

# Internal Audit Statutes

Grupo Energía Bogotá S.A. E.S.P



GrupoEnergíaBogotá



### Internal Audit Statutes

#### I. Objective

The objective of these Statutes is to establish the purpose, authority and responsibility of the office of internal audits with the goal that the Internal Audit Department of Grupo Energía Bogotá S.A. E.S.P. and companies in the Group, hereinafter referred as Group, fulfills the goals set for itself and that through independent and objective assurance (audit) and consultation activities, it may add value and contribute to timely and appropriate prevention of risks and fulfill the Company's strategic objectives.

To comply with the Statutes, the following must be guaranteed:

- Independence with respect to the Audited entities when exercising its functions in the area of Internal Audit.
- Availability of auditing staff with the required competences (knowledge, abilities, attitudes and experience).
- Confidentiality of audited information.
- Reliability of the results of performed audits.
- Support from upper management in the implementation of needed improvement actions.

#### II. Mission of the Internal Audit Function

Provide the Group with an independent and objective assessment to the Internal Control System through assurance activities based upon risk analysis, supporting the improvement and protection of the Group's value and proposing improvements as required.

#### III. Fundamental Principles of the Internal Audit Function

The effectiveness of the Internal Audit work requires comprehensive compliance of the following fundamental principles that must be wholly adopted by the Group's internal auditors:



- 1 Be honest and demonstrate it through actions.
- 2 Demonstrate competence and proper professional care.
- 3 Be objective and independent from audited subjects.
- 4 Align with the Group's strategy, objectives and risks.
- 5 Position themselves appropriately and have adequate resources.
- 6 Demonstrate quality and continuous improvement.
- 7 Communicate effectively.
- 8 Provide risk-based assurance.
- 9 Provide comprehensive analysis to carry out a deep, proactive analysis and be future-minded.
- 10 Promote organizational improvement.

#### IV. Scope

The Internal Audit scope is the Group. The function is led by GEB's General Audit and by the officer in charge of audits in each one of the Group's companies.

Considering that all activities, operations and processes may be subjected to an internal audit review, the scope set from the third line of defense (represented by the General Audit and those responsible for this function in the Group's companies) from the outlook of independent assurance and according to the Annual Audit Plan, shall be to determine if the Group's processes, risk management, corporate control and governance are adequate and functional, taking into account the following:

- The Comprehensive Risk Management System is adequately applied.
- There is appropriate interaction among the different leading groups, as the case may be.
- The significant financial, management and operational information is accurate, reliable and timely.
- Actions by the employees comply with applicable policies, standards, principles, procedures, laws and regulations.



- Resources are acquired inexpensively, used efficiently, and are adequately protected.
- The Group's programs, plans and objectives are fulfilled.
- Laws or regulations that materially affect or may affect the Group are adequately disclosed and applied.
- Policies, principles, models and methodologies related to internal control and compliance thereof are set, adopted and followed according to the guidelines defined by the Group.

### V. Services Rendered by the Internal Audit Function

Services rendered by the Group's Internal Audit Department are classified as follows:

- **Assurance services:** Include objective assessment of evidence activities to express an independent opinion regarding the corporate governance systems, risk management and internal controls of the Group. The nature and scope of the work are determined independently by the Internal Audit Department or by request from the Audit and Risk Committee or by the management of GEB or one of the Group's companies.
- **Consulting services:** Activities carried out by the initiative of the Group's management, with the purpose of providing management with recommendations on a specific topic. The nature and scope of the work are subject to the agreement with Management. The Audit Department performs a consultant role, without assuming the responsibility for the design, execution, supervision or approval of operations or processes on its behalf.

Internal Audit is responsible for the follow-up and control of contractors who perform assurance and consulting activities.

### VI. Responsible parties of the Group's Internal Control System

The responsibility for the proper functioning of the Internal Control System lies with managers, directors, employees, shareholders, internal control entities of the companies that make up the Group, as well as contractors and customers, as the case may be.



To ensure compliance and preserve the Group's Internal Control System's integrity, the companies apply the "Three Lines of Defense" model, according to the standard promoted by the European Confederation of Institutes of Internal Auditing (ECIIA), in which the responsibilities within the Internal Control System are defined as follows:

- The first line of defense is formed by owners of processes, who, as part of their daily functions and duties, establish their own control activities to mitigate their risks and maintain effective internal control.
- The second line of defense is framed within the different compliance, supervision and monitoring functions performed by the areas that carry out financial reporting control activities, legal and regulatory compliance, quality management systems, information security, supervision and inspection and risk management, where implementing control activities for risk mitigation is facilitated and monitored.
- This line ensures that the first line of defense is operating as designed and proposes and implements corrective measures as required.
- The third line of defense is carried out by the Group's Internal Audit office through internal auditing activities. This line of defense provides corporate governance departments and senior management with reasonable assurance of the governance's effectiveness, risk management and control in the companies that form the Group through professional, specialized, independent and objective audit duties.

### **VII. Authority of the Internal Audit Function**

The Group's Internal Audit Departments have full, free and unrestricted access to all records, assets and staff of the audited companies related to any function under review.

The Auditor General and those responsible for Internal Audit in each one of the Group's companies are authorized to do the following:



- Access all information and databases needed and related to audits included in the Annual Audit Plan.
- Assign staff to perform audits, set the frequency, select the topics, determine the scope of work and apply the required techniques to fulfill the audit's objectives, aligned with the Auditor General.
- Request the needed cooperation from the staff in the Group's Departments where audits are carried out, once the scope and review objectives have been agreed with the Auditor General.

The Auditor General, those responsible for Internal Audit in each one of the Group's companies, and auditors that are part of the auditing teams are not authorized to do any of the following:

- Perform any type of operational or management tasks for the Company.
- Initiate or approve accounting transactions unrelated to the Internal Audit Department.
- Audit any activities in which there might be a conflict of interests.
- Lead the activities of any employee of the Group who is not part of Internal Auditing, with the exception of those appropriately assigned to auditing teams or to cooperate in some way with internal auditors.

### VIII. Responsibilities of the Internal Audit Function

The Group's Internal Audit department shall:

- 1 Apply in a standardized way the International Framework for the professional execution of Internal Audit, the procedures, methodologies and tools defined between the General Audit and those responsible for Internal Audits of the Group's companies for the practice of internal audit activities.
- 2 Execute the Annual Audit Plan and report to the corresponding Audit and Risk Committee the audit results in a coordinated way between the individual responsible for auditing and the Auditor General on the basis of value improvement for the Group.

- 3 Allocate in coordination with the Group's Auditor the economic and human resources, and the knowledge and experience for executing the functions and the fulfillment of the Annual Audit Plan, such that cross-audits are encouraged among the Group's Audit teams, following audit standards and the Code of Ethics of the Global Institute of Internal Auditors IIA (governing body of the Internal Audit function).
- 4 Prepare and submit for approval to the Audit and Risk Committee at each one of the Group's companies as required the Annual Audit Plan and any modifications that the plan might require, based on the Risk Management System, as well as the human, technological and financial resources needed to carry it out. The plan will be carried out on the basis of a prioritization of risk-based audits.
- 5 Report to the Audit and Risk Committee at each of the Group's companies about the relevant or material problems related with the processes to control the Group's activities, including potential improvements to the processes and solutions according to the action plans prepared for the Departments.
- 6 Timely report any difficulties or restrictions encountered in the course of auditing work, including limitations in the scope of activities and/or access to the information needed to carry out internal audit activities in the Group: first, to the Auditor General; then, to the President's Committee/Management/Director as applicable; and finally, to the Audit and Risk Committee of each one of the Group's companies, as required.
- 7 Submit to the Audit and Risk Committee of each of the Group's companies as required and periodically, information about the state, results and significant issues of the Annual Audit Plan.
- 8 Resolve any discrepancies that may arise regarding the issues identified in audits that are rejected and that lack supporting items for resolution in the following way:
  - First, with process owners
  - Second, with the Auditor General
  - In third place, with the Senior Management Committee, if applicable
  - In fourth place, with the Audit and Risk Committee
- 9 Submit, at least once a year, to the Audit and Risk Committee of each of the Group's companies as required, a report or statement about the independence given to the Company's Internal Audit Department to develop and execute their Annual Audit Plan.



- 10** Submit to the Audit and Risk Committee of each of the Group's companies as required, the results of the assessment of the Quality Assurance and Improvement Program (QAIP), executed by the Internal Audit Department at least once a year, and of the external assessments performed at least every 5 years according to the International Professional Practices Framework for Internal Audits.
- 11** Follow-up on the implementation of improvement actions resulting from the work performed in the Internal Audit Department and by external control entities, when the applicable standard or the Group's definitions require it.
- 12** Coordinate audit activities with external auditors, statutory auditors and other assurance areas that are deemed pertinent.
- 13** Review the results of audits and final score of the report with the individual responsible of audit functions in each of the Group's companies and the Auditor General before issuing and distributing the report.
- 14** Review and propose an annual update, if needed, of this Statute and the Regulations of the Audit and Risk Committee regarding the Internal Audit activities.

### **IX. Independence of the Internal Audit Function**

- a)** To preserve the independence from those audited, the individual responsible for internal audits reports administratively in the following manner:
  - The Auditor General reports administratively to the President of GEB.
  - The individual responsible for the Auditing function at each of the Group's companies reports administratively to the president/manager at the corresponding company of the Group.

The administrative report is the link within the organization's management structure that facilitates the execution of day-to-day internal audit operations and provides appropriate connection and support to be effective.





The resulting functions of the administrative unit correspond to the following:

- Manage the accounting information of the Internal Audit Department.
  - Provide support for internal audits, positioning it at the proper level within the Company.
  - Create adequate information flows that allow remaining updated regarding the Company's activities, plans and initiatives.
  - Manage human resources, including the methodology framework established by the Company to assess the staff and their retributions.
  - Provide support and a methodology framework to adjust policies, procedures and the Internal Audit Manual.
- b)** To preserve the independence from management, the individual responsible for internal audits reports functionally in the following manner:
- The Group's Auditor General and the individual responsible for Internal Audits at each of the Group's companies report to the Audit and Risk Committee at each of the Group's companies, as required.

In that regard, the Committee carries out the following duties considering the determination of the independence required by the Audit function in each Company:

- Approve the Internal Audit Statutes.
- Approve the risk-based Annual Internal Audit Plan and modifications to the plan.
- Know the internal audit budget approved by the Board of Directors and the resources allocated to the Internal Audit Department.
- Appoint, select, and analyze the termination of functions of the individual responsible for Internal Audits.
- Set and assess compliance with the performance objectives of the individual responsible for Internal Audits.
- Validate the report, information, and communications of the individual responsible for Internal Audits regarding the progress and results from activities carried out or other matters considered necessary.



- Ask questions to the individual responsible for Internal Audits to determine if there is an inadequate scope or limitations of resources.
- Receive periodic communications regarding the results of Internal Audits and, when necessary, hold private meetings with the Auditor, without the presence of the Company's Management.

Recommend to the Board of Directors/Directors/Management Councils, if considered pertinent, any modifications to the Audit budget requested by the individual responsible for Internal Audits, previously approved by the Auditor General.

### Considerations regarding independence:

- The Auditor General or the individual responsible for Internal Audits at each of the Group's companies shall act as a consultant in those committees in which he or she is invited as a non-voting member, without assuming any responsibility for control design, execution, supervision or approval. This participation does not make him/her responsible for decisions made on this matter, nor will it prevent the Internal Audit Department from carrying out further audit processes or to present objections or comments over those decisions.
- The Internal Audit Department shall not have direct operational responsibility or authority over the operations it reviews, it may not develop nor install systems or procedures, prepare records or participate in other activities normally subjected to an audit.
- At no time the management of the Group's companies shall interfere through substantial adjustments of the opinion of audit results without a reasonable and supported justification. Should such a request be received, those responsible for Internal Audits at the Group's companies must report it to the Auditor General.
- Members of the audit team must report to the individual responsible for Internal Audits, and he or she shall likewise report to the Auditor General any situation that could affect their independence or objectivity. If the person responsible for Internal Audits and/or the Auditor General determines that an impediment exists or that its existence may be



inferred, then the corresponding auditor must be reassigned.

- No auditor may accept money, gifts or gratuities from an employee or “client,” nor from staff related to the audit that could affect his or her objectivity and independence, or give the impression that these are, have been or could be lost.
- When the individual responsible for Internal Audits assumes or expects to assume roles and/or responsibilities outside of the scope of internal audits, first, he or she must inform and receive authorization from the Group's Auditor General, who will receive a report of the functions and responsibilities to be assumed, the risks related to those functions and their scope; if the approval is granted, the case is escalated to the Audit and Risk Committee at each of the Group's companies, as needed, for final approval.
- The Internal Audit Department may provide assurance services in places where consulting activities were previously provided, as long as the nature of such services does not undermine, put at risk or cast doubt of its objectivity, based upon the provisions of the International Professional Practices Framework for Internal Audit staff.

### **X. Standards for Executing Internal Audits**

The Internal Audit Department of the Group shall comply in every case, at a minimum, with the International Standards for the Professional Practice of Internal Auditing, the fundamentals of internal audits, the mandatory guidelines and the Code of Ethics of the Institute of Internal Auditors —The IIA—, as well as with the Group's internal regulations.

### **XI. Code of Ethics of the Internal Audit Department in the Group**

These Statutes adopt the Code of Ethics of the Internal Audit function issued by the Institute of Internal Auditors, which has the purpose of promoting an ethical culture in the exercise of internal audits. This Code does not replace nor modify the Group's Code of Ethics.

According to the International Professional Practices Framework for Auditing, it is both necessary and appropriate to have a Code of Ethics in the Internal Audit Department, since this is based upon the trust placed on its objective assurance of risk management, control and governance. The Code of Ethics of the Institute of Internal Auditors must transcend and go beyond the definition of internal



audits, through the inclusion of two essential components, which are as follows:

1. Principles relevant for the profession and practice of internal audits.
2. Rules of conduct that describe behavior standards that are expected to be observed by internal auditors. These rules help to interpret the principles in practical applications. Their intent is to guide the ethical conduct of internal auditors.

### **I. Application and compliance**

The Code of Ethics applies to professionals who provide internal audit services to the Group.

Possible or presumed breaches of the Code of Ethics shall be investigated and assessed pursuant to the Company Bylaws of each of the Group's companies, as the case may be, the Internal Work Regulations and other administrative regulations in the Company.

The mere fact that a particular behavior is not expressly contained in the rules of conduct does not prevent it from being considered unacceptable, inadequate or improper and, in consequence, the person responsible being subjected to disciplinary action, without ignoring or violating his or her right to defend him/herself and to due process.

### **II. Principles**

The Group's internal auditors, in the exercise of their functions, must hold and take into account the following principles:

#### **a) Integrity**

The internal auditors' integrity is the basis to trust their judgment.

#### **b) Objectivity**

Internal auditors shall exhibit the highest level of professional objectivity by compiling, assessing and communicating information regarding the activity or process to be examined. Internal auditors shall make a balanced assessment of all relevant circumstances and shall form their judgments without allowing themselves to be influenced by their own interests or third parties.



### c) Confidentiality

Internal auditors shall respect the value and proprietary nature of the information they receive and shall abstain from disclosing it totally or partially, unless there is a legal or professional duty to do so.

### d) Competence

Internal auditors shall apply the required knowledge, abilities and experience when providing internal auditing services.

## III. Rules of Conduct

### Integrity

The Group's internal auditors:

- a) Shall perform their work with honesty, diligence and responsibility.
- b) Shall respect the law and disclose what is proper according to the law and professional practices.
- c) Shall not participate knowingly in an illegal activity or in actions that damage the internal audit profession or the Company.
- d) Shall respect and contribute to the legitimate and ethical objectives of the Company.

### Objectivity

The Group's internal auditors:

- a) Shall not participate in any activity or relationship that could damage their impartial assessment. This participation includes those activities or relationships that could be in conflict with the Company's interests.
- b) Shall not accept any item that could damage or appear to damage their professional judgment.
- c) Shall disclose all material facts known to them that, if not disclosed, could distort the report of activities subject to review.

### Confidentiality



The Group's internal auditors:

- a) Shall be prudent in the use and protection of the information acquired in the course of their work.
- b) Shall not use information for their personal profit or benefit, or that of a third party, or in any manner contrary to the law or that undermines the legitimate and ethical objectives of the Company.

### Competence

The Group's internal auditors:

- a) Shall participate only in those tasks for which they possess sufficient knowledge, ability and experience.
- b) Shall perform all internal audit services according to the Standards for Professional Practice of Internal Audits.
- c) Shall continuously improve their abilities and the effectiveness and quality of their services.

### XII Approval

These Internal Audit Statutes were:

- Reviewed and approved by the Audit Committee in the session held on December 11, 2008.
- Modified by the Audit Committee in the session held on November 15, 2011.
- Modified by the Audit Committee in the session held on June 19, 2014.
- Modified by the Audit and Risk Committee in the session held on August 18, 2016.
- Modified by the Audit and Risk Committee in the session held on May 22, 2018.
- Modified by the Audit and Risk Committee in the session held on April 21, 2022.