



## **CELSIA 2020 MANAGEMENT REPORT**

### **DEAR SHAREHOLDERS,**

Last year has shown us the fragility and vulnerability of society and economy in the face of an event that took us by surprise and had an extreme impact. Amidst the uncertainty and despite the great challenges we face, our industry continued to transform at an accelerated pace and offered great opportunities to those of us who contribute to development through solutions based primarily on renewable energy and benefits for our customers.

Against this backdrop, we achieved our financial, environmental and social objectives. With a deep focus on execution, we demonstrated agility in the way we operate, served our customers, protected jobs, cared for our employees and strongly supported the strengthening of the capacity of hospital care in our communities.

The year 2020 made us stronger and, with the lessons learned, we are better prepared to build our future.

### **Our comprehensive response to the challenges that came with COVID-19**

In March 2020, after the National Government declared a state of economic and sanitary emergency due to COVID-19, we prepared an immediate response plan, which began with the identification, analysis and assessment of risks, to evaluate potential impacts and establish preventive and containment measures. This was done so that our employees, customers and businesses would not be affected, so that the continuity of operations would be ensured in all their dimensions, especially the adequate and efficient provision of electricity.

The main lines of work we established to deal with the contingency were as follows: (i) protecting employees and maintaining employment throughout our chain; (ii) supporting and assisting customers and suppliers; (iii) supportive contribution to society; and (iv) protecting financial flexibility.



In the area of **protecting and securing jobs**, we established protocols to care for employees and their families. The entire management team, as well as the staff characterized as vulnerable, have been working from home since March 12, 2020. We introduced new work and shift turnover schemes for the operating team, particularly in the power plants, stores and the control center, complying with epidemiological protection guidelines to ensure the operation. We also implemented measures and investments for the disinfection of work areas and customer service centers.

We provided permanent support for our employees in aspects of physical, emotional and psychological well-being, and we were pioneers in having a digital application to monitor the health conditions of our employees and their families. We shared these operating procedures with our suppliers in order to extend their benefit.

We would like to emphasize that we not only protected regular employment, but also created new jobs. At the end of 2020, Celsia had more than 2,100 employees, hired 195 new people and brought on 64 apprentices. These employees came to Celsia to support the challenges of the operation.

In terms of **support and assistance for customers and suppliers**, we applied the payment relief program designed by the National Government for customers in socioeconomic levels one to four. These benefits, which totaled COP 34,187 million, were initially granted with our own resources, and we later made use of Findeter's mechanisms. Thus, we processed all of the benefits, both the zero percent rate resource and the compensated rate resource, and at the end of the year, we disbursed COP 30,624 million. Likewise, through our customer service team, we approached consumers who had debts prior to the COVID-19 contingency and offered them financing alternatives that would enable them to continue enjoying electricity service without inconveniences. In August, we began collecting all the installments corresponding to these financing schemes and as of October, we resumed cut-off and reconnection activities.

The relief we granted to our customers included freezing the rate from March to December, which in 2020 amounted to nearly COP 133,659 million less collected from bills, COP 103,669 million of which were from the Tolima market. This lower amount charged will be recovered through a tariff plan. We also took steps with the National Government



so that more than 75,000 customers from socioeconomic level 3 in Tolima would benefit from the application of a 15 % subsidy on their energy consumption up to the regulatory limit. This means that one month of their energy consumption is practically covered by the subsidies granted by the National Government, which are financed by the taxes paid by the Colombian people.

Convinced of the essential role of companies and the private sector in stimulating the economy and restoring growth and employment, we supported our suppliers during the health emergency by reducing payment terms and making early payments, which improved their cash availability. In addition, together with the other companies of Grupo Argos, we are working on the Suppliers 2.0 initiative, which has four work fronts: reduction of financial costs, improvement of technical capabilities, logistics optimization, and local purchasing. Support through advance payments to close to 370 local suppliers, mainly SMEs, exceeded COP 50 billion, and at the end of the year, we decided to apply a 45-day limit for the payment of MSMEs' invoices, thus getting one year ahead of the new requirements of the Fair Terms Law established by the Colombian government. With this, we hope to create a powerful ecosystem for the benefit of our customers.

In terms of **solidarity support** and as part of Grupo Argos' contributions to strengthen the health care system and support the most vulnerable families, we joined different programs for a value of COP 10,892 million under the slogan "*Celsia contigo*" (Celsia with you), our good energy reached 9 departments in the country (Antioquia, Atlántico, Bolívar, Cauca, Córdoba, Guajira, Santander, Tolima and Valle del Cauca) and 92 municipalities, delivering 1,544,839 biosafety supplies for health care personnel along with 517 pieces of medical equipment to hospitals, and 3,278,000 liters of water and nutritional packages for 31,716 people. We also worked on several public-private initiatives with Proantioquia, ProPacífico, Universidad de Antioquia, Hospital Pablo Tobón Uribe and Hospital San Vicente Fundación in Medellín, as well as with Fundación Valle del Lili in Cali, Hospital Federico Lleras Acosta in Ibagué, Centro Hospitalario Serena del Mar in Cartagena, hospitals and health care centers in Tolima and the Ministry of Health of Panama, all aimed at strengthening them during the pandemic.

With regard to the **protection of financial flexibility**, we focused our actions on: (i) reducing cash needs, upholding commitments and service quality, (ii) maintaining the liquidity of Celsia and its subsidiaries, and (iii) the availability of credit lines to meet the needs that may arise during the economic situation.



In April, Celsia Colombia issued and placed ordinary bonds under the Company's current program in the amount of COP 200 billion. With the proceeds from the issuance, we paid the maturity of series C10 for COP 214,120 million, which were issued in 2010.

All these actions from the social, operational and financial perspectives made up our comprehensive response to the COVID-19 contingency. We kept Celsia fully operational and complied with all obligations, supported all its stakeholders and acted as responsible businessmen in the different dimensions required by the situation.

### **The culture that sets us apart**

The achievements of 2020 were possible thanks to the commitment, enthusiasm and resilience of our employees. The occupational health program *Yo Elijo Cuidarme* (I Choose to Take Care of Myself) was especially important in the context of COVID-19, and it allowed us to raise awareness among our employees about the importance of self-care, strict compliance with protocols and the importance of applying them in the family.

The Company received the Equipares Gender Equality Silver Seal, an initiative of the United Nations Development Program (UNDP) and the Colombian Ministry of Labor, which recognizes companies that effectively implement gender equality policies, with fair and equitable practices for men and women. This recognition is added to the gold seal received by our Central American operation in 2019 and ratifies our commitment to equity, diversity and equality.

We promote a shared awareness of the role of women in our company. We are attentive to these "glass ceilings", which are invisible barriers that prevent women from rising to positions of greater responsibility. We are also on the lookout for "sticky floors", which tie them to certain types of roles that keep them at the bottom of the job scale. We will continue working to be an inclusive company, with opportunities and working conditions that transcend gender gaps and provide equality for all.

The Company was also recognized as the world's best-established brand in the energy sector at the *CHARGE Awards 2020*. This event, which originated in Iceland, celebrates excellence in brand management in the energy sector around the world and annually brings together more than 300 companies. In our case, we were finalists with two

Norwegian and one German company, so the competition allowed us to emulate international practices.

These awards encourage us to improve every day, and continue to cultivate this culture that sets us apart in the market. Our brand reflects the values of disruption, innovation and empathy that have been recognized mainly by our customers. The idea is that this positioning will help us to continue doing business that benefits everyone and creates value for shareholders.

### **Communities and environment**

At Celsia, we are committed to making a positive contribution to the quality of life of our neighboring communities and to protecting the environment. In terms of social management in Colombia and Central America, we invested COP 29,521 million in voluntary and mandatory social programs that benefited more than 271,000 people in areas such as the improvement of community and educational infrastructure, road conditioning and construction, productive development, educational quality and support for health initiatives.

Our ReverdeC program, like trees, just keeps on growing. The program surpassed the goal of growing one million trees per year and reached 1.4 million planted in the departments of Valle del Cauca, Antioquia and Tolima throughout the year. A total of 5.7 million trees have already been planted since 2016, when the program began. Thus, 3,884 hectares of forest have been restored in 41 municipalities in the country, in watersheds that supply municipal and rural aqueducts.

Another important fact is that Celsia's mandatory and voluntary environmental investment amounted to more than COP 53 billion in 2020.

Another program with a high impact on our communities is *Obras por Impuestos* (Works for Taxes), a mechanism that ensures that the tax produced in a territory stays in the territory. In this way, we executed COP 4.5 billion in educational projects in Tolima, benefiting 10,000 children and young people. We also delivered 4,800 pieces of furniture and 487 computers to 17 schools in 191 locations in the municipalities of Planadas, Prado, Villarrica and Villahermosa.

Through this mechanism, we are also in the process of implementing two road works in the department of Cauca: the Suárez - La Betulia road, which consists of improving 10.2 km of tread plate, amounting to COP 24,351 million, benefiting more than 7,600 people; and the Morales - Pan de Azúcar road with the construction of 7.5 km of tread plate amounting to COP 20,293 million, benefiting 10,500 inhabitants. In Tolima, we are improving 2.56 km of the Ataco road valued at COP 8,461 million, benefiting 4,759 people.

### **Operational and financial achievements**

The electric energy industry is going through a period of significant transformation and our strategy will continue to guide our investments to meet the needs of our customers and create value for shareholders and society. We have an enormous commitment to provide excellent service quality and introduce new products and services that will turn our customers into true Celsia fans.

### **2.0 distribution network: digital, decentralized, democratized and autonomous**

Through more than 43,000 km of distribution lines and 291 km of transmission lines, we connect thousands of customers, homes and businesses with increasingly clean and reliable energy. With the growing demand for new technologies, we continue to modernize our network to better support our customers' current and future needs.

In Tolima, we invested more than COP 210 billion in 2020. In a five-year intervention plan, we estimate investments in excess of COP 1.0 trillion, concentrated, among others, in the construction, repowering and modernization of substations, circuits and control systems to make them more reliable and safer. All of these actions will have a positive impact on the electricity service's quality in the region in the upcoming years. In Valle del Cauca, investments in the network totaled COP 234,306 million.

These investments represented significant improvements in terms of the quality of service provided. In Valle del Cauca, the affiliate Celsia Colombia reported a System Average Interruption Duration Index (SAIDI) of 9.74 hours, an improvement of 25.24 % over the previous year, while the System Average Interruption Frequency Index (SAIFI) was 7.27x with an improvement of 23.07 %.



Regarding service quality indicators in Tolima, SAIDI was 56.83 hours, while SAIFI reported 34.20x, which improved 0.07 % and 20.65 %, respectively, compared to 2019. We have been operating in this department for eighteen months and have already begun to see significant improvements in service. We are confident that with our model and investments, in two years Tolima will have indicators that will make customers very satisfied.

Power losses in Valle del Cauca were 9.11 %, an increase of 0.66 % compared to the previous year, while in Tolima they reached 15.51 %, a decrease of 0.70 %. The results in the loss indicator for 2020 are mainly due to the implementation of the operation and maintenance plans.

### **A year of important advances in energy transition**

Discussions around the world are focused on how to achieve a future with a decrease in carbon emissions, and there is already talk of Net Zero as a planet for 2050. Accordingly, at Celsia our developments are focused on renewable energy and on how to stabilize and eliminate the intermittency of our solar and wind projects, all within the framework of achieving zero emissions as a company.

In September 2020, we inaugurated a new hydro-sustainable power plant, which now delivers clean, renewable energy to Colombia. The San Andrés de Cuerquia Small Hydroelectric Power Plant (SHPP), located in Antioquia, has two generation units in operation with a total capacity of 19.9 MW, equivalent to the energy consumption of 25,000 homes. The civil works were executed in 26 months and met the estimated deadlines and budgets.

The transmission line of this SHPP goes to the Yarumal II substation and 62 towers support the 27 km cabling through 4 of the department's municipalities.

During the three years of construction, this plant will create more than 1,000 jobs. Social investments of different kinds were made, from the transformation of schools in their energy and water needs to the training of their communities in environmental protection, project management and preservation of archaeological heritage, among others. We conducted health workshops and supported a diagnosis of the municipality's productive vocation in order to establish coffee and tourism projects to benefit the local economy.

To protect the watersheds, we provided Corantioquia with land located in the Integrated Management District of the Santa Inés Páramo, from which the San Andrés River, which supplies the power plant, originates.

The municipalities in the area of influence and Corantioquia will begin to receive annual transfers from gross energy sales of COP 1.2 billion for basic sanitation and environmental improvement projects. This made us partners in the development of San Andrés de Cuerquia and San José de la Montaña.

### **Renewable energies, an obsession at Celsia**

During the COVID-19 contingency, we continued with the execution of solar farms as part of our partnership with Cubico Sustainable Investments, an investment fund that has believed in Colombia, and with which we have the firm intention of developing more than 650 MW of solar energy. In 2020, we are already operating 37.6 MW in four solar farms.

At the end of the year, we inaugurated the first solar farm in Tolima, built on a 17-hectare site where tobacco used to be processed a few years ago, to meet the energy needs of Arroz Diana, a customer with a high level of sensitivity to employment and sustainability issues. The Celsia Solar El Espinal Power Plant has an installed capacity of 9.9 MW and produces clean energy equivalent to the average consumption of 6,000 Colombian families. The solar farm is comprised of more than 37,876 solar panels and will prevent the emission of 194,775 tons of CO<sub>2</sub> over 25 years, which will contribute to the conservation of the environment by mitigating the effects of climate change. At the same time, we are planting a 19.2 hectare forest and making social investments focused on education, health and support due to the COVID-19 contingency.

We also started up the 9.8 MW Celsia Solar El Carmelo farm in Candelaria, Valle del Cauca, which serves the requirements of the Pollos Bucanero Power Plant. In addition, its contribution to sustainability is a commitment to the department's economic reactivation, as it provided job opportunities for 140 people, mostly local labor, at the peak of its construction. These employees are residents of the area and 23 % are women, who carry out different tasks, such as assembling modules and securing of structures to hold more than 33,000 solar panels.

In Honduras, we started up Celsia Solar Comayagua, the first solar energy farm in the cement sector in that country. Adjacent to the Cementos Argos Power Plant, this solar farm will reduce CO<sub>2</sub> emissions by 10,000 tons per year and can supply up to 20 % of the cement company's electricity consumption, thus improving its productivity and efficiency rates.

In addition, we have installed more than 20 MW of solar roofs with business clients, which contribute to the sustainability of their operations.

For the connection lines of our wind farms in La Guajira, we have continued to work on environmental licensing, community relations and the detailed design of these projects. Our wind farms will add 330 MW of installed capacity. Let us recall that our four projects were awarded 767 GWh-year in the Ministry of Mines and Energy auction with 15-year contracts starting in January 2022, which ensures a long-term contract with fixed and stable return on the investment.

### **Transmission platform**

The Caoba Inversiones platform, which we have also developed with our partner Cubico, showed positive performance in 2020. There we integrated the operational assets related to Plan5Caribe, including the Tolviejo Power Plant under construction and the assets with voltage levels 3 and 4 of the National Transmission System (STN, for the Spanish original) acquired in Tolima. Through Celsia Colombia, we maintain commercial representation and operation and maintenance services.

Caoba's results are accounted for using the equity method. In 2020, the platform's revenues reached COP 149,505 million with an EBITDA of COP 127,283 million and net income of COP 10,422 million. At year-end, Caoba's total assets amounted to COP 1.44 trillion. With the platform, we executed investments for close to COP 93 billion, mainly in Tolima. Also, through Caoba we achieved long-term financing and disbursements amounting to COP 1.1 trillion.

The Caoba platform offers us great potential due to its investment cycles and remuneration of energy transmission assets. Also, we foresee the growing need for transmission assets in the future scenario due to the growth of non-conventional renewable energies.

### **Tesorito: firm energy supporting our renewable growth**

During 2020, we made positive headway in the development of the El Tesorito Thermal Power Plant Project, which will have an initial capacity of 200 MW and 11 natural gas engines. To develop the project, we signed a contract with the Finnish multinational Wärtsilä, which enables us to implement the timetable in a timely manner and project the operation at a date prior to the commitment of December 2022.

The thermal power plant will be a strong addition to our growing wind and solar portfolio. At the same time, it will serve as a backup to the electric grid in case of shortages. El Tesorito Thermal Power Plant has a reliability charge allocation for firm energy obligations equivalent to 1,665 GWh/year for a period of twenty years.

This project stands out for its ability to mitigate the impact on the environment and will be a benchmark, as its eleven engines can be at full capacity in just a few minutes, allowing them to be brought on line as they are required. They are more advanced than other less flexible plants that have to be on all day without really being required, given their long start-up times (twelve to fifteen hours). This reduces greenhouse gas (GHG) emissions.

Our generation assets total 1,854 MW of capacity, of which 1,378 MW, or 74.3 %, come from renewable energy, including hydroelectric power. We continue to work so that, by 2025, at least 25 % of this capacity will come from the sun and wind, a figure that currently stands at 7 %.

In Colombia, consolidated hydroelectric power generation achieved 3,592 GWh/year, with a 3.9 % decrease from 2019, due to a dry season in the second quarter of the year, which reduced water levels for our power plants by 32.6 % compared to the same quarter of the previous year. This situation began to normalize in the following periods, when we had levels close to average.

Our water assets in Panama generated 494 GWh/year with a 30.4 % increase compared to 2019, thanks to an improvement in levels compared to 2019, when we had a dry season that impacted the Dos Mares complex.

Thermal power plants generated 165 GWh, a 67.2 % decrease due to the reduced dispatch of thermal energy due to the COVID-19 situation. The Guanacaste Wind Farm in Costa Rica generated 169 GWh with a 19.3 % reduction due to lower winds.

### **Bahía Las Minas, Panama**

At the end of 2014, we acquired power plants in Panama and Costa Rica, which included the Bahía Las Minas (BLM) Thermal Power Plant, a Panamanian company in which Celsia obtained a share of 51.24 %, although it had a marginal value in the transaction, it was necessary to receive it to complete the transaction.

BLM has operated for more than four decades in Panama, it has an installed capacity of 280 MW and it operates the country's last commercial coal plant (120 MW). Despite the efficiency achieved in recent years and efforts to ensure sufficient income to maintain operations, the market reality and effects of the pandemic on the energy demand caused the level of income and cash flow generation to be the lowest in recent history.

After a process of analysis of strategic options and the search for the least possible impact on the country's electric grid, we decided, together with the Panamanian government - BLM's partner with a 48.76 % stake - to initiate a negotiation process with creditors, suppliers and employees for the disposal of its assets and liabilities. With this orderly and conciliated process, we intend to honor all of the company's claims by making use of its assets so that BLM ceases to be a generator in the market, maintaining the reliability of the Panamanian energy system.

As a result of the foregoing, at December 31 this year, we classified all of BLM's assets and liabilities as available for sale in the consolidated financial statements.

This process becomes an opportunity to continue transforming Panama's energy matrix towards cleaner energies, and reflects the coherence with which Celsia addresses its portfolio of generation assets.

### **Situation of Porvenir II**

In other lines of action, the environmental license for the Porvenir II Project is still suspended by the Council of State, as we reported a year ago. We have activated all possible legal mechanisms in order to enable the license and carry on with the process of searching for a third party to take the lead and develop the project. Hydroelectric power is fundamental for the country's development, given its efficiency due to our hydrographic

wealth and mountainous geography, and it is a great complement to the strategy of increasing the stake of non-conventional renewables in the generation matrix.

### **Hand in hand with homes and businesses**

We remain focused on making homes and businesses increasingly energy efficient. To this end, we have designed a portfolio that makes life easier to carry out activities with environmentally friendly options.

We successfully explored home Internet service in several municipalities of Valle del Cauca. We have built a business model as requested by our customers: affordable, flexible, friendly and with stable connections. At year-end 2020, our availability was 99.9 %. We are currently present in three municipalities, we have a little over 9,000 Internet service customers, and we cover 304 km with fiber optics and an Internet consumption capacity of 10 GB per second.

At December 2020, we reached more than COP 12 billion in sales in the Celsia Store, where we sold products of the home line with the support of partner brands (Samsung, Haceb and Auteco, among others) and with the highest standards in energy efficiency for the lines of efficient appliances, technology, efficient lighting and electric mobility.

For companies, we offer a business model through which we make investments in assets, operation and maintenance, which frees up our customers' working capital and allows them to benefit from a portfolio focused on self-generation, efficiency and backup to ensure continuity of service. By the end of 2020, we were serving companies in 13 departments with this model, generating revenues of COP 16.840 million.

### **We believe in a world with electric and sustainable mobility**

We joined forces with Bancolombia and Sura to create Muverang, a solution that combines the experience and knowledge of the three companies to provide agile, immediate, safe and environmentally friendly mobility options.

Muverang has three lines of business, two of them aimed at promoting sustainable and shared mobility to promote its competitiveness and reduce its carbon footprint in companies, and one more for the general public, which provides access to electric

vehicles on a pay-per-use basis, with all the conditions of ease and security required by this type of system.

We also support mass electric transportation as a way to promote more sustainable mobility in cities. In this regard, we supplied the Bogotá Transmilenio system with 120 100 % electric buses that will be operated by Gran Américas Fontibón. These buses will transport an average of 69,000 passengers each month and will cover nine routes in the Fontibón district, in the western part of the capital. The company will supply the energy for this mobility solution. Thanks to this operation, 6,060 tons of CO<sub>2</sub> will no longer be emitted per year and there will be an estimated energy saving of 80 % compared to buses running on combustion engines.

These developments add to the electric mobility ecosystem we have been implementing since 2017. We now have 25 charging stations for electric vehicles in Colombia and Panama that have delivered more than 36,000 kilometers of clean routes, a household charger developed in a partnership with Haceb with 100 % Colombian engineering and 26 electric buses running in Cali's mass transportation system, MIO.

### **Financial strength to grow together**

The transformations we have made in recent years have given us the strength and stability necessary to navigate through the uncertainty and complexities of 2020 and to be a trusted partner for our customers, suppliers and, in general, all our stakeholders.

The company achieved consolidated revenues of COP 3.5 trillion, down 5.1 % compared to the previous year, due to, among other things, the sale of Zona Franca Celsia and assets to Caoba Inversiones. Generation contributed COP 1.3 trillion and the distribution business, through retail marketing, contributed COP 2.2 trillion. In the operating result, we would like to emphasize the stability of EBITDA, which reached COP 1.23 trillion with a slight decrease of 2.1 %. Consolidated net income recorded COP 338,879 million and net income attributable to the controlling shareholders reached COP 249,320 million.

In debt management, we implemented several measures to protect the organization's financial flexibility and to be able to support the needs of our customers during the pandemic. Thus, we achieved savings in costs and expenses amounting to COP 51,941 million and we delayed capital investments in the amount of



COP 307,295 million, which together allowed us to grant relief in charges and freeze rate. Consolidated debt ended the year at COP 3.86 trillion, with a net leverage over EBITDA ratio of 2.8x slightly higher than in 2019 but below our ratings benchmarks.

In terms of our separate financial performance, income amounted to COP 366,616 million with an adjusted EBITDA for dividends of COP 215,983 million and a net profit of COP 282,524 million.

A solid balance sheet structure and the history of positive financial results that we have been building up helped maintain our credit rating at AA+ investment grade. Celsia Colombia also maintained its AAA rating, which it has held for twenty years, and Alternegy in Panama managed to maintain its rating and improve its outlook to stable.

The 2020 results show that we have a solid foundation in our businesses and that the strategy implemented has strengthened our ability to create value and deliver consistent results. The share price increased by 7.4 % in a year in which market turbulence caused the Colcap index to fall 13.5 %. The dividend yield was 6.2%, 270 basis points higher than the average dividend of Colcap shares. In 2020, Celsia managed to provide its shareholders with a total return between increased value and dividends of 13.3 %.

Over the last five years, the Company's consolidated EBITDA has grown at an annual rate of 12.6 %. In turn, the share price in the same period has increased in value by an annual average of 11.1 %, 627 bps above the Colcap. In terms of total shareholder return rate, we are also above the Colcap by 809 bps on annual average over the last five years. Even amidst a volatile environment, we are committed to generating earnings and dividends with a low-risk, predictable and transparent business model. This is our main commitment to you, our shareholders.

Additionally, at Celsia we are convinced of the importance of improving and continuing to apply responsible investment, environmental, social and corporate governance (ESG) criteria. In 2020, we were again included in the S&P Global Sustainability Yearbook, receiving the publication's bronze medal, and maintaining our rating in the Dow Jones Sustainability Index (DJSI). We are very proud to be one of the most sustainable energy companies in the world and we hope we can attract many investors like you on this journey.



At Celsia, we understand that the effects of climate change give rise to vulnerabilities in our operations. That is why, we project an increasingly cleaner and more balanced energy matrix, with a high share of non-conventional renewable energies. We also aim to develop innovative, low-carbon products and services, thereby contributing to the reduction of the impacts associated with greenhouse gas emissions and their consequences on ecosystems and the availability of natural resources, which are a priority for our organization. We will continue to work toward achieving carbon neutrality, with our emission reduction certificates for our renewable plants and the ReverdeC program, thus reaffirming our commitment to be increasingly sustainable.

### **Prepared for the future**

Every year has its challenges, and our employees have risen to the occasion. Our dedication and commitment to customers, and continuous adaptation and improvement drove the Company's valuable results.

As we look to the future, it is clear that both the market and technologies will continue to change, and our customers and communities will become increasingly demanding. Our strategy is clear: We are transforming ourselves and investing in a modern, reliable and sustainable infrastructure. We are also innovating and evolving to meet our customers' energy needs for decades to come.

### **Simplification of the structure**

Affiliate Celsia Colombia S.A. E.S.P. merged with Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S., in which it owned 100 % of their capital and which were considered temporary vehicles to acquire the commercialization business and the energy distribution assets in the department of Tolima and the wind power projects to be developed in the department of La Guajira, respectively. At the end of 2020, the merger by absorption between the Company and these two vehicles was formalized, thus simplifying the corporate structure.

### **Legal affairs and corporate governance**

Celsia duly addressed its legal affairs and did not receive any notification of lawsuits or penalties that could affect its financial position.



During 2020, management, the Risk area, Internal Audit, the statutory auditor and the Board of Directors, through its Audit, Finance and Risk Committee, carried out monitoring tasks aimed at ensuring the performance of the financial information disclosure and control systems. The evaluation process and the tests performed on a random basis led to the conclusion that they are reliable, free of material errors or significant deficiencies that could affect the preparation and fair presentation of the financial information.

The Company complied with the applicable legislation on intellectual property and copyrights, and transactions with managers and shareholders were undertaken pursuant to the provisions of the relevant regulations and under market conditions. Notes 32 and 35 of the separate and consolidated financial statements, respectively, describe these transactions. Additionally, in compliance with Law 1231 / 2008, amended by Law 1676 / 2013, the Company did not obstruct the free circulation of invoices issued by suppliers.

Aspects related to Article 446 of the Code of Commerce are included in the financial statements, the Statutory Auditor's Report and this document, which are posted on the Company's website. In turn, the Business Group report referred to in Article 29 of Law 222 / 1995, the corporate governance report and the report on the implementation of the recommendations of the Country Code are included in the information of the General Meeting available to shareholders on the website [www.celsia.com](http://www.celsia.com). [www.celsia.com](http://www.celsia.com).

To our shareholders, thank you very much for your support and your continued investment in Celsia.

Jorge Mario Velásquez  
Alejandro Piedrahíta Rafael  
Olivella  
María Luisa Mesa  
María Fernanda Mejía  
David Yanovich  
Eduardo Pizano  
Board of Directors

Ricardo Sierra Fernández  
CEO

Medellín, February 23, 2021