

GRUPO ENERGÍA BOGOTÁ CONTINUES TO STRENGTHEN ITS CORPORATE GOVERNANCE

- *The statutory commitment was incorporated that at least three of the nine members of the GEB Board of Directors must be women and at least five must meet the independence criteria.*

Bogotá D.C., March 29, 2021. At their ordinary meeting held today, the shareholders of Grupo Energía Bogotá S.A. E.S.P. approved an amendment to their Company bylaws, the Rules of the General Meeting of Shareholders and the Policy on Appointment, Succession and Compensation of the Board of Directors, thus demonstrating its commitment to the permanent strengthening of the corporate governance of the company and the protection of the rights and interests of minority shareholders.

The purpose of the amendments approved is to consolidate the Corporate Governance of the Corporate Group, taking into consideration the best local and international practices related to corporate governance, as well as the recommendation of the Dow Jones Sustainability, the Investor Relations recognition of the Colombian Securities Exchange (BVC, for the Spanish original) and Circular Letter 028/2014 of the Financial Superintendence of Colombia (Código País).

At the statutory level, the implementation of the Código País recommendations is approved to regulate the right of shareholders, regardless of their shareholding, to request additions to the agenda of the ordinary meeting of the Assembly, with the aim of reinforcing and guaranteeing their right to inspection, information and participation in the meetings of the highest corporate body.

Regarding the composition of the Board of Directors, the minimum number of independent members it must have has increased from four to five, in turn strengthening the applicable independence criteria and exceeding by more than double the percentage required by Article 44 of Law 964 / 2005. Also, by virtue of the commitment of shareholders and Management to strengthen diversity at all company levels, the requirement is included for the first time according to which the Board of Directors must have the participation of at least three women. Said requirement is of immediate application and is fulfilled with the participation of doctors María Lorena Gutiérrez, María Mercedes Cuellar and Martha Veleño in the current Board of Directors. Likewise, measures are envisaged that promote a staggered transition of the Board of Directors in order to ensure the continuity of the corporate strategy.

Additionally, the inclusion of three new grounds for the application of the quorum and special majority was approved in the decisions adopted by the Board of Directors in relation to the adoption and modification of the Contracting Manual, the Investment Policy and the Corporate Governance Model of the GEB, in order to provide greater guarantees to the company's shareholders in matters of contracting and investments. For this reason, said decisions must be voted favorably by 7 of the 6 members present at the respective Board of Directors meeting.

In response to efforts to strengthen ethical standards and in the adoption of a zero tolerance policy against corruption, different measures are included aimed at administrators and collaborators to reject them.



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Reform to the Corporate Bylaws

8 Bylaw Reform Proposal

Credit and Financing Transactions Liabilities and Assets with Related Parties - Art. 5 Corporate Purpose

Justification	Original version	Adjusted version
<p>By entering into the transactions, greater synergies are sought between the cash requirements of the GEB and the Related Parties, optimizing the financing costs associated with these requirements, and making the contracting procedures more flexible compared to other financing alternatives available in the market.</p> <p>According to the Ministry of Finance and Public Credit, it is feasible to enter into passive and active financing transactions as long as the Company's corporate purpose contemplates such activity.</p>	<p>Article 5. Corporate Purpose: (...) In furthering its corporate purpose, Grupo Energía Bogotá S.A. ESP may engage in any activities that are related to or that complement its primary line of business, and specifically the following:</p> <p>(...)</p> <p>11. Offer advisory and consulting services on matters related to its main corporate purpose.</p> <p>Paragraph (...)</p>	<p>Article 5. Corporate Purpose: (...) In furthering its corporate purpose, Grupo Energía Bogotá S.A. ESP may engage in any activities that are related to or that complement its primary line of business, and specifically the following:</p> <p>(...)</p> <p>12. Enter into passive and active credit and financing transactions with related parties.</p> <p>Paragraph (...)</p>

Proposed Bylaw Reform-Best Practices Initiative derived from SFC Circular Letter 028

General Meeting of Shareholders - Art. 46. Call to meeting

Justification

Substantive adjustment in order to adopt measures 10.7-10.10 of the Código País, regarding the inclusion of the shareholders' right to request additions to the agenda of the Ordinary General Meeting of Shareholders and the procedure to be followed.

Original version

Article 46. Call to meeting
(...)

Adjusted version

Article 46. Call to meeting
(...)

Third Paragraph: Notwithstanding the provisions of Article 182 of the Code of Commerce, in order to strengthen and guarantee the shareholders' right of inspection and information prior to the Ordinary General Meeting of Shareholders, shareholders, regardless of the size of their shareholding, have the right to propose the introduction of one or more items to be discussed in the agenda of the meeting, within five (5) common days following the publication of the notice of the meeting and provided that the request for the new items is accompanied by a justification for their study by the Board of Directors.

If the Board of Directors refuses the request, it must reply in writing to those requests supported by at least five percent (5 %) of corporate capital, explaining the reasons for its decision, and inform the shareholders of their right to make proposals during the General Meeting of Shareholders.

In the event the Board of Directors accepts the request, once the shareholders' time to propose new items has expired, the Company shall publish a supplement to the notice of the General Meeting of Shareholders, at least fifteen (15) calendar days prior to the meeting.

Within the same period of five (5) calendar days following the publication of the notice of meeting, the shareholders may submit new proposals for resolutions on matters previously included in the agenda, for which purpose the provisions of the preceding paragraphs of this third paragraph shall be followed.

8 Bylaw Reform Proposal - Initiative derived from DSI best practices

Increase in the number of independent members, diversity and inclusion and staggered appointment to the Board of Directors - Art. 60

Justification

The proposal is to increase the minimum number of independent members so that they represent the majority of the Board's composition.

In addition, it is proposed to establish in the bylaws that at least 3 of the 9 members (corresponding to 33.3 %) must be women.

Finally, a staggering mechanism is proposed, in order to ensure that at the time of making adjustments to the composition, shareholders consider the possibility that at least five members remain on the Board of Directors.

Original version

Article 60. Members: The Company shall have a Board of Directors consisting of nine (9) principal members, elected by the General Meeting of Shareholders using the electoral quotient system, of whom at least ~~four (4)~~ members must be independent, as defined by law and by the Company's Corporate Governance Code.

Pursuant to Article 19, Section 16 of Law 142/1994, the Board of Directors shall represent shareholdings in a proportional manner.
(...)

Adjusted version

Article 60. Members: The Company shall have a Board of Directors consisting of nine (9) principal members, elected by the General Meeting of Shareholders using the electoral quotient system, of whom at least five (5) members must be independent, as defined by law and by the Company's Corporate Governance Code and other corporate documents.

At least three (3) women shall be part of the Board of Directors.

Pursuant to Article 19, Section 16 of Law 142/1994, the Board of Directors shall represent shareholdings in a proportional manner.
(...)

Paragraph four: The slate of candidates to be submitted to the consideration of the General Meeting of Shareholders shall endeavor to maintain a number of at least five (5) members.

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Bylaw Reform Proposal - Initiative derived from DSI best practices

Appointment period

Justification	Original version	Adjusted version
<p>Adjustment in order to establish that in the event that a new composition of the Board of Directors is not proposed, the current composition will remain, as long as it complies with the requirements established in the Policy on Appointment, Succession and Compensation of the Board of Directors.</p>	<p>Article 63. Term: Members of the Board of Directors shall be appointed to serve for a period of two (2) years, and may be re-elected, notwithstanding the General Meeting of Shareholders' power to remove them at any time as regards the provisions of the temporary Article 105 of these bylaws.</p>	<p>Article 63. Term: Members of the Board of Directors shall be appointed to serve for a period of two (2) years, and may be re-elected, without prejudice for the Shareholder Assembly's power to remove them at any time.</p> <p><u>The members of the Board of Directors shall continue in office until a new election is held, provided that said members comply with the requirements for reelection established in the Policy on Appointment, Succession and Compensation of the Board of Directors.</u></p>

Proposed Bylaw Reform-Best Practices Initiative derived from SFC Circular Letter 028

Board of Directors - Art. 66. Functions

Justification

Include the Código País recommendation in relation to establishing as an express function of the Board of Directors to evaluate the performance of the President of the Company.

Additionally, it is proposed to adjust section 22 in order to include in the Board of Directors the function of supervising the corporate governance practices and the ethical and conduct standards adopted by the Company.

Original version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:

(...)

2. To appoint and freely remove the Company's CEO in accordance with the election process defined in the Corporate Bylaws and in these Rules, and his/her alternates, as well as ~~assign~~ his/her compensation and approve the Senior Management Succession Policy, which must cover both the CEO and the vice presidents.

(...)

22. Approve the governance model of Grupo Energía Bogotá S.A. E.S.P., the Corporate Governance Policy and specific measures on Company governance, conduct and information, in order to ensure that the rights of those who invest in its shares or any other securities are protected, that their matters are adequately managed, and that their performance is publicly known, and submit to the General Meeting of Shareholders, jointly with the CEO, a report on the above matters.

(...)

Adjusted version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:

(...)

2. To freely appoint and remove the Company CEO in accordance with the election process set forth in these Bylaws and in the Rules of the Board of Directors, and its alternates, as well as to evaluate compliance with the performance objectives set annually and establish their compensation in consideration of the responsibility of the position and market guidelines, and to approve the Senior Management Succession Policy, which must include both the CEO and the vice presidents.

(...)

22. Approve the governance model of Grupo Energía Bogotá S.A. E.S.P., the Corporate Governance Policy and specific measures on Company governance, conduct and information, and consequently, supervise the efficiency of the corporate governance practices implemented and the level of compliance of the ethical and conduct standards adopted by the Company, in order to ensure that the rights of those who invest in its shares or any other securities are protected, that their matters are adequately managed, and that their performance is publicly known, and submit to the General Meeting of Shareholders, jointly with the CEO, a report on the above matters.

(...)

8 Bylaw Reform Proposal

Board of Directors - Art. 66. Functions

Justification

Pursuant to the amendment of the corporate purpose, a new function is included for the Board of Directors to approve credit and financing operations with related parties.

Original version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:
(...)

Adjusted version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:

(...)

44. Approve the execution of passive and active credit and financing transactions with related parties in accordance with the provisions of the Policy on Transactions with Related Parties: (i) with subsidiaries of Grupo Energía Bogotá when their value exceeds the amount equivalent in local currency to seventy thousand (70,000) legal monthly minimum wages in force, and (ii) with other related parties, legal entities regardless of the amount, only for short-term transactions and in Colombian legal currency, provided that the counterparty meets the criteria of solvency, equity, the required documentation and other conditions defined in the technical annex of the Policy on Transactions with Related Parties.

Proposed Bylaw Reform-Best Practices Initiative derived from SFC Circular Letter 028

Board of Directors - Art. 66. Functions

Justification

Inclusion of the section to establish as a function of the Board of Directors to know the evaluations of the members of Senior Management.

Original version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:

(...)

First Paragraph: Notwithstanding that the Board may receive support from the Committees to perform its duties, the Board of Directors shall not delegate to management the functions listed in the following subsections of this article: 1, 2, 4, 6, 8, 9, 10, 11, 12, 22, 25, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, ~~and~~ 43.

Adjusted version

Article 66. Functions:

The Board of Directors shall have the following duties and functions:

(...)

[45. To be aware of the performance assessment of the Senior Management members.](#)

First Paragraph: Notwithstanding that the Board may receive support from the Committees to perform its duties, the Board of Directors shall not delegate to management the functions listed in the following subsections of this article: 1, 2, 4, 6, 8, 9, 10, 11, 12, 22, 25, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, [44 and 45.](#)

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Bylaw Reform Proposal - Good Practices Initiative derived from the Corporate Strategic Plan (CSP)

Board of Directors - Art. 67. Quorum and special majorities

Justification

It is proposed to include three new grounds for the application of the quorum and special majority in the decisions adopted by the Board of Directors in order to protect the company's capital, so that the adoption/modification of the Contracting Manual, the adoption/modification of the Investment Policy and the adoption/modification of the corporate governance model are adopted by a qualified majority and approved by six of the members present at the Board of Directors' meeting.

Original version

Article 67. Quorum and special majorities:

(...)

Decisions on the following matters must only be adopted at Board meetings at which a minimum of seven (7) Board members are present, and their approval will require the affirmative vote of at least six (6) of the members present:

(...)

Adjusted version

Article 67. Quorum and special majorities:

(...)

Decisions on the following matters must only be adopted at Board meetings at which a minimum of seven (7) Board members are present, and their approval will require the affirmative vote of at least six (6) of the members present:

(...)

[7. Approval of the Company's contracting manual.](#)

[8. Approval of the Company's Investment Policy](#)

[9. Approval of the Company's governance model](#)

8 Bylaw Reform Proposal

Audit Committee – Art. 92. Functions

Justification

Update committee appointments

It is proposed that the functions contained in the Rules of the Audit and Risk Committee be expressly included in order to bring these functions into line.

Original version

Article 92. Functions: The Audit Committee shall have the following duties:
(...)
6. Others as assigned by the Board of Directors.

Adjusted version

Article 92. Functions: The Audit and [Risk](#) Committee shall have the following duties:
(...)
6. Others as assigned by the Board of Directors and [as established in the regulations](#).

Proposed Bylaw Reform-Best Practices Initiative derived from the benchmark

Disabilities and incompatibilities - Art. 95

Justification

Strengthen ethical standards, adopting a zero-tolerance policy for fraud, bribery, violations of the Foreign Anti-money Laundering and Counter-terrorism Financing practices.

Original version

Article 95. Disabilities and incompatibilities: ~~Employees~~ shall be subject to the legal regime of disabilities and incompatibilities for contracting with the Company as expressly provided for by law.

Adjusted version

Article 95. Disabilities and incompatibilities: Management and employees and employees shall be subject to the legal regime of disabilities and incompatibilities for contracting with the Company as expressly provided for by law.

Likewise, they must express the adoption of a zero tolerance policy for fraud, bribery, corruption, violations of the Foreign Corrupt Practices Act ("FCPA"), anti-money laundering and counter-terrorism financing and express their rejection of any behavior that may constitute a violation of the Political Constitution of Colombia and local and foreign laws, insofar as they are applicable. Likewise, they shall reject any conduct that violates or disregards the provisions contained in the Code of Ethics and Conduct and in the internal regulations.

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Proposed Bylaw Reform-Best Practices Initiative derived from the benchmark

Conflicts of Interest - Art. 97

Justification

Strengthening of standards so that GEB employees may be members of the boards of directors of companies in which GEB has an interest, without this function being understood as a conflict of interest.

Original version

Article 97. Conflicts of Interest: The Corporate Governance Code and other internal rules shall regulate the principles, standards and procedures to apply in the event of cases of conflicts of interest.

Adjusted version

Article 97. Conflicts of Interest: The Corporate Governance Code and other internal rules shall regulate the principles, standards and procedures to apply in the event of cases of conflicts of interest.

All GEB employees may be members of the boards of directors of companies in which GEB has a shareholding interest, without such function being understood as a conflict of interest with the exercise of their functions in the Company.

8 Bylaw Reform Proposal

Information – Art. 98

Justification

Strengthening of the rules for the provision of general information, in accordance with the criteria established in the Corporate Governance Code.

Original version

Article 98. On Information: All persons linked with the Company shall exercise extreme care in handling information marked as confidential, especially in matters that relate to its competitive advantage, corporate strategy, and competition, prices and campaigns. With the exception of confidential information, or any information that may put the Company's business at risk or affect the rights of third parties, the Company shall make available general information in accordance with the methodology and periodicity established by the Board of Directors and the applicable securities market rules, in order to provide shareholders and other investors timely and accurate information for their investment decisions.

Adjusted version

Article 98. On Information: All persons linked with the Company shall exercise extreme care in handling information marked as confidential, especially in matters that relate to its competitive advantage, corporate strategy, and competition, prices and campaigns. With the exception of confidential information, or any information that may put the Company's business at risk or affect the rights of third parties, the Company shall make available general information in accordance with the methodology and periodicity established by the Board of Directors and the applicable securities market rules, in order to provide shareholders and other investors timely and accurate information for their investment decisions. [The criteria, means and periodicity for disclosing information shall be established in the Corporate Governance Code.](#)