for gas in the industrial sector due to various factors, including the normalization of consumption at Cartagena Refinery and higher consumption by cement companies due to gas being available at competitive prices.

Meanwhile, there was a drop in natural gas consumption by the thermo-electric and VNG sectors. In the case of the thermo-electric sector, this was due to more hydroelectric energy being generated during part of 2017, with a resulting reduction in the amount of gas required by thermo-electric power stations, and in the case of vehicular natural gas, the competitiveness of this fuel was affected by variations in the wellhead gas price.

An average of 45% of total transportation system capacity was used during 2017, while the capacity contracted was 92% of the installed capacity.

Volume transported by sector	2016 (MPCD)	2017 (MPCD)	Variation (%)
Thermo-electric	161.7	140.1	-13.3 %
Industrial	121.9	136.3	11.9 %
Domestic	42.9	45.8	7.9 %
VNG	13	11.7	-10.3 %
Total	339.4	331.4	-1.5 %

Investment portfolio

Natural gas transportation

Gas Pipeline*	Promigas
Length of gas pipeline (km)	2,556
Maximum pressure (Psig)	1,200
Maximum capacity (MPCD)	738

Operating Indicators*	Transmetano	Promioriente	Transoccidente
Length of gas pipeline (km)	189	333	11
Volume transported (MPCD)	51.4	64.7**	44.5
Maximum capacity (MPCD)	77.6	85.8***	73.6
Contracted capacity (MPCD)	65.3	51.7	73.6
Volume / maximum capacity (%)	66%	75 %	60 %
Growth in volume (%)	1.4%	11%	4%

Financial indicators*	Transmetano	Promioriente	Transoccidente
Operating income (millions of pesos)	68,210	171,393	6,110
Cost of sales (millions of pesos)	13,068	30,967	1,269
General expenses (millions of pesos)	5,439	6,785	1,211
EBITDA (millions of pesos)	52,846	141,182	2,417
EBITDA margin (%)	79 %	84 %	65 %
Net profit (millions of pesos)	29,591	64,835	2,417
Net margin (%)	43 %	37 %	40 %
Effective Promigas share (%)	99.67 %	73.27 %	68.99 %

* 2017 figures.

** Volume transported Gibraltar - Bucaramanga: 35.64 MPCD. Volume transported Barrancabermeja - Payoa - Bucaramanga: 29.04 MPCD.

*** Maximum capacity Gibraltar - Bucaramanga: 49.6. Maximum capacity Barrancabermeja - Payoa - Bucaramanga: 36.2 MPCD.

Transmetano

- * Malena Compression Station began operations on August 1, 2017, the tariff base for which was approved in 2015 in CREG Resolution 092.
- * As a result of follow-up audits carried out by ICONTEC, it maintained its quality management, environmental management and occupational health and safety system certifications.

Promioriente

- * Los Pinos Compression Station began operations on August 4, 2017, the tariff base for which was approved in 2015 in CREG Resolution 062. The station is needed in order to guarantee operational stability in the gas pipeline and growth prospects.
- * After a rigorous overall analysis, which was requested by the company in line with guidelines in the corporate finance strategy, Fitch Ratings granted Promioriente a long-term AA+ rating. Since this is only one level below the AAA maximum, it will be an optimum supporting credential for a \$205,000 million ordinary bond issue, which is scheduled for 2018, that will enable the company to improve its debt profile in terms of expiry date and generate significant savings in interest.
- * Higher revenue was reported due to the volume transported being greater than the figure budgeted, as a result of higher consumption under the interruptible contract with Ecopetrol and unbudgeted \$2,000 million revenue from Ecopetrol for gas imbalances.
- * As a result of follow-up audits carried out by ICONTEC, its quality management, environmental management and occupational health and safety system certifications were confirmed.

Transoccidente

- * In 2017, Transoccidente maintained its volume transported and contracted capacity with Gases de Occidente, its principal dispatcher.
- * As a result of follow-up audits carried out by ICONTEC, the company maintained its quality management, environmental management and occupational health and safety system certifications.

Promisol: comprehensive solutions for industry

Operating indicators*	
Dehydration capacity (millions of cubic feet per day)	135
Average dehydration volume (millions of cubic feet per day)	115
Compression capacity (HP)	16,000
Average hours availability / month	709
Generation capacity (MW)	63
Km constructed	189

IFRS financial indicators*	Promisol
Operating income (millions of pesos)	103,236
Cost of sales (millions of pesos)	83,442
General expenses (millions of pesos)	6,599
EBITDA (millions of pesos)	13,196
EBITDA margin (%)	13%
Net profit (millions of pesos)	6,364
Net margin (%)	6%
Effective Promigas share (%)	100%

*2017 IFRS figures.

- * With respect to gas treatment, Promigas holds contracts with Hocol and Canacol that include design, construction, operation and maintenance of treatment plants for gas from the Sucre and Córdoba fields for 12 years and 5 years, respectively. Operations commenced at the Canacol plant in December 2016, and in January 2017 they began at the Hocol plant.
- * As far as its contract with Ecopetrol is concerned, the investments that are required at Ballena Station (La Guajira) for providing the service consisting of receiving, compressing and delivering gas from Venezuela for 13 years are ready.
- * Construction work on Los Pinos and Malena compression stations for Promioriente and Transmetano, respectively, was completed in August 2017.
- * One notable feature was the 56% increase in revenue by Promisol affiliate Zonagen in 2017, due to a successful tariff renegotiation process and an increase in the amount of energy sold, to the equivalent of 100% of its installed capacity.

SPEC

- * The liquefied natural gas regasification terminal commenced operations in December 2016, and since that date it has consistently achieved 100% availability.
- * SPEC delivered 346 MPC of natural gas, as per customer nominations, for 11 days during the year.
- * On July 26 and 27 it received a new load of LNG totaling 89,752m³, in order to meet reliability charge requirements.
- * The strategy to reduce boil-off gas by efficiently managing stocks was implemented.

Natural gas distribution

By the end of 2017, the natural gas distribution companies had connected 140,326 new users, meaning that a total of 3.4 million users in Colombia benefit from the service. During the same period, 138,413 new users were connected in Peru through our share in Cálidda, making a total of 576,813 beneficiaries in that country. This is a result of the commitment to sustainable growth in the two countries where we have a presence, and a response by users to the excellent service provided, mainly in terms of safety and quality.

Operational	GdO	Surtigas	GasCaribe	Efigas	Guajira	Cálidda
Towns served	253	176	210	32	63	22
Users in period	43,077	28,670	36,636	27,333	4,610	138,413
Accumulated users	1,093,577	736,073	934,729	536,116	108,810	576,813
Rings in period	27,130	5,609	16,155	15,684	2,662	81,599
Accumulated rings	1,318,718	804,702	1,048,446	663,722	127,134	804,131
Effective coverage	87%	91%	89%	81%	86%	72%
Natural gas sold (mm ³)	963	885	1,195	240	24	7,885

Financial	GdO	Surtigas	\$ millions			USD 000
			GasCaribe	Efigas	Guajira	Cálidda
Revenue	1,008,554	814,243	1,262,916	350,039	56,133	578,802
Cost of sales	752,676	592,737	824,589	192,263	26,317	387,559
AO&M	113,439	112,096	116,994	45,806	13,110	53,375
EBITDA	142,438	109,410	321,333	111,970	16,706	137,868
Net profit	71,144	46,587	179,039	57,126	7,588	58,565
Debt	625,241	365,946	858,745	130,962	61,591	398,540

Gases de Occidente

- * By the end of 2017, 43,077 new users had been connected, making a total of 1,093,577 beneficiaries and the company the one with the third highest number of users in the country.
- * An additional 16 towns were served last year, which means that the organization's total network coverage reached 12,934 km, 46% spread over 23 towns, 35% in Cali and the remaining 19% in relevant markets in Cauca and Valle del Cauca provinces.
- * After carrying out the corresponding annual analyses, Fitch Ratings ratified the company's AAA rating for the eighth consecutive year, thereby reflecting its sound financial position for meeting its obligations; it is also a key support for a bond issue of around \$300,000 million that is expected to be offered on the market in the first quarter of 2018, in order to prepay a number of loans that are shortly to become due and thus improve the current debt profile, principally in terms of terms and rates.

Surtigas

- * The number of users increased by 28,670 in 2017, and the total number of beneficiaries now stands at 736,073.
- * Efforts to expand coverage resulted in 5,609 rings being built during the year, enabling new users to be connected.
- * With a further 18 towns being served, Surtigas now has a total of 176 communities in its area of influence.
- * Because of its financial results, based on its commercial strategies and strict control of its portfolio and its costs and expenses, Fitch Ratings ratified the company's AAA risk rating.

Gases del Caribe

- * Total revenue from regulated consumption and gas marketing during 2017 was \$1.3 thousand million.
- * By building 16,155 rings and connecting 36,636 users, Gases del Caribe continues to recruit more customers for its gas service, the year-end total number of beneficiaries being 934,729.

Efigas

- * The company's continual efforts have resulted in sound and sustainable consolidated growth.
- * The 27,333 new users obtained during the year means the accumulated total stands at 536,116 in the company's area of influence.

Gases de La Guajira

- * Gases de La Guajira connected 4,610 new users during 2017, for an accumulated total of 108,810.
- * Despite operating in a market where residential users in the lower income brackets predominate and there is little industry, the company's economic results were in line with its activities and its commercial and operational efforts.

Cálidda (Peru)

- * 2017 was the year when the highest number of connections was made (138,413), 25% up on the previous year and with a 14% excess budget execution, resulting in a year-end total of 578,813 users. To a large extent, this was due to the implementation of BonoGas, a state subsidy aimed at consolidating mass usage of this valuable public service.
- * The company reported a 6% over-execution under net profit, due to an increase in installation and other business and an under-execution of operating expenses.

Quavii (Peru)

- * After various delays not attributable to our affiliate company, commercial operation commenced in December 2017, a contractual date marking the formal start of the company's operations but one that will have to be ratified on the 'commencement of supply date', which is expected to be in the first quarter of 2018 and is when the company will begin to receive gas in a liquid state in order to transport it to the principal consumption locations in northern Peru.
- * This company operates the concession obtained by Promigas in 2013 for 21 years. Targets are to make over 150,000 connections in the next five years, with estimated investments of more than USD 214 million (approximately: 28% had been executed by the year end).

Brilla

Historic indicators	
Loans placed (millions of pesos)	2,361,586
Number of beneficiary users	2,416,747
Portfolio (millions of pesos)	629,089
Portfolio percentage >90 days (%)	2.92 %

Brilla beneficiaries, by income bracket	2017 (%)
Income bracket 1	38
Income bracket 2	38
Income bracket 3	17
Income bracket 4	4
Income bracket 5	2
Income bracket 6	0

Brilla is a program that has clearly identified its customers' needs for the last ten years and has generated progress, trust and loyalty, which translates into a better quality of life. In recent years it has therefore become a means of finance that meets specific household needs, notably among people in the lower income brackets.

It currently has a big social impact and is a profitable, sustainable and inclusive business. It has benefited around 2.4 million users, 94% of whom are in income brackets 1, 2 and 3, by granting \$2.3 thousand million in loans. It has a consolidated portfolio of \$629,089 million, with a less than 3% past due portfolio of more than 90 days, a fact that reflects its users' commitment to pay off their loans, monthly payments for which included on their gas bills. The program's EBITDA stood at \$111,101 million at December 2017, equivalent to 16% of the related distribution companies' consolidated EBITDA, which is in line with the strategic objective defined when the program was established and introduced.

Commercial strategies were carried out in 2017 aimed at boosting new product lines, which resulted in notable growth in cell phones, gas appliances, education and mobility (compulsory traffic accident insurance (SOAT), motorcycles and vehicle mechanical checks were particularly significant), and the resulting growth was 33% up on the previous year and represented 22% of total placements. 72% of total placements were in the principal finance lines, namely building materials, electrical appliances, televisions and cell phones.

With a view to increasing competitiveness, effective communication and service for the user, a number of strategies were carried out during the year, including the launch of a pilot program for a new sales channel through a virtual store on the Gases de Occidente Brilla website, the structuring and implementation of a digital strategy aimed at effective, close communication with all users, development and implementation of a support platform to increase the effectiveness of the Brilla appointment system via the Call Center, and the transverse communication campaign commemorating '10 Years of the Brilla Program'.

These initiatives are expected to be reflected in more loans being placed, without affecting historic portfolio quality, and that this will, in turn, result in optimum financial results for the program and, hence, for the distribution companies that operate it.

Electricity distribution and marketing

Compañía Energética de Occidente (CEO)

Operational	CEO
Towns served	38
Users in period	19,177
Accumulated users	367,258
Km. of network	26,543
Energy demand (Gwh)	693
Energy sold (Gwh)	608
Energy losses (Gwh)	197
Total losses (%)	21.30%
Average N1 tariff (\$/Kwh)	522
Cost (G+T+R) (\$Kwh)	223
User share by sector	
Residential	94.84%
Commercial	3.59%
Industrial	0.47%
Other	1.10%
Financial	CEO
Revenue	390,484
Costs	195,863
AO&M	108,231
EBITDA	86,390
Net profit	21,833
Assets	517,125
Liabilities	395,655
Net worth	121,470

EBITDA margin	22%
Net margin	6%
Debt	176,999

- * In 2017, which was one of the most dynamic years in terms of new connections, backed principally by the Financial Support Fund for the Electrification of Rural Areas (FAER), CEO connected 19,177 new users.
- * 2017 was a year of big challenges for the company, in terms of energy losses. It nevertheless managed to end the year with a 16% 'commercial losses' indicator, which was below the budgeted 17% and within the parameters set in the management contract.
- * CEO is continuing on its path to improving its 'over 90-day portfolio' indicator, which fell from 52.48% at the end of 2016 to 51.19% in 2017.
- * These events have been reflected in sounder and more stable financial results.

Corporate economic and financial management

Financial statements

The principal General Balance Sheet and Profit and Loss Statement figures at December 31, 2017, compared to those presented for December 31, 2016, are given below.

General Balance Sheet			
(Figures in millions of pesos)			
ASSETS	December 2016	December 2017	%
Current Assets	339,743	316,910	-6.7
Net Fixed Assets	158,896	84,189	-47.0
Assets under Concession	1,089,347	1,095,937	0.6
Financial Assets	1,629,994	1,798,689	10.3
Other Assets	2,244,285	2,635,810	17.4
TOTAL ASSETS	5,462,264	5,931,535	8.6
LIABILITIES			
Current Liabilities	354,168	317,646	-10.3
Long-term Liabilities	2,356,861	2,651,444	12.5
TOTAL LIABILITIES	2,711,029	2,969,089	9.5
TOTAL NET WORTH	2,751,236	2,962,446	7.7
LIABILITIES + NET WORTH	5,462,264	5,931,535	8.6

Company assets grew by 8.6%, principally in other long-term assets and financial assets.

Notable features of 'Other Assets' included disbursement of the USD 35.6 million loan to Promisol and the reporting in January of the \$68,112 million rental of the compression equipment needed for normal execution of the contract entered into with Hocol for gas treatment services. Additionally, the investment portfolio was strengthened during the year by higher participation method profits, principally at Gases del Caribe, Sociedad Portuaria El Cayao (SPEC) and Promisol, and by the capitalizations of Quavii and Enlace for USD 4.1 million and \$11,321 million, respectively.

Financial Assets, which are generated by virtue of the accounting practices that govern the transportation concession, mainly reflect the annual adjustment for macroeconomic variables in the weighted average capital cost.

The increase in Assets under Concession was due to the fact that investments were made in 2017 in building the Jobo - Paiva and Paiva - Mamonal gas pipelines, in adapting Caracolí Station and Paiva Compression Station, and in building the Malambo - Santa Rita bypass, among other things.

Fixed Assets fell because the rented gas treatment equipment at Promisol compression plants that will be used for executing the Hocol and Canacol contracts was transferred to Other Long-Term Assets.

Liabilities increased due to the disbursement of the USD 125 million syndicated loan, which was used for paying bank debts, disbursing the Promisol loan, and funding scheduled investment projects during the year. And accounts payable were reduced, those to Promisol for progress made on the works involved in constructing the San Mateo - Mamonal gas pipeline and due to the payment of dividends under the terms of the proposed distribution of profits that was approved by the General Meeting of Shareholders.

Summary Profit and Loss Statement

(Figures in millions of pesos)

	December 2016	December 2017	%
Operating Income	621,544	592,796	-4.6
Income, Constructions	377,201	62,482	-83.4
Participation Method	340,131	367,172	8.0
Costs and Expenses	270,644	275,361	1.7
Construction Costs	377,201	62,482	-83.4
Operating Profit	691,011	684,606	-0.9
Depreciation, Amortization and Provisions	84,741	90,818	7.2
EBITDA	775,751	775,424	0.0
Financial Assets	141,480	168,896	19.2
Other Income	44,493	78,965	77.5
Other Expenditure	173,384	204,598	18.0
Net Profit	614,185	648,858	5.6

Gas transportation income fell in 2017 due to lower volumes being transported to the thermal sector, because more hydroelectric energy was generated in 2017 and also because a lower exchange rate was used for invoicing. For both years, Promigas contracted forwards, pursuant to policies for hedging its dollar income, in the following manner: in 2016 they were contracted for 98% of estimated dollar invoicing, while in 2017 a figure of 89% was achieved (annual averages), which allowed for greater stability in gas transportation income in this latter year.

Construction income and costs, which are recorded at the same value under current accounting regulations, decreased because of the larger capitalizations carried out in 2016: El Sur gas pipeline, Sahagún Compression Station, Filadelfia, Cartagena Hub, and adaptations to Palomino Station, among others.

The increase at under the inflation rate in costs and expenses in 2017 was due to expenses incurred in 2016 that did not arise this year.

EBITDA and Operating Profit grew slowly compared to the previous year, mainly because of lower income from the transportation service.

The first point to highlight in 2017 is that participation method income was up, mainly at the following companies: Sociedad Portuaria El Cayao (SPEC), because operations at the plant commenced in December 2016, Promisol, because income rose when the Hocol and Canacol plants commenced operations, and Gases del Caribe, due to better regulated gas and gas marketing performance.

Financial Asset income increased in line with the periodic adjustment that is part of the regulatory procedure for estimating it, which involves the present value of the corresponding cash flows deducted from the weighted average capital cost, calculated on the basis of variables applicable to the natural gas transportation business.

Other Income and Expenditure rose, due to the bigger difference on exchange generated by the account receivable from Promisol for asset rental and to the dollar debt for the syndicated loan. In 2017, income rose from loans to associated companies and due to the registering of the reimbursement of net worth tax, based on State Council judgement 22,145 dated March 2, 2017, that was made in our favor for \$6,277 million.

Net Profit at December 2017 was \$648,858 million, 5.6% up on the previous year and equivalent to 101% of the budget set for the year.

Consolidated financial statements

The consolidated financial statements at December 31, 2017 are presented below, compared with those for 2016 and bearing in mind that Promigas is a shareholder in various related companies.

Consolidated General Balance Sheet				
(Figures in millions of pesos)				
ASSETS	December 2016	December 2017	%	
Current Assets	1,423,745	1,450,849	1.9	
Net Fixed Assets	1,241,805	1,135,752	-8.5	
Assets under Concession	2,121,717	2,187,289	3.1	
Financial Assets	2,079,199	2,295,682	10.4	
Other Assets	2,398,681	2,565,086	6.9	
TOTAL ASSETS	9,265,148	9,634,659	4.0	
LIABILITIES				
Current Liabilities	1,298,962	1,046,422	-19.4	
Long-term Liabilities	5,011,339	5,409,359	7.9	
TOTAL LIABILITIES	6,310,302	6,455,781	2.3	
TOTAL NET WORTH	2,954,846	3,178,877	7.6	
LIABILITIES + NET WORTH	9,265,148	9,634,659	4.0	

Assets were 4% up in 2017, mainly due to the WACC adjustment for macroeconomic variables for calculating Financial Assets and Promisol recording the account receivable in dollars under the Hocol and Canacol contracts, relating to compression stations and natural gas dehydration at its production fields.

The increase in Liabilities is due to disbursements of the USD 200 million syndicated loan, the funds from which were used by Promigas (63%) and Quavii (37%) in Peru to pay obligations with financial entities and loans to affiliate companies.

Consolidated Profit and Loss Statement

(Figures in millions of pesos)

	December 2016	December 2017	%
Operating Income	3,189,060	3,256,748	2.1
Income, Constructions	583,018	200,639	-65.6
Participation Method	125,896	141,970	12.8
Costs and Expenses	2,375,188	2,341,959	-1.4
Construction Costs	583,018	200,639	-65.6
Operating Profit	939,768	1,056,759	12.4
Depreciation, Amortization and Provisions	151,318	166,732	10.2
EBITDA	1,091,086	1,223,491	12.1
Financial Asset Income	180,952	209,936	16.0
Other Income	113,080	84,010	-25.7
Other Expenditure	358,266	419,570	17.1
Net Profit	616,697	645,247	4.6

The drop in Operating Income was mainly for the following reasons.

- * Lower gas transportation income due to lower volumes dispatched to the thermal sector and the lower exchange rate, compared to 2016.
- * Lower construction income by Promisol, bearing in mind that construction of the Promigas San Mateo - Mamonal gas pipeline was recorded in 2016 whereas construction in 2017 related to the Malena and Los Pinos gas pipelines for Transmetano and Promioriente, respectively. Its dehydration income fell by 100%, due to termination of the contract with Chevron in September 2016, while generation income was down by 14% because the contract with Biofilm ended in May 2017 and due to less commission received for equipment sale representation.
- * SPEC income down in 2017. The higher income recorded in 2016 was due to activation of the investment for the commencement of operations, which is offset by the same sum under Cost (\$149,938 million). The reduction is not great, since the plant operated throughout 2017 whereas in 2016 it operated only in December.
- * Surtigas and GdO income down, due to lower gas sales to thermal generators because the El Niño phenomenon had ended and to little activity on the secondary market for placing gas stocks.

The fall in Costs and Expenses relates mainly to Promisol, due to less income from construction work during the year, and to SPEC, because the cost of activating the investment for the commencement of operations was recorded in 2016.

Other Income fell because of the indemnity that was received in 2016 for damage caused by bad weather at Promioriente, which was offset in part by recording the difference on exchange, which increased. Other Expenses increased due to the difference on exchange on dollar liabilities.

Financial Information Dissemination and Control Systems

We have implemented internal controls and procedures at Promigas for managing business risks, preserving effectiveness and efficiency in our operations, and guaranteeing reliability and promptness in the information we present to our interest groups.

We continually check and evaluate internal control performance and effectiveness relating to financial reports; these evaluations include analyzing the design and effectiveness of controls that mitigate risks associated with the generation of financial information and also aim to guarantee the integrity of that information.

The monitoring mechanisms we have established in our internal control system mean that we can reasonably guarantee that in the course of 2017 there were no deficiencies in those controls that might have hindered the registration, processing, summarizing and adequate presentation of financial information; similarly, we have not been aware of any fraud, willful errors or manipulations that could have affected the quality of that information.

Indicators

Contracted capacity

Company	Contracted capacity (%)
Promigas	89
Transmetano	83
Promioriente	60
Transoccidente	100

Regulatory compliance

Promigas and its affiliates had no significant fines or sanctions imposed on them in 2017 that were related to the services they provided or to economic, environmental or social factors.

ECONOMIC VALUE CREATED AND DISTRIBUTED

ECONOMIC VALUE CREATED AND DISTRIBUTED	2017 (millions of pesos)
Direct economic value created (VEC)	
Total consolidated income	3,894,931
Operating income	3,749,934
Other non-operating income	144,997
Economic value distributed (VED)	
Total salaries and social benefits for staff	226,320
Operating costs	2,368,412
Investments in the community	12,471

Payments to governments	57,295
Payments to providers of capital (dividends paid to all types of shareholders)	519,123
Total economic value distributed	3,183,621
Economic value withheld (VER) (VEC minus VED)	711,310

2. TO STRENGTHEN THE VALUE PROPOSAL FOR OUR CUSTOMERS

Competitive Solutions and Customer Service Quality

We guarantee our customers a prompt, reliable and safe service, and we make quality and customer service a fundamental part of our organization's culture.

Management of our relationship with customers is based on actions aimed at reinforcing the value proposal, designing competitive solutions, and always providing a quality service. The action we take for managing relations with our customers include analyzing current and potential markets, structuring commercial policies and strategies, maintaining facilities, invoicing, dealing with requests, negotiating and administering contracts or offers, attending to and analyzing petitions, complaints and claims, measuring customer satisfaction, administering market management, PQR reports to SUI, and BEO updating.

We guarantee our customers a prompt, reliable and safe service, and we make quality and customer service a fundamental part of our organization's culture. We achieve this goal through our commercial management, with a view to helping to develop competitive solutions for customers and, hence, creating added value for the organization. Our management systems focus on the customer, and a service attitude is a key aspect of every one of our customer-oriented processes.

Our operations

An average of 42% of total transportation system capacity was used, and a notable feature of this was the moderate increase in demand for gas by the industrial sector for various reasons, including the normalization of consumption by Cartagena Refinery and higher consumption levels by cement companies as a result of gas being available at competitive process.

In the case of the thermo-electric sector, the fall in demand was due to more hydroelectric generation taking place in 2017 and thermo-electric power stations therefore requiring less gas. As far as vehicular natural gas is concerned, the competitiveness of this fuel was affected by variations in the wellhead gas price.

The commissioning of Malena Compression Station by Transmetano resulted in a 22% increase in maximum transportation capacity in the gas pipeline, thus guaranteeing transportation for new market growth and the provision of a service that is to the highest standards in terms of quality and reliability.

Promioriente activated Los Pinos Compression Station, which will allow users to enjoy a more reliable service due to greater operational stability in the gas pipeline, which in turn will improve growth prospects.

Our distribution companies continued to draw up competitive proposals for offering their customers reliable, safe energy solutions. Thus, Surtigas designed and developed a biodigester plant to produce biogas and organic fertilizers from organic matter available in the area. And it continued to offer non-regulated industrial users self-generation alternatives based on natural gas.

We highlight the efforts made by Surtigas to stimulate demand for converting from gasoline and diesel to natural gas, one of the best examples of which is Transcaribe, the integrated mass transportation system in Cartagena. The city currently has 167 buses that run entirely on natural gas, carrying approximately 100,000 passengers every day, and this has resulted in a 73% decrease in CO₂ emissions and a 99% decrease in nitrous oxide (N₂O) emissions since the buses started to operate.

CEO directed its customer-oriented activities during the year at strengthening the attention and service it provides. An exhaustive review of processes was carried out to this end, aimed at improving attention quality and times, with successful results. A notable feature is the introduction of text messages to provide more information about preventive maintenance, and this has resulted in a substantial decrease in calls received by the call center reporting damage to the network.

GdO introduced its Uni2 program, which aims to reduce the number of complaints and claims and thus increase customer satisfaction levels. As a result, the number of complaints or claims fell from 60 per 10,000 users in 2016 to 42 per 10,000 in 2017.

Indicators

Promigas

Promigas results	2015	2016	2017
Loyalty index	82%	85%	89%
General quality of services	65%	76%	78%

Satisfaction with customer-oriented processes	2015	2016	2017
Invoicing	82%	77%	67%
Commercial relationship	59%	79%	93%
Nomination	70%	84%	94%
Operation	83%	77%	88%
Maintenance	87%	75%	100%
Attention to complaints and claims*	42%	46%	72%
Attention to requests	67%	67%	73%
Communications	58%	77%	76%

* Formerly called 'Attention to PQR'

GEN Transportation

Results of customer satisfaction study, GEN Transportation, 2017	Transmetano	Promioriente	Transoccidente	Promisol	Zonagen
Loyalty index*	71%	88%	100%	88%	64%
General quality of services	38%	79%	100%	77%	71%

* Corresponds to attitudinal loyalty.

Attention to requests, complaints and claims made by our customers

2017		
Primary transportation capacity requests	Quantity	Compliance (%)
Promigas	31	100
Transmetano	4	100
Promioriente	22	100
Transoccidente	0	0
2017		
Technical feasibility of connection	Quantity	Compliance (%)
Promigas	4	100
Transmetano	0	0
Promioriente	22	100
Transoccidente	0	0
2017		
Requests to quote for access to National Transportation System / intake points or outlet points	Quantity	Compliance (%)
Promigas	4	100
Transmetano	0	0
Promioriente	3	100
Transoccidente	0	0

2017	Promigas	Transmetano	Promioriente	Transoccidente
Number of requests received	34	4	22	0
Number of requests resolved	34	4	22	0
Attention within time established, 5 days (%)	100%	100%	100%	0
Number of complaints and claims	18	7	0	1
Number of complaints and claims resolved	18	7	0	1
Average time for resolving complaints and claims (days)	15	15	0	15

GEN Distribution

	Service quality %	Requests received	Requests resolved	Average resolution time (days)	Complaints and claims received	Complaints and claims resolved	Average resolution time (days)
Surtigas	84	1120 M	1115 M	1.75	40,009	40,029	15
GDO	N/A	1124 M	1119 M	3	52,730	52,124	4

	Complaints and claims received	Complaints and claims resolved	Average resolution time (days)
CEO	188,915	99.88 %	1

3. TO OPTIMIZE PRODUCTIVITY AND GUIDE THE ORGANIZATION TOWARD OPERATIONAL EXCELLENCE LEVELS

Service Continuity and Integrity

We provide reliable, quality services by applying high national and international standards and effective risk management, and continually improving our processes.

Business continuity model

This strategic measure boosts our corporate response ability to provide reliable, quality services through effective risk management and the prevention and mitigation of impacts by our operation.

The organization thus prepares for continuity, recovery and contingencies, and plans the crisis management response (reputation and image), the management of emergencies (lives, environment), and operational continuity (processes), all of this in line with corporate policy.

Integrity of gas infrastructure

We highlight the following initiatives aimed at guaranteeing the safety of our infrastructure.

- Development of in-house software for appraising risks in the pipework and at the stations that make up our transportation system and for the computerized administration of the information this process requires. As a result of this project, we obtained a tool with parameters that can be adapted to any gas pipeline system, which calculates integrity risks, and systematically administers information in this process.
- Development of the 'Manga Activa' project. This innovative project is called 'Development of Refurbishment Methods for Gas Transportation Pipework' and is based on the design of a repair method which relieves stresses in pipework without the need to reduce internal pressure, creating an external pressure (counter-pressure) that prevents the defect from failing. This invention has been given the name 'Manga Activa Reinforcement' and will be patented and managed as intellectual property.

Operational excellence: improvements to NTGas, our gas nomination system

In response to our customers' expectations, we made improvements to NTGas, our gas nomination tool, with a view to increasing trust levels in the balance sheet account and optimizing the operation by reducing the average time taken in the daily account update from approximately three hours to one, representing a saving of around 70% in the time spent each day on this activity.

Similarly, by reducing the target of the first ten working days to the first five, the time needed for the monthly closure was reduced, resulting in optimization of the service calculation and invoices being dispatched to customers more quickly.

Some of the improvements we have made are highlighted below.

- * **On-screen configuration of nodes by contract.** Formerly, nodes or exit points were associated with each specific contract, which resulted in a restriction whereby a customer was unable to make nominations on the same node with different contracts. This screen allows various nodes to be associated with a single contract, thus simplifying the nomination process to dispatchers.
- * **Automatic email notifications with flat file nominations.** Proforma emails have been created with automatic notifications when flat file nominations are uploaded, with a view to generating the customer supporting documentation and controlling the nomination, thereby guaranteeing safety and the anti-fraud control in the application.
- * **Creation of referred volume screen and referred volume equivalences screen.** A screen was designed for reporting volumes referred to the city gate station and another for equivalences, with a view to ensuring that this information is correctly reflected in the balance sheet account. This has enabled distribution companies to adhere to the provisions stipulated in CREG Resolution 070-16 and to report information on volumes embedded in their networks before 9.00 a.m.
- * **Option for external customers to change NTGas password.** This novelty in the use of the application optimizes times involved in the activity, since previously it was necessary to send the company a request for changing the password.
- * **Creation of 'historic nomination' report.** This report allows customers to see the historic record of their nominations, from the time they are entered to when authorization is received from the control center, as they can visualize date, time and user making the transactions. This functionality enables customers to carry out full follow-up and to audit day-to-day nominations.
- * **Reliable information in balance sheet accounts.** Controls were designed which guarantee that nomination values, information entered by Scada and accumulated imbalances recorded in balance sheet accounts are consistent and reliable.
- * **Creation of controls for new resales.** A control was designed which helps to determine the existence of new transactions on the secondary market that are not being reflected in the primary remitter account. This has enabled balance sheet accounts to be updated quickly when transportation resales occur, thus increasing remitter confidence in the report.

Indicators

GEN Transportation Operations, 2017	Promigas	Transmetano	Promioriente	Transoccidente	SPEC
Service continuity index (%)	99.9999	99.49	99.32	100	100
Service reliability index (%)	99.9999	99.62%	99.50	100	N/A
Gas losses (%)	0.3827	1.17	0	0.35	0.12**
Gas leaks (leaks/km-year)	0.0056*	0.002	0	0	N/A
Number of service interruption events (attributable to the company)	2	1	4	1	0
Number of service interruption events (attributable to third parties)	5	0	1	0	0

* Corresponds to leaks caused by the threat of external corrosion (Malambo - Santa Rita, Manaure - Uribia, Riohacha - Maicao region) and mechanical damage by third parties (Puente Dr. Tucurinca region).

**SPEC administers the % losses per Goil ff gas indicator, for which the target is to keep it below 0.15%.

Promigas historic figures	2014	2015	2016	2017
Number of service interruption events (attributable to Promigas)	1**	0	2*	2***
Number of service interruption events (attributable to third parties)	1	4	1	5

* The Mamonal Regional Transportation System was affected.

** The Arroyo de Piedra ERM was affected.

*** The Mingueo and Sampués ERMs were affected.

GEN Distribution operating indicators

	GDO	Surtigas
DES (duration equivalent to service interruption in hours)	5.95	57.47
IRST - Technical services response index (%)	N/A	99.99

CEO	2015	2016	2018 target
Saidi (hours). Duration of each energy service interruption	51.6	38.1	35.1
Saifi (times). Quantity of energy service interruptions	32.3	31.3	24

CEO achieved a reduction in the mean time for resolving damage of 60.1% in urban areas and 58.6% in rural ones.

Surtigas achieved a 0 in its external audit 'no conformities' index.

4. TO STRENGTHEN SUPPLIER AND CONTRACTOR MANAGEMENT

We rely on suppliers and contractors who offer the goods and services that Promigas and its affiliates need for their operations in the context of good environmental and social practices.

We administer our purchases in accordance with the organization's requirements and in the context of strict principles governing ethics, transparency and fairness and our interest in doing business under just, long-term and mutually beneficial conditions.

We continually review and adjust our policies, procedures and manuals, especially the 'Procurement Policy' and related documents, which regulate our relationship with suppliers from the supply perspective. The November 2017 Procurement Policy update included corporate directives that reinforce good practices and transparency in supply management, in an effort to give good governance matters greater coverage.

In the context of the 'Sustainable Suppliers' initiative, critical supplier management and monitoring were outsourced in September 2017 to a specialist, who will also help us in our search for new suppliers, with a view to providing those in charge of Promigas procurement with information about potential new suppliers.

Similarly, in October we presented the management and monitoring platform to our suppliers and contractors. This is available at no cost so that they can keep general and financial information and their companies' experience, among other things, up to date. Participation to date has been 31%.

Twelve suppliers of goods were visited between October and December in order to check their facilities and ensure that the information recorded in the system complies with the environmental, social and good governance policy, including the human rights position.

Three Contract Administrator Training cycles were held, aimed at coordinators and professionals who perform these duties, including back office companies, and the total coverage figure for this was 64%.

As far as critical suppliers of goods are concerned, in 2017 we began an initial self-evaluation exercise on sustainability issues with 13 of them who we placed 1,258 orders with totaling \$82,164 million (87% of total purchases). The main conclusions we drew were the following.

- * 67% of the participants have persons who are in charge of or responsible for the environment.
- * 25% of the participants have persons who are in charge of or responsible for social and compliance matters.
- * 25% of the participants have some type of ISO 14001 certification.
- * 8% have some type of human rights compliance indicator, audit their suppliers, or apply State of California legislation in supply chain matters.
- * 0% have programs with suppliers aimed at reducing CO₂ emissions or a code of conduct.

Continuing with this program, visits were made to a number of suppliers, ten of them directly and eleven by a third party. These audits were conducted in various ways, some by means of site visits and others by

interviewing people at the site or away from it. This enabled us to analyze their compliance promises and translated into our requesting action plans from four of them.

We will be able to expand the initiative on the basis of these results and cover more suppliers of goods in 2018.

Meanwhile, our affiliate Promioriente continues to carry out its Shared Value program with companies that have no system certification under the different quality, health and safety at work, and environment standards. It consists of carrying out an initial diagnosis and subsequent follow-up on observations made on various visits, until such time as the company achieves certification. This is a voluntary process where each company makes the decision to carry out whatever modifications might be suggested and works to achieve certification.

Supplier loyalty

The results enable us to check their commitment to delivering competitive products and services to us that have high quality standards and are at fair prices.

Based on the 2016 findings, a Supplier Induction Program was designed which contains a full guide to stages and to the branches and persons in charge of relations with them and our communications with them.

Supplier loyalty: 71%
Study carried out in 2016.

Indicators

Progress on management systems with significant contractors (%)

Promigas	Transmetano	Surtigas	GdO	CEO
85	100	59		76,5

Significant suppliers who receive training in health and safety (%)

Promigas	Transmetano	SPEC	Surtigas	GdO	CEO
63	100	100	100	100	100

Promigas and its affiliates include clauses stipulating compliance with legal obligations on health and safety in all their contracts.

Supplier performance evaluation*	Promigas*	CEO
Percentage of suppliers whose performance was evaluated (of total target population)	78%*	41%
Average supplier score (out of 100)	89*	95.5

* The figures relate to the evaluation carried out in 2017 for the 2016 fiscal year. The 2017 evaluation will be carried out during the first four months of 2018. This includes environmental matters and will be carried out with suppliers of goods and services to Promigas, Promisol, Promioriente, SPEC and Transmetano.

Enlace Shared Services Center

Enlace Shared Services has been formed as a new, standardized and centralized management model that will guarantee trackability, specialization and efficiency when administrative and financial processes relating to the Promigas distribution business are being carried out.

A team headed by Promigas staff, distribution companies and outside consultants worked to set up this new company, which has been handling accountancy, taxation, accounts payable, treasury, payroll, procurement and IT processes for Gases de Occidente S.A. E.S.P., Compañía Energética de Occidente S.A.S., Surtigas S.A. E.S.P., and Orion Contact Center S.A.S. since October 2, 2017.

Due in no small part to its new technological tools, trained personnel and standardized processes, it is envisaged that once the new company's operations have stabilized, there will be numerous benefits for the company. The principal ones are as follows.

- * Allowing companies to focus on the activities involved in their own business.
- * Increased supervision and control capacity.
- * Access to technological investments in specialized knowledge by exploiting economies of scale.
- * Lower transaction costs.
- * Cooperation between Promigas' affiliated companies.
- * Standardization of processes and better opportunities to capitalize on opportunities to improve.
- * Service quality backed and formalized by ANS.

With specific reference to our suppliers, Enlace will enable communication channels and process information to be brought into line and unified, thereby offering greater transparency and increasing satisfaction in our relationship with our suppliers.

5. TO STRENGTHEN RELATIONS WITH THE COMMUNITY

Promotion of Local Development

We contribute to improving quality of life in regions where the company carries out its operations through social management practices.

In line with this commitment, we focus our actions on supporting local governments and building skills so that social actors can develop in communities, and we do this by stimulating local development, guided at all times by our corporate policies and procedures, our respect for human rights and an appraisal of local realities.

Local communities

Our Community Relations team monitors the social risks we considered in our business context analysis and determines actions, plans and programs that will enable us to minimize the effects associated with those risks and exploit opportunities to strengthen our relations with the community as we help it to develop in a sustainable manner.

Details of our activities in 2017 are given below.

- * We conducted a campaign with local interest groups, local governments and communities, the purpose of which was to demonstrate our commitment by making known not only our social programs in areas where we have activities and the benefits resulting from projects we have carried out but also our plan of action for the year, and we also used the campaign to look into the possibilities of joint development actions by the company and local governments.
- * In the context of the community dissemination strategy, we conducted a new survey to find out communities' opinions of disaster risk management in their areas, and the results confirm that they all want companies and risk management offices to be better prepared for dealing with risks associated with climate phenomena.
- * During this period, a diploma course in Leadership and Local Development was offered, in conjunction with Universidad del Norte, and 50 neighborhood leaders from coastal areas in the town of Ciénaga, Magdalena, took part. This process fostered the development of leadership skills in participants, together with group cohesion and strategic planning for development. As a result, leaders will draw up projects that will contribute to local development with a sustainable approach which they will be able to submit to the corresponding entities. To complement activities associated with dissemination of the company's Contingency Plan among neighboring communities, a program was drawn up to assist ten education institutions in Sucre province in producing school risk management plans under which pupils, teachers and parents were trained to identify conditions that could lead to risks in their surroundings and defined mitigation measures for them, together with contingency plans that would enable them to face up to any emergency. Rescue organizations and municipal risk management committees took part in this process, so that the schools' contingency plans could be coordinated with the municipal PGIR.
- * We implemented social investment projects in our areas of influence, and these enabled us to help improve quality of life and progress, strengthen long-term relations with them, and establish a suitable environment for activities involved in the operation and maintenance of our gas infrastructure.

In view of its commitment to be a driving force behind local development in communities where it engages in its operations and to ensure that projects generate economic development in areas where it has a direct influence, Promigas has to guarantee that members of the community participate by prioritizing the hiring of qualified and non-qualified local manpower for undertaking construction or maintenance work, where applicable.

The following table gives consolidated local manpower hiring figures for maintenance activities.

PROVINCE	Total workers on site	Total workers from the community	Percentage hired
Bolívar	18	11	61.11%
Magdalena	38	25	65.79%
Sucre y Córdoba	103	85	82.52%
La Guajira	34	34	100%

Indigenous and Afro-descendant communities

- * We look for ethnic communities³ in areas of direct influence of all our projects, and if any are found we carry out prior consultation processes with them in order to explain the scope of the works, review the social and environmental impact of our activities, and agree on any compensation measures that might be required.
- * Environmental impact studies were conducted during the year for four new projects, as part of which 32 prior consultations were carried out, mainly with Zenú communities and Afro-Colombian groups, and as a result of these, management and compensation measures are currently in the process of being agreed upon.
- * We appreciate the health problem facing Wayúu people, and we therefore arranged a second session of the Primary Health Care diploma course, with assistance from Universidad del Norte. Through this strategy, we succeeded in training leaders who grasped the essence of primary health care, with prominence being given to local wisdom and culture when designing a change in the health care model. 40 health institution staff and community leaders received training.
- * The first integrated academic education cycle for children and adults was also held, namely the Tü Wanüikukat (Our Word) Wayúu literacy program, for four indigenous groups in communities in the Manaure, La Guajira, area. This initiative benefited 120 children and adults. During this period, in addition to carrying out the literacy process which resulted in participants performing better in mathematics as well as in reading and writing, a team was formed to multiply efforts among members of the community.

³ Indigenous communities that are to be found in our area of influence are the Wayúu, in the towns of Manaure, Maicao, Uribia, Riohacha and Dibulla, in La Guajira, the Koguis, Arhuacos, Kankuamos and Wiwaas, in Santa Marta, Ciénaga and the Banana Zone, and the Zenúes, in Sucre, Córdoba and a small area of Bolívar. We found Afro-descendant communities in Bolívar, the Banana Zone and Sucre. In Cauca province, an area of influence of our affiliate CEO, there are Páez, Totoró, Guambiano (Misak), Yanacona, Kokonuco, Eperara Siapidara, Inga and Pubenense communities.

Despite the work done to benefit indigenous communities, notably the Wayúu in La Guajira, it has not been possible for the company to complete maintenance work in the province on the Riohacha-Maicao gas pipeline, which is not in the best condition. The problem has forced us to reduce gas pressure on this section, which could compromise prompt gas deliveries to domestic customers by the distribution company in the area, but priority has been given to pipework integrity during the operation, in order to guarantee the safety both of people and of infrastructure. This decision was made after existing channels for reaching agreement with the communities were exhausted, since they are demanding, among other things, a large sum of money by way of compensation for carrying out the maintenance activities, which is not applicable.

In the case of Transmetano, its social strategy went hand in hand with construction of Malena Compression Station, and as a result it has won the trust of the local community for the work. Among other things, the company provided the community with advice and assistance about employment possibilities associated with the investment, and the result was open, inclusive selection processes in Puerto Berrío for persons with the profiles required to fill the respective vacancies. Thus, 80% of the qualified manpower and 100% of the unqualified manpower required for the project was hired in Puerto Berrío, a total of 230 people.

In addition to the above, Transmetano executed a number of programs that affect younger members of the population

Being + Teacher. This computerized teacher training program operated by ProAntioquia sets out to encourage human development in participants by fostering their socio-emotional and pedagogical and social leadership skills. Thirty teachers from five education institutions in the area took part.

Youngsters + Entrepreneurs. A program that is a fundamental part of the Transmetano social strategy and is run by the Promigas Foundation, whereby youngsters and teachers at education institutions receive training in entrepreneurship. 120 teachers and 365 students took part in Puerto Berrío.

With relationship tactics based on trust, transparency and mutual respect, SPEC maintains a good relationship with the six Afro-descendant territories in its area of direct influence.

Ararca, Barú, Bocachica, Caño de Loro, Pasacaballos and Santa Ana are the black communities in SPEC's area of direct influence, and with these it has defined and consolidated effective participation mechanisms marked by respect for their ancient customs, traditions and values. These six communities certified by the Ministry of the Interior as ethnic minorities are part of the Cartagena District (Bolívar).

SPEC's social activities with these minority groups focuses on their conservation, strengthening and promotion by understanding and interiorizing their autonomy as a differential community, their characteristics, and their vision of social and economic development.

Promigas considers it a priority to maintain open dialogue and communication at all times with all interested parties, and especially with communities in its area of influence, and to that end we provide opportunities for feedback and mechanisms for receiving petitions, complaints and requests from communities through the free care line and the website.

A summary of petitions, complaints and requests received during the period is given below.

ITEMS	SUB-CLASSIFICATION	Total 2016	Total 2017
Petitions	Filing of right to petition	3	10
Complaints	Damage to infrastructure or public services areas	1	0
	Damage to private property	0	0
	Inconvenience cause by company activities	4	3
	Discontent with agreement	1	5
Preventive report	Third party activities	3	0
	Closeness to gas pipeline	6	0
Requests	Requests from communities	41	16
TOTAL		59	34

Contribution to the Quality of Education

We work hand-in-hand with allies and strategic partners, committed to quality education for life that will boost the development of man and society.

Through our Promigas Foundation, we create significant, contextualized opportunities for change, with a view to improving quality of life for communities, especially vulnerable ones.

To achieve this, the Foundation adopts an assistance approach and strategy that stresses development of the individual and the collective skills of those involved in social change processes. Additionally, critical and systematic reflection on social transformation processes makes it possible to generate new knowledge, which is then shared with society and boosts social change initiatives.

The Foundation has a direct presence in 57 towns and localities in 13 Colombian provinces and, online, in two countries, in addition to an indirect presence in nine provinces, 14 towns and one country (Dominican Republic).

Coverage in the area of influence of the Promigas gas pipeline is as follows.

- * 34% total coverage.
- * Jobo - Majagua Loop: 100% historic coverage in towns where it has an influence and 44% in hamlets and settlements.
- * South Loop: 100% historic coverage in towns where it has an influence and 47% in hamlets and settlements.

Notable features of 2017 include the following.

- * The WATTKA KA>II initiative won the RedEAmérica '3rd Latin America Transformers - 2017' award in the 'Private Social Investment and Sustainable Communities' category (March 2017).
- * 'Communities that Educate', in Cartagena's La Candelaria neighborhood, was recognized by the Colombian Family Welfare Institute (ICBF) as a significant experience in response to its 'Family, Networks and Community' strategy. The initiative has contributed to the overall development of children under the age of six living in conflict zones. (October 2017).

- * The De Novo Research Group, which is part of the Promigas Foundation, was recognized by Colciencias, which raised its classification from Category C to Category B, and the group also achieved a high ranking under Type A new knowledge products (social appropriation of knowledge) and Type B training. Very good results were also obtained in its cohesion indicators, illustrating co-authorship within the group, and cooperation, which indicates joint work and co-authorship with other research groups, all of which ratifies the aim of strengthening interdisciplinary and interinstitutional knowledge generation networks.
- * The national government's Agency for Reincorporation and Normalization (ARN) publicly recognized Promigas' interest, through its Foundation, in working as a strategic partner on initiatives that support the transformation process toward a sustainable, lasting peace in various scenarios by making it possible for more Colombians to have the opportunity to carry out social and economic projects, all within a context of legality. The 'Strengthening Small Businesses with a view to Reconciliation and a Peace Culture' initiative was recognized in the 'Business Reinforcement' category (December 2017).
- * As an important part of strengthening skills in the regions, influencing the design of public policies and achieving informed participation by a critical civil society, the 'Guajira 360° Center for Thought for Development' conducted a study entitled 'Relevance of Royalty Expenditure in La Guajira Province, Riohacha and Production Towns', which analyzed the quality of expenditure financed by royalties during the period from 2012 to 2016 and enabled a road map to be proposed for investing these funds that takes into account the province's needs by analyzing quality of life indicators, so as to prioritize investments, and making them more efficient and relevant.
- * 98 initiatives were carried out in 2017, eight of them new while the other 90 have been in progress for some years. 42.9% are part of 'Communities that Learn', 13.3% come under 'Territories that Learn', and 43.9% the Learning Center.
- * We directly assisted 462 education institutions (325 with Promigas and its partners and 137 with Promioriente), 1,818 teachers and teaching managers were trained (1,715 with Promigas and its partners and 103 with Promioriente), and also 130,420 students (128,218 with Promigas and its partners and 2,202 with Promioriente).
- * Six Foundation graduations benefited:
 - 91 education institutions
 - 1,452 teachers and teaching managers directly and a further 4,680 indirectly
 - 770 students directly and 85,311 indirectly
 - 231 direct beneficiaries in other categories, such as parents.
- * The 'Territories that Learn' unit carried out the small business entrepreneurship and reinforcement program, with the following results:
 - * Loans totaling \$160,050,000 were granted to a total of 471 small businesses.
 - * The portfolio recuperation rate is 73%.
 - * Average monthly sales of \$1,227,796 and average monthly profit of 500,209 in assisted business.
- * 90 research projects are registered with Colciencias, as at 2017, 59 of them in the 'Change, Innovation and Renovation of Education' line and 31 in 'Society-Company and Development'.
- * The overall social investment made by the Promigas Foundation in 2017 was \$6,093,651,615, 33% of which went to developing the education system (\$1,963,660,591), 19% to regional development and reinforcement (\$1,149,686,384), 16% to developing new knowledge (\$1,002,478,224), 25% to donations and contributions to civil society organizations (\$1,496,239,325), and 8% to strategic social projects (\$481,687,091).

Our affiliates

Surtigas. Under its ‘Jóvenes Pazienciando’ strategy for promoting science and technology in the service of peace, 30 youngsters from Carmen de Bolívar became regional agents and promoters of scientific culture for peace. The Presidential International Cooperation Agency of Colombia (APC Colombia), UNESCO and the Surtigas Foundation participated in this initiative.

GdO. It published details of its ‘Young Cauca’ program, in which 404 youngsters took part between 2013 and 2016 and whose aim was to foster employment and income generation for the young. As a result, the number of employed or self-employed persons rose from 4% to 61%. The youngsters also developed the ability to draw up youth development proposals in the coming years.

Social investment

Promigas	2016 (figures in millions of pesos)	2017 (figures in millions of pesos)
Development of educational communities	1,877,004,593	1,962,128,926
Regional development	1,065,789,599	1,149,252,600
Knowledge development	819,923,456	1,003,273,800
Risk management in communities	431,931,005	391,969,250
Donations and contributions	1,353,443,384	1,496,239,325
TOTAL	5,548,092,037	6,002,863,901

Affiliates

	Transmetano	Promioriente	Transoccidente	Promisol	SPEC
Petitions, complaints and claims	30	119	0	0	9

	Total Social Investment (Millions of pesos)	Investment in Education (Millions of pesos)
Transmetano	552	265
Promioriente	1020	604
Surtigas	1475	362
GdO	2630	2541
CEO	320	320
TOTAL	5713	4050

6. TO GUARANTEE AN ENVIRONMENTALLY RESPONSIBLE OPERATION

Management of Resources and Waste

We promote, prevent and minimize the environmental impacts of the company's operations.

We perform our activities fully in compliance with the laws of our country and we adhere to the principles set out in our corporate and environmental policies, both of which are based around our focus on sustainability. We minimize our use of natural resources, dispose of and adequately exploit all waste that is generated by our activities, control energy and water consumption associated with our processes, and foster the use of other, renewable energies. We carry out initiatives aimed at improving our overall waste management and we continue to make our people aware by concentrating on reducing waste at source and classifying it.

Some actions aimed at improving our team's environmental performance and which resulted in an 89% reduction in ordinary waste compared to 2015, our base year, are detailed below.

- * Positioning bins for separating out recyclable waste at all work stations.
- * Provision of a store for collecting batteries.
- * Collecting plastic bottle tops; these are delivered to the Fundevida Foundation in Cartagena, which sells them and donates the funds obtained to caring for children suffering from cancer.
- * Employee awareness campaign aimed at reducing the use of plastic bags and encouraging them to use reusable ones.

With respect to energy management, we continued to change to the use of LED bulbs, with a view to minimizing electricity consumption in administration offices, and achieved 100% coverage in perimeter lighting and on the football field, 25% in garden areas and 20% in lighting in offices. This resulted in a 5% reduction in electricity consumption in offices, in comparison with 2015 (our base year).

Energy consumption by source⁴

	2016 GJ	2017 GJ
Energy from non-renewable sources, natural gas**	2,646,053.54	5,594,399.87*
Energy from renewable sources, solar energy	12.09	12.09
Electricity in administration offices	7,625***	7,766
Electricity at stations and kin networks	3,506	3,476

* Energy consumed in the use of fuel for mobile sources not included, nor gas for domestic use at headquarters 1.

** The increase in consumption was due to the number of hours that the equipment operated at Filadelfia and Sahagún stations. New facilities that began or boosted operations in 2017.

*** GRI 102-49. The figure was updated after publication of the 2016 Management Report. These values were taken from public utilities bills, and exclude the Terpel and EDS Via 40 facilities, which are at headquarters 1.

⁴ For calculating energy consumption by fuel used, heat rate and volume of gas consumed by equipment are used; in the case of solar energy, average equipment power is used, while for electricity, public utility bills are used.

Total water consumption by source⁵

Total water catchment by source	2016 (m ³)	2017 (m ³)	Registration and control method
Deep well*	1748.2	1654.4	Daily measurements and control when pumping
Municipal water network**	28, 853.94***	42,257**	Continuous measurement and use of saving items

* Catchment with measurements authorized by the environmental authorities. Applies to Sahagún and Palomino stations and headquarters 1.

** Includes administrative headquarters in Barranquilla and Arenosa Station. The increase in consumption was due mainly to leaks in the system; when these were detected, measurement systems by sections were installed so that these would show up and similar situations could be prevented.

*** GRI 102-49. The figure was updated after publication of the 2016 Management Report.

Total weight of waste generated, by type and disposal method

Type	Description	Place	2015 t	2016 t	2017 t	How managed
Ordinary waste	Waste from offices, cups, food waste, napkins, bathroom waste	Administration headquarters and construction projects	107.1	140.4***	133.3*	It is delivered to the respective public utilities company for disposal.
Waste water	Waste water from portable bathrooms	Construction projects and facilities	34.67	1,569.03	14.5	It is delivered to the companies responsible for maintaining the portable bathrooms for subsequent disposal in public sewers of third party treatment systems.
Recyclable waste	Paper, newspapers, cardboard and scrap.	Office activities and construction projects.	11.99	22.89	27.47	It is delivered to recycling cooperatives in Barranquilla, Riohacha and other towns for recycling.
Rubble	Left-overs from excavations or demolition	Construction activities	3.91	6.10	34.3	Disposed of for reuse on works or at authorized sites.
Dangerous solid waste	Electronic waste, oils and solids contaminated with hydrocarbons or chemical substances; hospital and similar waste	Operation and maintenance activities on the transportation system and in offices.	147,59	84,24	19,61**	It is managed comprehensively, with separation at source and preventing spills or leaks. Electronic waste is delivered to authorized companies for recycling or destruction. Remaining dangerous solid waste is handed over for treatment or incineration, with ashes disposed of in safety cells.
Dangerous liquid waste	Oils and oily water	Operation and maintenance activities on the transportation system and in offices.	32.81	190	36.68**	It is managed comprehensively, with separation at source and preventing spills or leaks. Oily liquid waste is treated by third parties for subsequent use as a source of fuel.

* This report excludes ordinary waste associated with Terpel, EDS Via 40, and Enlace.

⁵ Water consumption calculations are based on volume meters at the different supply or catchment sources.

** No new gas pipeline construction projects were executed in 2017, but the Heroica Station in Cartagena was remodeled and office refurbishment work was done at headquarters 1.

*** GR 102-48. The figure was updated after publication of the 2016 Management Report.

Climate change

We are committed to mitigating and offsetting the organization's carbon footprint.

We are implementing a climate change strategy that implies making our infrastructure ready to adapt to this. To this end, a diagnosis was carried out in order to identify and prioritize the main risks and opportunities this situation represents for us, with various branches of the organization taking part. The results are as follows.

- * We set ourselves the target of reducing our carbon footprint by 10% by 2020. In 2017 we achieved a 39% reduction on our 2015 base year, which included Scope 1 emissions and methane gases. We have improved the quality of information for measuring this, especially with respect to leaked emissions, which have to date been estimated as representing 5% of total losses. A pilot test was carried out in 2017, the results of which showed that this figure is higher than real company emissions, thus illustrating that our carbon footprint has been affected by higher emissions. We are measuring leaked emissions on all our infrastructure, so that we can recalculate our carbon footprint.
- * We continue to do all we can to improve the Scope 3 calculation, which we began to measure in 2016. During the year we had to recalculate the carbon footprint value for the base year, a process that was reflected in the most recent verification by ICONTEC during the ISO 14064 certification exercise⁶.

Emissions⁷

Greenhouse gas emissions (Scope 1)	2016 (tonnes of CO ₂)	2017 (tonnes of CO ₂)
Greenhouse gas emissions	32,073.52*	35,981.23

* Figure updated after ICONTEC verification, November 2017.

Indirect emissions from electricity consumption

Greenhouse gas emissions (Scope 2)	2016 (tonnes of CO ₂)	2017 (tonnes of CO ₂)
Greenhouse gas emissions	687.15	683.24

⁶ The measurement of our carbon footprint is certified by ICONTEC using the NTC – ISO-14064-2006 methodology and the World Business Council for Sustainable Development (WBCSD) greenhouse gas emissions protocol.

⁷ The tool designed by CEAM for administering information and calculating the greenhouse gas inventory was used for making the calculations, and CO₂, CH₄, N₂O, HFC, SF₆ and NF₃ gas emissions were considered in Scope 1. Emission factor data has been taken from the CEAM document entitled 'Emission Factors Considered in the Tool for Calculating the Corporate Carbon Footprint', and the potential global warming rates used are those reported by IPCC in the 'Fifth Evaluation Report by the Inter-Governmental Group of Climate Change Experts'. Direct methane emissions by vent or leaks in the transportation system are estimated as being 5% of total losses in the system.

Biodiversity

Our approach is based on knowledge and prevention of environmental risks to biodiversity and minimizing and controlling impacts on the performance of our operations, with the conservation of biodiversity as a criterion from the early stages of the project planning and design process.

We achieved the following in 2017.

- * We continued to participate in the 'Biodiversity and Development' initiative led by the Colombian National Businessmen's Association (ANDI) with support from Colombian National Parks and the Alexander von Humboldt Institute, and we have presented our first pilot project for guiding environmental compensation and investment efforts by the business community, aimed at connectivity with protected zones or areas of interest in the Caribbean region.
- * As part of our new project design, the route of the Paiva - Caracolí gas pipeline has been designed to run outside protection areas, thus avoiding having to pass through Los Rosales Regional Park in Atlántico province. It was not envisaged that other projects would pass near protection areas, but even so, their routes have been designed to minimize interventions in vegetation and passing through environmentally sensitive areas.
- * In the case of projects currently in progress, biodiversity impact evaluations were carried out and endangered species that could be affected were identified, with the result that management and compensation measures were proposed to the Ministry of the Environment and Regional Development. The necessary procedure for lifting the ban on removing biodiversity specimens (principally vascular and non-vascular epiphytes) in Córdoba, Sucre, Bolívar and Atlántico provinces was accordingly followed.
- * Activities were carried out with our staff to inform them about endangered species in our area of influence and to promote caring for biodiversity.

Our operations had a low impact on biodiversity (flora and fauna components), given that no vegetation was intervened on or felled along the right of way of our gas pipelines.

The route followed by our gas transportation system crosses a number of protected areas, on land belonging either to the state or to private individuals. In these areas, operations and maintenance activities are carried out in accordance with directives issued by the environmental authorities.

Currently we are carrying out a study to monitor the biotic component on the San Mateo - Mamonal Loop, and to compare it with the initial base line.

Operating centers on leased or managed property located inside or adjacent to protected areas or areas of great biodiversity value outside protected areas.

	Location with respect to protected area	Gas pipeline section (km²)	Type of area and value of biodiversity*
Bolívar Province	Interior	0.0014	Los Corales del Rosario and San Bernardo National Park. Land and marine ecosystems. Category II UICN, Decree 2372 of 2010, Colombia.
Atlántico Province	Interior	0.016	Los Rosales Regional Park. Land and fresh water ecosystems. National Protected Areas system, Decree 2372 of 2010, Colombia.

Magdalena Province	Interior	0.090	Parque Natural Nacional Sierra Nevada de Santa Marta National Park. Land ecosystems. Category II UICN, Decree 2372 of 2010, Colombia.
Magdalena Province	Interior	0.00003	Tayrona National Park. Land and marine ecosystems.
Magdalena Province	Adjacent	0.158	Tayrona National Park buffer zone**
Magdalena Province	Interior	0.478	Isla de Salamanca National Park. Land and marine ecosystems. Category II UICN, Decree 2372 of 2010, Colombia.
La Guajira Province	Interior	0.022	Los Flamencos Flora and Fauna Sanctuary. Land and marine ecosystems. Category II UICN, Decree 2372 of 2010, Colombia.
Santander Province	DDV crosses the area	0.626	Reserve area under Law 2 of 1959. Forestry Reserve zone. Land ecosystem National Protected Areas system. Decree 2372 of 2010, Colombia.
Santander Province	DDV crosses the area	0.322	Berlin Integrated Management District. Regional Protected Areas. Land ecosystem. National Protected Areas system. Decree 2372 of 2010, Colombia.
Santander Province	DDV crosses the area	0.42	Bucaramanga Integrated Management District. Land ecosystem. National Protected Areas system. Decree 2372 of 2010, Colombia.

Protected or restored habitats

When the San Mateo - Mamonal Loop was being built, environmental management measures were implemented when soil and vegetation were being removed, in order to simplify recovery and restoration of the organic layer and the growth of minor vegetation along the gas pipeline right of way.

Maintenance work has also continued with the epiphytes that were transferred to the Coraza and Montes de Maria Forestry Protection Reserve in Colosó, Sucre, as a result of which the survival rate of the species transferred rose from 85% to 90% and the birth rate from 21% to 29% in an area of 6.2 hectares.

Additionally, we are currently at the approval stage for the plan to compensate for the loss of biodiversity, which will help to join up protected areas and make a big contribution to recovering tropical dry forest, an ecosystem much reduced in size and of great importance in the Caribbean region.

In connection with other infrastructure maintenance activities, we planted a total of 19,786 trees in an area of approximately 1.84 hectares in our area of influence in Córdoba, Sucre, Bolívar, Atlántico and La Guajira provinces.

Number of trees planted by way of forestry compensation

	Córdoba	Sucre	Bolívar	Atlántico	La Guajira
Planted in 2017	1,720		2,040	36	30
Maintenance		15,960			

Species on the IUCN red list and on national conservation lists whose habitats are in areas affected by operations.

We have identified the following species of flora in areas where we operate that are included on the red list of endangered species in Colombia.

Category	Number of flora species included on the red list of endangered species in Colombia
CR: critically threatened	5
EN: endangered	20
LC: minor concern	7
VU: vulnerable	7

Affiliates

	Transmetano	Promioriente	Transoccidente	Promisol	SPEC	Surtigas	GdO	CEO
Total energy, GJ	19,457	491	60,361	N/A	11,754.5	19,852	6,071.8	1,509.6
Water consumption (m ³)	842.3	233		742	1,538	7,112	7,092	2,487
Ordinary waste (t)	1	1.311	0.011	3.787	316.9	68,301	8,047	11.2
Recyclable waste (t)	0.71	0.247	0.184	0.281	0.365	7,305	0.766	4.2
Dangerous waste (t)	8.2	3.625	0.475	2.189	274.4	4,802	0.441	3.5
Emissions (Scope 1) Tonnes of CO ₂ e	1,422.11	401.11	1.591	N/A	N/A	18,680.54	6,156.25	4,873.47
Emissions (Scope 2) Tonnes of CO ₂ e	49.95	27.15	N/A	N/A	N/A	330.73	335.64	76.77

* Includes only electricity consumption.

Promioriente is working on the definition of an energy management system under the terms of ISO standard 5001:2011, with a view to being able to continually improve energy efficiency, energy safety, energy use and energy consumption with a systematic approach. This standard aims to enable organizations to continually improve efficiency, energy-related costs and greenhouse gas emissions.

It also has a 'Trees and Life' program in conjunction with CDMB and Corponor, entities that are responsible for generating vegetable matter handed over during social activities or in response to a request by the community in the area of influence of the Promioriente Gas Transportation System.

SPEC periodically monitors air quality, environmental noise and sea water at reference points established in the Environmental License. Communities in the direct area of influence attend these monitoring sessions, and SPEC later disseminates and socializes the results.

Surtigas has alliances with local NGOs whereby it donates waste that can be exploited, and also an agreement with ANDI to exploit used batteries and lighting. Meanwhile, all electronic systems at natural gas regulation and measurement stations use solar energy.

Surtigas operations avoid intervening in protected areas. Around 6,000 meters of pipework have therefore been installed in areas where intervention has already taken place. Additionally, while work was being done in Sahagún, 43% of the trees authorized by the environmental authority for the area were exploited.

In an effort to reduce the quantity of non-exploitable waste, GdO began its 'Zero Waste' program during the year, resulting in a figure of 2.4 tonnes fewer, or 23.75% of the total.

CEO reported a reduction in water consumption during the last year, due to its program aimed at instilling a personal commitment in its staff. It also won the 'Golden Hummingbird' award from the environmental authority in Cauca province.

7. TO GUARANTEE A SAFE OPERATION

We guarantee the safety of operations by providing adequate conditions and reinforcing a culture of prevention and sound, safe behavior.

Safety in all our processes

- As part of the company's induction process, new staff receive information about the company's Care Program and safety philosophy. Moreover, continual training is provided in order to reinforce knowledge of, and practice in, safety standards and preventing possible risks in the course of operating our business.
- We use various methodologies, such as training sessions, practices, games days, and safety campaigns and fairs, to ensure that we reach every level of the organization. In 2017, we invited the families of our staff to take part in prevention of emergencies in the home workshops, and also covered our suppliers by means of technical safety sessions.
- Also in 2017, we focused on preventing accidents in high-risk tasks, specifically when working at heights, for which we identified and established improvement plans for 391 scenarios of this kind. We also began to produce dangerous energy control sheets.
- We set ourselves the challenge of strengthening our safety at work management system, with guidelines for a Process Safety System using the Center for Chemical Process Safety (CCPS) methodology. To this end, we began by training 82 members of Transportation Operations Vice-Presidency staff in these guidelines, including the Vice-President, managers, coordinators, professionals, technicians and station operators. In 2018 we will carry out a diagnosis of the situation and draw up a plan of action to remedy any omissions.
- As part of progress made on making our staff aware of safety matters, we have a process safety discontent report program, and this has identified and corrected five findings with the potential to cause major infrastructure damage and, accordingly, to affect employee safety.

	Promigas	Promisol	Promioriente	Transmetano
Safe behavior percentage (%)	97	86	100	N/A
Compliance with HSE conditions percentage (%)	95.5	99.23	99.76	94.05
Target (%)	90	90	90	90

Total accidents	2017	
	M	F
Caribbean coast	3	6
Bogotá	0	0
Total	9	

Note: 'Quasi-accidents are not included in these statistics.

Disabling accidents	2017	
	M	F
Caribbean coast	1	1
Bogotá	0	0
Total	2	

Total number of days lost in the year due to disability	2017	
	M	F
Caribbean coast	7	1
Bogotá	0	0
Total	8	

Note: Days lost refers to scheduled working days. And they begin the day after the accident.

Accident rate (number of accidents / total number of staff x 100)	2017	
	M	F
Caribbean coast	0.779	1.558
Bogotá	0	0
Total	2.34 %	

Accidents de at work	2017	
	M	F
Accident rate (number of accidents / total number of HHT) x 1,000,000	3.64	7.28
Disabling injuries index - ILI (severity index x frequency of accidents at work with days lost / 1,000)	0.00041	0.00006

NOTE: Total ILI index 0.0009

Safety in our operations

We implemented proposals for improving actions resulting from Abnormal Operating Conditions reported.

High-performance Human-Machine Interface (HMI) project

As part of Control Room Management (CRM), the high-performance HMI style guide produced in 2016 with advice from an expert on the subject has been implemented.

The aim of this initiative is to enable engineers at the Main Promigas Control Center to identify abnormal operating conditions more quickly, resulting in decisions being made faster on how to solve problems. Additionally, the ability to surf between HMI windows, the configuration of operation performance indicators, the permanent monitoring of operating alarms configured in the system and various other characteristics all mean that transportation system supervision and control are more efficient and control over the visualization of information relevant to the operation is not lost.

A smartboard touch screen with internet connection has also been acquired, enabling infrastructure plans to be projected whenever any activity is going to be carried out on infrastructure, and marks can be made on these for greater clarity as to the maneuvers that are to be performed This guarantees that information that is to be used is always up to date, since the database where the plans are stored is consulted directly, which is much better than having physical plans in the Main Control Center, and it mitigates the risk of having outdated information.

Safety in our supply chain

Safety criteria were established in 2017 that will apply to all contractors when they are being selected. This is stated in the Procurement Policy and in the 'HSE Manual for Suppliers'. Additionally, the *Bulletin for Suppliers and Contractors* was issued, and safety matters are published in that.

We help our contractors to improve on these safety issues by assisting them in the field during their work, reinforcing their skills by means of training sessions, updating their management on meeting legal requirements, and carrying out follow-up on progress with their management system through audits and verification of indicators.

Absenteeism	2017	
	M	F
Absenteeism rate*	0.0060	

* Time lost / Working time*100

Accidents at work, suppliers	2017	
	M	F
Total accidents	18	0
Debilitating accidents	12	0
Total number of days lost in the year due to disability	103	0
Accident rate (number of accidents / total number of staff) x 100	3.7	0
Accident rate (number of accidents / total number HHT) x 1 000 000	14.75	0
Disabling injury index (ILI) (severity index x accident at work frequency index with days lost / 1000)	0.033	0

Safety for our communities

Promigas is committed to guaranteeing safety in its operations and the safety of communities living near the company's infrastructure, and it has accordingly drawn up a Contingency Plan Dissemination program, which includes activities aimed at strengthening the self-care culture and the prevention of risks in people who live in its area of influence. These activities include Contingency Plan dissemination workshops for communities and for municipal risk management committees, risk management training sessions, house-to-house dissemination and assistance with drawing up community risk management plans.

The aim of these activities is to get communities to understand what risks are associated with the gas pipeline in their area, to take other factors into consideration that might threaten their environment, to adopt preventive measures aimed at ensuring that those risks do not materialize, and to be prepared to deal with any emergency that might occur.

As part of this program, the following activities were carried out during 2017.

Training workshops in risk management and drawing up community risk management plans	36
Contingency Plan dissemination workshops	42
Direct house-to-house dissemination	10,097 homes 11,689 persons
Workshops with municipal risk management committees	26

With a view to putting into practice the concepts passed on by management groups to community leaders at the training sessions, the Promigas Contingency Plan, and interaction with municipal risk management authorities and groups, two emergency simulations were arranged, organized and carried out with communities in the area of influence.

Our affiliates

Surtigas. Surtigas trained 100% of its significant contractors in occupational health and safety. It also arranged a simulation with the Caño de Oro community on Tierrabomba island (Cartagena), in order to evaluate its emergency response to a possible gas leak. A total of 1,083 people in its area of influence were trained in safe gas management and in the correct way to install and handle domestic gas appliances.

SPEC strengthened its comprehensive risk management by training the emergency management committees of community councils in its area of influence, first aid entities and local authorities, following the United Nations Environment Program's APELL methodology.

As part of this reinforcement process, the Mamonal Foundation has updated risk maps, community emergency plans and response arrangements to emergencies that could occur in communities.

Staff	Promioriente		Surtigas		GDO		CEO	
	M	F	M	F	M	F	M	F
Total accidents	1	0	2	4	21	5	18	2
Debilitating accidents	1	0	2	4	17	2		N/A
Days lost in the year due to disability	148	88	48	43	360	7		1,378
Accident rate (number of accidents / total number of staff) x 100	2.94	0	0.45	0.90	4.22	1		6.67
Accident rate (number of accidents / total number of HHT) x 1,000,000		13		8.06		19.06		23.72
Disabling injury index (ILI) (severity index x frequency index / 1000)		0.34		0.72		5.12		0.04

Staff belonging to our affiliates Transmetano, Transoccidente, Promisol and SPEC did not suffer any accidents during the period.

Contractors	Transmetano	Promioriente	Transoccidente	Promisol	Surtigas	GdO	CEO
Absenteeism	0,64	0,16	0	0,17	0,05	0,33	N/A

Accidents with disabling injuries, contractors	13	4	1	0	31	173	105
Days lost in the year due to disability	103	25	7	0	621	1721	1212
Accident rate (number of accidents / total number of HHT) x 1 000 000	53,41	22	51,2	0	2,16	46,19	N/A
Disabling injury index (ILI) (severity index x frequency index / 1000)	0,9	1	0,734	0	9,24	19,12	0,94

The SPEC accident rate for contractors and suppliers was 0.

8. TO STRENGTHEN THE OVERALL DEVELOPMENT OF OUR STAFF

Human management

Our goal is to guarantee that the organization has a competent team for achieving its objectives by promoting its health, comprehensive development, and an organizational climate and culture that is in line with corporate strategy.

Strengthening the organizational climate

Principles and values

With a view to providing guidelines to simplify decision-making and our people's behavior in terms of ethics, each year we design strategies for disseminating and promoting corporate values.

In 2017, a competition was organized in all the companies around the 'Fine Values: Acting on Principles' portfolio, the aim of which was to show values in action by means of a creative, leisure activity that promoted integration and effective team work and represented a challenge to the participants' creativity. There was an internal competition in each company to choose the best design for a promotional poster and to make a film illustrating our principles and values, and the winners then took part in the national competition held in Barranquilla, where the overall winner was chosen.

In addition to this initiative, we carried out other reminder activities at corporate level, such as mailing ethics and values capsules, publishing principles and values in a visible place in all companies, and repeating code of conduct induction activities. There was an opportunity in this latter to share real cases of inappropriate conduct, with a view to creating greater awareness, promoting reflection, and reinforcing good conduct in daily activities.

Climate

In view of the fact that we were drawing up a process optimization plan for Promigas and its distribution companies, consideration was given in 2017 to postponing the climate measurement because this could influence the results of the study. However, work was done on reinforcing the labor environment through the following activities.

- * Team coaching. Five teams received advice and follow-up.
- * Individual coaching. Sessions totaling 110 hours, to reinforce the leadership skills of 23 heads of different branches.

The results have identified improvements in communication, team work, interpersonal relations, changes in way of working, and better leadership consolidation.

Investment in education for relatives

Concept	Investment	Beneficiaries	Observations
Scholarships for workers' children	1,035,598,395	167	Includes scholarships for primary, secondary and university education

222 hours of assistance were scheduled in 2017 as part of the preparation program for pre-pensioners, distributed as follows.

Activity	Total number of hours	Number of participants
Financial planning workshop	76	19
Active retirement workshop	120	11
Individual financial planning sessions	26	19

Comprehensive health investment

Concept	Investment \$	Beneficiaries
Health policy	2,519,301,854	1,231
Dentistry services	121,340,059	180
Allowances for lenses and frames	54,720,119	148

Overall development and knowledge management

- * Launch of new Human Resources technological tool which enabled information about all companies to be brought together on a single platform, thus giving added value to process administration management. Four modules were introduced in 2017: Staff Member Profile, Objectives, Performance, and Learning.
- * Implementation of the Learning module enabled improvements to be made to virtual training. There were two developments in this field.
 - * Computerized critical task evaluation.
 - * Information Security Administration course.
- * Skills measurement with the new, revised, 2016 model, which enabled a person's level to be identified with respect to both his current post and potential ones.
- * Average skill level indicator for the organization: 94%.

Skills evaluation

PERSONS EVALUATED	M	F	General total
MANAGERIAL	12	14	26
NON-MANAGERIAL	105	192	297
TOTAL	117	206	323

100% of employees represented

Investment in employee education

Investment in employee education	Investment	Beneficiaries	Observations
Scholarships for undergraduate studies	112,098,146	24	Promigas employees
Scholarships for postgraduate studies	146,672,311	20	Promigas employees. Includes English courses and those who started a specialization in 2016.

Concept	Investment	Beneficiaries	Observations
Other investments in training	925,934,522	391	Promigas employees, excluding SENA apprentices (18)

Mean hours of training per year per employee

Level	2017		Average
	Male	Female	
Managerial	1,358	870	69.6
Non-managerial	14,491	6,318	53.1
TOTAL	15,849	7,188	
Average	58.6	46.5	

Total hours: 22,416

Average number of hours training: 54.4

Talent management

Since we are aware that our staff are the organization's principal asset and we are confident that through their personal and professional development we help to achieve the strategic objectives we have set, in 2017 we strengthened the Talent Development program in all our companies, with a view to preparing our team for future challenges or higher levels of responsibility.

Firstly, 71 people from different companies in our portfolio were evaluated. They were selected on the basis of each organization's priorities. From the results obtained, a development and assistance plan was drawn up, and this will be implemented in 2018.

Our people

Staff rotation

	Persons who left their job in 2017, by age range and gender		New persons hired in 2017, by age range and gender	
	Male	Female	Male	Female
From 18 to 30	2	1	10	10
From 31 to 50	10	1	6	2
Over 50	4	1	0	0
TOTAL	16	3	16	12

	People who left their job in 2017, by geographical location		New persons hired in 2017, by geographical location	
	Male	Female	Male	Female
Atlantic coast	0	0	2	0
Barranquilla	16	3	14	12
TOTAL	16	3	16	12

Rotation

	Male	Female	TOTAL
From 18 to 30	0.51	0.26	0.77
From 31 to 50	2.56	0.26	2.81
Over 50	1.02	0.26	1.28
TOTAL	4.09	0.77	4.86

Rotación	Male	Female	Total
Barranquilla	4.09	0.77	4.86
Atlantic coast	0.00	0.00	0.00
TOTAL	4.09	0.77	4.86

Promotions	2017
	17

Health at work

Since the team is what is most important of all for Promigas, and the overall health of every member of that team is a fundamental part of its productivity, we promote caring for their health and that of their family through programs that focus on improving their lifestyle, reducing risks caused by changing habits, preventing illness, and family integration.

The following programs were notable features of 2017.

* **Improving quality of life**

This program began five years ago as part of the Control Room Management (CRM) certification process, with a view to training operators in fatigue management and the implications of fatigue for the operation.

The following activities were carried out this year.

- * Establishment of indicators for the three types of fatigue identified, namely physical, cognitive and emotional, each consisting of a series of variables (see Table).
- * Production of a chart with illustrated exercises for reducing each type of fatigue.
- * Design and application of tools to objectively measure progress with the process. A 22% improvement was found in fatigue mitigation, due to the incorporation of healthy habits.

STRUCTURE OF INDICATORS

Physical fatigue	Cognitive fatigue	Emotional fatigue
Sleep	Stress	Family
Relaxation	Memory	Interpersonal relations
Physical activity	Concentration / attention	Satisfaction with work
	Self-perception of fatigue	Self-perception of the program

Prevention of cardiovascular risk

Bearing in mind the cardiovascular risk classification results, which show that a high percentage of staff have a moderate or high risk of suffering from heart problems, the scope was extended to cover the whole population, and we also carried out intervention and follow-up on six workers with a high risk and 155 with a moderate one, consisting of medical and nutrition controls and laboratory tests. This resulted in the number of people with a high-risk classification to be reduced by 84%.

Cities	Active workers on payroll, Dec 2017.	Active workers on program, Dec. 2017	Coverage percentage
TOTALS	391	374	96 %

Our affiliate Promioriente has a 'Healthy Organizations' program, the purpose of which is to manage cardiovascular and other chronic, non-transmissible illnesses. The strategies this program proposes for managing cardiovascular risks include promoting the self-care and self-management of risks concept.

Prevention of osteo-muscular injuries

Because we are conscious of the importance of ergonomics in everyday activities, the following activities were carried out this year, with a view to preventing possible work-related illnesses.

- * Validation of ergonomic dangers and risks for each process.
- * Identification of thirteen operating tasks in the maintenance area for which an ergonomic risk analysis was carried out.
- * Establishment of posture standards for optimizing the tasks identified, with a view to preventing future injuries or illnesses.

OBJETIVE	INDICATOR RESULTS
To register the percentage of staff treated	80%
To follow up on staff health conditions	100%
To identify work station ergonomic conditions on entry	96%
To determine progress made on improving risk conditions for physical cargo	72%

- * **Handling of chemical substances**
Based on the stock of chemical substances, a verification was carried out with process leaders into the level of exposure of the staff under them and the quantities handled. Additionally, with support from expert personnel, all chemical substances used were checked and, in accordance with the International Agency for Research on Cancer (IARC) classification, it was concluded that we have no chemical substances that could affect health.

- * **Health Club**

This aims to help employees and their families to improve their physical condition and have a healthy lifestyle. To this end, the following activities were carried out as part of this program in 2017.

- * Alteration to exercise class times, which resulted in an increase in the numbers of people participating. Because of this, and with a view to caring for their nourishment, a number of healthy lunches were set aside for them in the company's cafeteria.
- * Activities together with families were also arranged outside working hours, such as ecological hikes in different parts of the Caribbean region where we managed to bring together staff from different districts.
- * Cookery classes and 'gastronomic bazaars' offering healthy food were held, to teach people various ways they can alter their habits without affecting their wellbeing.

This program has been extended to include the cities of Riohacha, Sincelejo and Cartagena.

2017 PARTICIPANTS BY TYPE OF LINK

Direct employees	115
Relatives	129
Students	22
Temporary staff / contractors	17
Pensioners	1
TOTAL	262

There are no professional injuries, nor is there any process by active workers (=0). The 2017 absenteeism rate is 1.24, against a target of 2.2 that was set.

Working hours lost, by geographical area (includes all types of medical disability except for maternity leave) - 2017		
	M	F
Caribbean coast	5,922	4,509
Bogotá	0	27
Total absenteeism rate*	10,458	

* Time lost / Working time*100

Total number of days lost in the year due to disability, by geographical area (includes all types of medical disability except for maternity leave)		
	M	F
Caribbean coast	658	501
Bogotá	0	3
Total	1,162	

Health and Safety at Work Parity Committee (Copasst)

Worker representation, as stipulated in the law, is in the form of a Health and Safety at Work Parity Committee. This has an equal number of principal members and alternates for both the company and the workers, and they meet periodically to discuss matters relevant to the committee. These members are chosen every two years, and the names of the workers' representatives are displayed in different places relating to the subject of health and safety around the organization, so that workers can easily submit any suggestions or concerns they might have.

This committee submits an annual report on its activities to top management and makes specific commitments beyond what is stipulated in the law, including such things as taking part in investigating accidents at work and HSE inspections, as guarantors that the company will promptly resolve any substandard conditions that are found.

In addition to the reporting mechanisms established by the company, the committee has others for specific cases in the form of email addresses, suggestion boxes and an intranet site where all matters relating to the committee and the minutes of meetings can be viewed.

- * Number of meetings called: 12
- * Number of meetings held: 11
- * Average number of members participating per meeting: 6 / 8
- * Cases received: 16
- * Cases closed: 45 (bearing in mind that a number of cases submitted by districts in November and December 2016 were still open).

Affiliates

Staff	Transmetano		Promioriente		Promisol		Surtigas		GdO		CEO	
	M	F	M	F	M	F	M	F	M	F	M	F
Absenteeism (%)		2.15	1.56	0.93		1.43		0.16		0.094	0.00025	0.00028
Investment in health (millions of pesos)		128		156		90		41		2633		654
Investment in education (millions of pesos)		104		325		50		787		300		379
Staff trained	15	7	26	13	39	5	239	165	310	250	194	112
Hours of training		103	3,459	1,808	261	59	5,871	4,906	6,919.5	5,469	10,586	5,166
Average HH		103	133.03	139.07		21	24.6	29.7	69.57	21.87	54.56	46.12
Rotation index		5		2.94		18		16.31		17.91		35
Promotions		0		4		2		9				10
Total staff		22		34		43		409		499		300

PROSPECTS FOR 2018

We expect 2018 to mark the end of the economic downturn. The shock caused by inflation, interest rates and the tax reform has now faded, and in 2018 the Colombian economy is therefore expected to continue the gradual recovery that began in the second half of 2017.

This recovery is based principally on the following factors: (i) increased household consumption as a result of lower interest rates and lower inflation; (ii) stronger investment due to the lower tax burden and lower commercial interest rates; (iii) greater oil investments, which are expected to be 22% up on 2017 as a result of the recovery in oil prices, thus feeding oil company cash flows and giving companies the opportunity to take on more ambitious projects; and (iv) higher public expenditure due to such things as the fourth generation (4G) highway projects, according to specialist analysts.

It is essential that the state and private enterprise work to improve productivity in the economy, since this is the only way to get higher rates.

The FED is expected to increase its interest rate two or three times during the coming year, and it is also envisaged that the average oil price will remain at around 60 dollars. The exchange rate should accordingly remain at around 2,900 and 3,000 pesos to the dollar, with moderate volatility.

Inflation will continue its downward trend, since the effect of the increase in VAT, which was established in the tax reform and came into effect in early 2017, has worn off. There should be a pronounced fall in the first quarter, after which the figure will remain stable at around 3.5%, which is within the Banco de la República target range of between 2% and 4%. With this fall in inflation, the Bank's Board of Directors could continue cutting its intervention rate, which could close the year at around 4.25%, thus improving the dynamics of the economy.

It is envisaged that the combination of all these factors will result in the country achieving a 3% growth in GDP, as specialist publications agree, mainly because private consumption, investment (excluding the building sector) and exports will all pick up.

The signing of the peace agreements in late 2016 was undoubtedly a major landmark in the history of Colombia, since it ended a period of violence lasting more than fifty years and points to a future free of war for better social and economic development. The end of the armed conflict will provide the country with a favorable environment for new investments and for improving development in the rural sector, and it will bring with it new challenges, such as improving state effectiveness, efficiently combating corruption, improving education programs and reducing informality, with a resulting increase in people's wellbeing. Bearing in mind that implementing the peace agreements is a gradual process, it is vitally important to carry out continuous follow-up until such time as they have been honored, effectively and efficiently. The process will not be an easy one, and one of the key elements is improving state effectiveness and consolidating this throughout the country. This is indeed a big challenge!

Since this is an election year, doubts naturally arise as to whether these processes will succeed. We hope the country chooses well and that it continues along the path of freedom and democracy in its efforts to reduce inequality and create collective prosperity.

In view of this new reality in the country, with specific reference to the sector it is vital that the government review and redraw its energy policy. Reforming CREG is essential so that, while retaining its necessary autonomy, it can make speedy, prompt decisions, since the delays lead to risks, backlogs, distrust and a loss of efficiency in the services provided to users, as well as unnecessary opportunity costs for investors in the sector. There is therefore a need for adequate regulatory signals, in order to encourage bigger investments. Since it is a market where there are few suppliers, a more flexible and dynamic wellhead natural gas price arrangement is required as a matter of urgency, one that above all is in line with the international scene.

Regulatory activities

Natural gas transportation

It is expected that a decision will be made in 2018 on the requests submitted by Promigas, Transoccidente, Transmetano and Promioriente for a new value to be established for assets that came to the end of their regulatory useful life in 2016 and 2017. According to its regulatory agenda, CREG will issue the definitive remuneration methodology for the natural gas transportation activity in the first quarter of 2018. Similarly, it is expected that definitive CREG resolutions will be issued in the first quarter of 2018 stipulating the requirements for bidders to import the additional infrastructure that is included in the Natural Gas Supply Plan and the rules for assigning these infrastructure services; all interested parties should analyze the most efficient location for this plant in detail. Finally, in the first half of 2018 CREG is expected to issue a resolution stating the efficient value of investments for executing the bidirectional gas pipeline project between Barranquilla and Ballena in the Promigas system, as included in the Natural Gas Supply Plan. Promigas is carrying out the project planning and structuring phase of the project, with a view to operations commencing in 2023, as indicated in the said plan.

Natural gas distribution

2018 promises to see numerous adjustments being made to the structural changes that took place in 2017. As far as wholesale gas supply marketing regulation is concerned, the selection process will take place in early 2018 for the market agent, a function that has to date been carried out by the Colombian Mercantile Exchange. Focusing on the marketing process and schedule, adjustments will be made to wholesale marketing in terms of both supply and transportation, based on the results obtained in 2017. The introduction of auctions into the marketing process, coupled with tensions over market flexibility in both the short and the long terms, are short-term regulatory challenges that it is hoped will be dealt with in 2018.

Turning to distribution regulation, it is essential to point out that the charges that were approved at the end of 2017 are no more than transitory distribution charges. From a structural changes viewpoint, it is worth mentioning that new methodological principles are expected at the end of the year that will lead to the new regulatory adjustment process which, according to Colombian legislation, should take place every five years (it is currently nine years behind schedule), after a proposal has been circulated and a final resolution issued. Meanwhile, the CREG regulatory agenda indicates a distribution reliability project and another one relating to adjustments to the regulatory distribution code during the last quarter of the year.

Electricity distribution

The resolution defining remuneration for the electricity distribution activity is expected to be issued in 2018, after publication of four drafts for comments. The CREG agenda also includes other issues of vital importance to energy sector development in the country, such as Distributed Generation and Self-Generation with renewable sources and the incorporation of this into the National Interconnected System, a draft for which was issued in 2017. Finally, the Commission's agenda includes subject like long-term contracts, an anonymous, standardized contracts market, and defining the tariff for regulated users, which has been pending since 2015.

ACKNOWLEDGEMENTS

We end this summary of our activities and our plans and projects for 2018 by repeating our thanks to our shareholders for their continued support, assistance and trust.

To everyone at Promigas go our sincerest thanks for their quality and commitment, which have been fundamental factors in the results we have today highlighted.

We thank our customers for their trust and their friendly, open interaction with the organization; this encourages us to be even better in our efforts to fully meet their needs.

To our suppliers of goods and services, a natural extension of human and physical resources serving our activities, goes our gratitude, since they complement our efforts to meet the requirements of our most valuable asset: our customers.

INTELLECTUAL PROPERTY, COPYRIGHT AND OTHER RIGHTS

The company has ensured that it uses duly licensed software in all its processes and that it complies with all current provisions relating to copyright.

Pursuant to the provisions stipulated in Article 87 in Law 1676 of 2013, it is hereby placed on record that the free circulation of invoices issued by suppliers or vendors was not hindered.

Bernardo Noreña
Chairman of the Board of Directors

Antonio Celia Martínez-Aparicio
Promigas President

Note: This report was read and approved unanimously by all Directors at a Board of Directors' session held on February 7, 2018, as accredited in Minutes No. 471.

Eduardo Rosado Fernández de Castro
Secretary

REPORT PROFILE

The main channel through which we report to our audiences every year is the Annual Management Report, which is drawn up in accordance with sustainability principles relating to reports.

The content published was selected and prioritized on the basis of issues relevant to Promigas and its interest groups and includes business in which we participate through the companies that make up our strategic transportation and distribution business groups.⁸ The financial information also includes companies in which we have a shareholding but do not control. The indicators reported for affiliates are for information purposes and are not included in the scope of the GRI Content Index. For further information, refer to the respective company reports.

This information has been drawn up in accordance with GRI standards: Essential option. It was prepared by Promigas Corporate Communications Management and verified by Deloitte & Touche Ltd. of Colombia. Please send your comments and queries to comunicaciones@promigas.

Note: The 2016 version of the Promigas Annual Management Report was published in March 2017 and includes information relating to the period from January 1 to December 31, 2016.

⁸ GEN Transportation: Promigas, Promisol, Promioriente, Transmetano, Transoccidente, Sociedad Portuaria El Cayao.

GEN Distribution: Gases de Occidente, Surtigas, Compañía Energética de Occidente, Gases del Pacífico, Gases del Caribe, Efigas, Gases de La Guajira, Cálidda.

GRI CONTENT INDEX

GRI Standard	Contents	Page number or URL
GRI 101: BASIC INFORMATION 2016		
GENERAL CONTENTS		
Organization profile		
GRI 102: GENERAL CONTENTS 2016	GRI 102-1: Organization Name 2016	Page 6
	GRI 102-2: Activities, brands, products and services 2016	Page 8
	GRI 102-3: Location of headquarters 2016	Page 7
	GRI 102-4: Location of operations 2016	Page 8
	GRI 102-5: Ownership and legal status 2016	Page 7
	GRI 102-6: Markets served 2016	Page 8
	GRI 102-7: Size of organization 2016	Pages 8, 10
	GRI 102-8: Information about employees and other workers 2016	Page 10
	GRI 102-9: Supply chain 2016	Page 11
	GRI 102-10: Significant changes in the organization and its supply chain 2016	None
	GRI 102-11: Precaution principle or approach 2016	Page 28
	GRI 102-12: External initiatives 2016	Page 11
	GRI 102-13: Membership of associations 2016	Page 11
Strategy		
GRI 102: GENERAL CONTENTS 2016	GRI 102-14: Statement by top executives responsible for making decisions 2016	Page 38
	GRI 102-15: Principal impacts, risks and opportunities	Page 38
Ethics and Integrity		
GRI 102: GENERALES CONTENTS 2016	GRI 102-16: Values, principles, standards and rules of conduct 2016	Page 16
	GRI 102-17: Advisory mechanisms and ethical concerns 2016	Page 16
Governance		
GRI 102: GENERAL CONTENTS 2016	GRI 102-18: Governance structure 2016	Page 20
	GRI 102-22: Make-up of highest governance body and its committees 2016	Page 20
	GRI 102-23: President of highest governance body and its committees 2016	Page 32
Participation by interest groups		
GRI 102: GENERAL CONTENTS 2016	GRI 102-40: List of interest groups 2016	Pages 30, 31, 32,34,35
	GRI 102-41: Collective negotiation agreements 2016	Page 10
	GRI 102-42: Identification and selection of interest groups 2016	Pages 30, 31, 32,34,35

	GRI 102-43: Focus for participation by interest groups 2016	Pages 30, 31, 32,34,35,64	
	GRI 102-44: Issues and concerns mentioned 2016	Pages 30, 31, 32,34,35,64	
Practices for drawing up reports			
GRI 102: GENERAL CONTENTS 2016	GRI 102-45: Entities included in consolidated financial statements 2016	Pages 8, 9	
	GRI 102-46: Definition of report contents and coverage of the subject 2016	Page 13	
	GRI 102-47: List of material issues 2016	Page 13	
	GRI 102-48: Restatement of information 2016	Pages 86,87	
	GRI 102-49: Changes in the drawing up of reports 2016	None	
	GRI 102-50: Period subject matter of the report 2016	Page 113	
	GRI 102-51: Date of most recent report 2016	Page 113	
	GRI 102-52: Cycle for drawing up reports 2016	Page 113	
	GRI 102-53: Contact point for questions about the report 2016	Page 113	
	GRI 102-54: Statement that report drawn up in accordance with GRI 2016 standards	Page 113	
	GRI 102-55: List of GRI 2016 contents		
	GRI 102-56: External verification 2016		

GRI Standard	Contents	Page number or URL/Direct response	Omission	Global Compact	ODS
MATERIAL TOPICS					
Economic performance					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and scope	Page 13			
	103-2 Admin. focus	Pages 16, 46			
	103-3 Evaluation of focus	Pages 18, 57			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Page 61			
Indirect economic impacts					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Pages 13, 70			2 and 8
	103-2 Admin. focus	Pages 18, 70			
	103-3 Evaluation of administrative focus	Pages 70, 72			
GRI 203: Indirect economic impacts 2016	203-2: Significant indirect economic impacts	Page 81			
Acquisition practices					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Pages 18, 70			
	103-3 Evaluation of administrative focus	Page 72			
GRI 204-1 Acquisition practices 2016	204-1 Proportion of expense on local suppliers	Page 11			
Anticorruption (ethics)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principle 10	
	103-2 Admin. focus	Pages 18,27			
	103-3 Evaluation of administrative focus	Page 23			
GRI 205: Anticorruption 2016	205-2 Communication and training in anticorruption policies and procedures	Page 18 All are in Bogotá D.C.			
	205-3 Confirmed cases of corruption and measures adopted	Page 23			
Energy (Administration of resources and waste)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	13
	103-2 Admin. focus	Pages 80,84			
	103-3 Evaluation of administrative focus	Page 85			

GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 85			
Water (Administration of resources and waste)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	
	103-2 Admin. focus	Pages 80, 84			
	103-3 Evaluation of administrative focus	Page 85			
GRI 303: AGUA 2016	303-1 Water extraction by source	Page 85			
Biodiversity					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	15
	103-2 Admin. focus	Page 88			
	103-3 Evaluation of administrative focus	Page 88			
GRI 304: Biodiversity 2016	304-1 Owned, rented or administered operations centers within or next to protected areas or areas of great biodiversity value outside protected areas	Page 89			
	304-2 Significant impacts of biodiversity by activities, products or services	Page 88			
	304-3 Protected or restored habitats	Pages 89, 90			
	304-4 Species on IUCN Red List and on national conservation lists whose habitats are in areas affected by the operations.	Page 91			
Emissions (Climate change)					
GRI103: Administrative approach 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	13
	103-2 Admin. focus	Page 87			
	103-3 Evaluation of administrative focus	Page 87			
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	Page 87			
	305-2 Indirect greenhouse gas emission from generating energy (Scope 2)	Page 87			
Effluents and waste (Administration of resources and waste)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	
	103-2 Admin. focus	Pages 18,84			
	103-3 Evaluation of administrative approach	Page 86			
GRI 306: Effluents and waste 2016	306-2 Waste by type and elimination method	Page 86			
Environmental compliance (Legal and regulatory administration)					

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 7,8 and 9	
	103-2 Admin. focus	Page 80			
	103-3 Evaluation of administrative focus	Page 60			
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental legislation and regulations	Page 60			
Employment					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principle 3	
	103-2 Admin. focus	Pages 18, 98, 104			
	103-3 Evaluation of administrative focus	Page 101			
GRI 401: Employment 2016	401-1 New employees hired and staff rotation	Page 101			
Health and safety at work (Safety in all processes)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Pages 18, 92, 104			
	103-3 Evaluation of administrative focus	Page 94			
GRI 403: Health and safety at work 2016	403-1 Worker representation on formal worker-company health and safety committees	Page 104			
	403-2 Types of accident and accident frequency rates, professional illnesses, days lost, absenteeism and number of deaths due to accident at work or professional illness	Pages 95, 103			
Training and teaching (Overall development and knowledge management)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Pages 18, 98			
	103-3 Evaluation of administrative focus	Page 100			
GRI 404: Training and teaching 2016	404-1 Mean hours of training per year per employee	Page 100			
	404-2 Programs for improving employee skills and transition aid programs	Pages 99, 100			
	404-3 Percentage of employees who receive periodic performance and professional development evaluations	Page 100			
Non-Discrimination (Human Rights)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 1,2,3,4,5 and 6	
	103-2 Admin. focus	Pages 18,27			
	103-3 Evaluation of administrative focus	Page 27			

GRI 406: Non-Discrimination 2016	406-1 Cases of discrimination and corrective action taken	Page 27			
Human rights evaluation (Human rights)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principles 1,2,3,4,5 and 6	
	103-2 Admin. focus	Pages 18,27			
	103-3 Evaluation of administrative focus	Pages 18, 27			
GRI 412: Human rights evaluation 2016	412-2 Employee training in human rights policies and procedures	Pages 18,27			
Local communities (Promotion of local development)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13		Principle 1	
	103-2 Admin. focus	Pages 74, 76, 80			
	103-3 Evaluation of administrative focus	Pages 76, 82			
GRI 413: Local communities 2016	413-1 Operations with local community participation, impact evaluations and development programs	Pages 74, 81			
Socio-Economic Compliance (Legal and regulatory management)					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Page 18			
	103-3 Evaluation of administrative focus	Page 60			
GRI 419: Socio-Economic Compliance 2016	419-1 Non-Compliance with laws and regulations in the social and economic spheres	Page 60			
Risk management					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 28			
	103-2 Admin. focus	Page 28			
	103-3 Evaluation of administrative focus	Pages 28, 29			
PROMIGAS	PROMIGAS 1. Percentage compliance with mitigation action plans	Page 29			
Economic performance					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Pages 16, 46			
	103-3 Evaluation of administrative focus	Pages 18, 57			
PROMIGAS	PROMIGAS 2. Contracted transportation system capacity	Page 60			
New business					

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page13			7
	103-2 Admin. focus	Page 46			
	103-3 Evaluation of administrative focus	Pages 49, 52, 54			
PROMIGAS	PROMIGAS 3 -New business	Pages 49, 52, 54			

Customer service quality

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			
	103-2 Admin. focus	Page 62			
	103-3 Evaluation of administrative focus	Page 64			
PROMIGAS	PROMIGAS 4. Dealing with requests, complaints and claims by our customers.	Page 65			
	PROMIGAS 5. Customer loyalty	Page 64			

Service integrity and continuity

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page13			
	103-2 Admin. focus	Page 66			
	103-3 Evaluation of administrative focus	Page 69			
PROMIGAS	PROMIGAS 6. Continuity	Page 69			
	PROMIGAS 7. Reliability	Page 69			
	PROMIGAS 8. Interruption of service events	Page 69			
	PROMIGAS 9. Loss percentage.	Page 69			
	PROMIGAS 10. Leaks index	Page 69			

Sustainable supplier management

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Pages 13, 70			
	103-2 Admin. focus	Page 70			
	103-3 Evaluation of administrative focus	Pages 70, 72			
PROMIGAS	PROMIGAS 11. Percentage progress with significant contractor management systems	Page 72		Principle 2	
	PROMIGAS 12. Percentage of contracts that include clauses demanding compliance with legal health and safety obligations.	Page 73			
	PROMIGAS 13. Percentage of significant suppliers that receive health and safety training	Page 72			
	PROMIGAS 14. Supplier performance evaluation	Page 73			
	PROMIGAS 15. Supplier loyalty	Page 72			

Promotion of local development

GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page 13			1
	103-2 Admin. focus	Page 74			
	103-3 Evaluation of administrative focus	Page 76			
PROMIGAS	PROMIGAS 16. Social investment	Page 83			
Contribution to the quality of education					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Pages 13, 81			4
	103-2 Admin. focus	Page 81			
	103-3 Evaluation of administrative focus	Page 82			
PROMIGAS	PROMIGAS 17. Investment in education	Page 83			
Safety in all processes					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page13			
	103-2 Admin. focus	Page 93			
	103-3 Evaluation of administrative focus	Page 94			
PROMIGAS	PROMIGAS 18. Safe behavior percentage	Page 94			
Comprehensive development					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page13			
	103-2 Admin. focus	Page 98			
	103-3 Evaluation of administrative focus	Page 100			
PROMIGAS	PROMIGAS 19. Investment in comprehensive health and education for employees	Page 99		Principles 3 and 6	
Organizational climate					
GRI103: Administrative focus 2016	103-1 Explanation of why topic is material, and focus	Page13			
	103-2 Admin. focus	Page 98			
	103-3 Evaluation of administrative focus	Page 99			
PROMIGAS	PROMIGAS 20. Organizational climate	Page 99		Principles 3 and 6	