



QUICK GUIDE Prevention of Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction (ML/TF/FPWMD)



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Energía
Bogotá

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INTRODUCTION

GEB is a prominent issuer of securities, working under the shared oversight of the Superintendence of Household Public Utility Services and the Financial Superintendence of Colombia. However, it is exempt from the continuous scrutiny of the latter. To this end, GEB is committed to the practical application of SIPLA's methodologies, elements, and procedures. By adhering to the stipulations of relevant regulations, we ensure comprehensive regulatory reporting to the appropriate authorities. Our goal is to foster a compliance-oriented culture within the organization, one that adheres strictly to established rules and proactively mitigates risks linked to illicit behaviors.



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1 What is money laundering, terrorism financing, and financing of proliferation of weapons of mass destruction – ML/TF/FPWMD?

Money laundering is the process by which funds derived from unlawful activities are made to appear legal.

Terrorism financing involves any financial or logistical support—either direct or indirect—towards raising funds with the intent to facilitate a terrorist act, whether by an individual or a terrorist organization. This could involve both legal and illegal funds.
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Financing of proliferation of weapons of mass destruction constitutes any act that commits funds or employs financial services, in part or whole, towards the production, acquisition, possession, development, export, transfer, subdivision, transport, transfer, deposit, or dual usage for illegitimate purposes, in violation of national laws or international obligations, as applicable.



2 What constitutes the national anti-money laundering and terrorism financing system?

Prevention and detection form the two fundamental pillars of the Anti-Money Laundering and Combating Terrorism Financing (AML/CFT) system. This system is driven by international organizations, spearheaded by the Financial Action Task Force (FATF). The FATF establishes norms and encourages the effective execution of legal, regulatory, and operational measures aimed at combating money laundering, terrorism financing, and financing of proliferation of weapons of mass destruction.



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3 What are the impacts and consequences of ML/TF/FPWMD?

Beyond their criminal nature, these activities pose severe repercussions and impacts, including:

- Economic inflation of the country.
- Damaging the reputation of both the company and individuals.
- Listing on restrictive international registers like the Clinton List, UN List, and others.
- Loss of access to the financial system's services and products.
- Termination of trade ties with other countries.
- Weakening of democratic institutions and jeopardizing national and international security.
- Potential risks for businesses. Instigating mistrust in the financial system.
- Personal and institutional penalties of criminal, administrative, labor, and property nature.
- Provoking further related criminal activities.
- Escalating costs in product marketing.
- Encouraging unfair competition.
- Creating hurdles in entrepreneurial initiatives.
- Catalyzing macroeconomic disturbances.



4 Who is implicated in the ML/FT/FPWMD prevention and control system of GEB and its subsidiaries?

Each one of us has a role to play and is involved in the ML/TF/FPWMD prevention and control system. Our roles and responsibilities in this respect are clearly defined in the ML/TF/FPWMD Prevention and Control Manual, as well as in the Code of Ethics and Conduct.

5 What defines unusual and suspicious transactions?

✓ **Unusual transactions** are those transactions that do not align with the standard practices or financial range of a specific business, industry, or sector.

✓ **Suspicious transactions** are those unusual transactions that lack a reasonable explanation and documentation.

✓ **Attempted transactions** include not only completed transactions but also those that were prevented by the organization's control measures before completion.



6 Why is it crucial to cross-reference our business associates and stakeholders against national and international restrictive and control lists?

This practice is a key component of our due diligence process and serves as a strategy to manage risks associated with money laundering, terrorism financing, financing of proliferation of weapons of mass destruction, along with related activities. Conducted meticulously within GEB and its subsidiaries according to established procedures, this process effectively insulates GEB and its subsidiaries from associations with individuals or businesses implicated in illegal activities or actions that could tarnish our reputation.



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7 What exactly are PEPs, and how does GEB and its subsidiaries handle them?

PEPs, or Politically Exposed Persons, are public office holders with direct access to and control over state assets, funds, or valuables. They also include individuals responsible for the administration of justice, those with administrative-sanctioning authority, and private individuals who manage resources within political movements or parties. In compliance with local laws and regulations, GEB and our subsidiaries have a systematic procedure to identify, recognize, approve, and monitor our contractual relationships with individuals identified as PEPs.

8 What kind of risks does ML/TF/FPWMD encompass?

ML/TF/FPWMD Risk:

This term refers to a company's potential vulnerability to losses or damages due to its direct or indirect involvement in activities such as money laundering, financing terrorist activities, or facilitating the proliferation of weapons of mass destruction. This risk also includes instances when there's an attempt to conceal assets originating from such activities.

Contagion Risk:

This risk denotes the potential losses a company could face, directly or indirectly, as a result of actions or experiences involving a business partner.

Legal Risk:

This pertains to the possible financial implications a company may face due to sanctions or damages arising from non-compliance with rules, regulations, or contractual obligations. Legal risks can also originate from failures in contracts and transactions, triggered by malicious actions, negligence, or unintentional acts that hinder the establishment or execution of contracts or transactions.

Operational Risks:

This refers to the potential for losses resulting from inefficiencies, failures, or shortcomings in human resources, business processes, technology, infrastructure, or due to unforeseen external events. Operational Risk incorporates Legal and Reputational Risks associated with the above factors.

Reputational Risk:

This risk encompasses potential losses a company might incur due to damaged reputation, unfavorable public perception, adverse publicity—whether grounded in facts or not—pertaining to the organization and its business practices. Such a scenario could lead to a loss of clients, reduced revenue, or even legal disputes.

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What channels are available for reporting potential red flags or unusual activities within GEB and/or its subsidiaries?

GEB fosters a conducive environment where stakeholders can freely report, express concerns, raise queries, ask questions, or seek clarifications on ambiguities or interpretations without fear of retaliation. Our ethical channel is efficient, confidential, and independently managed by a third party, and is overseen by the Corporate Compliance Management and individual subsidiaries for matters pertaining to their specific affairs. Any breach of compliance guidelines observed should be reported promptly through the GEB Ethics Channel via the provided means.



Should you witness a breach of compliance regulations, it's your responsibility to report it via the GEB Ethics Channel, which can be reached through the following:

- ✓ **Web:** <https://canaleticogeb.ethicsglobal.com/?l=es>
- ✓ **Telephone:** Colombia: 01 01-8009191 / Peru: 705-22-33 / Guatemala: 502 2378 4852 / Brazil: 0 800 8923 392
- ✓ **Email:** canaleticogeb@ethicsglobal.com

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Were you aware that at GEB, we have implemented comprehensive training and communication plans related to the prevention and control of Money Laundering and Terrorist Financing?

GEB recognizes the importance of creating an informed environment to foster a culture of compliance and mitigate ML/TF/FPWMD risks. To this end, we have developed an extensive training and communication program that includes the ML/TF/FPWMD prevention system, which is implemented across GEB, its subsidiaries, and all our stakeholders.



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How do we manage the risks associated with Money Laundering and Terrorist Financing?

GEB has established a referential framework, procedural rules, and general guidelines that underpin the methodologies used in our comprehensive system for the prevention and control of Money Laundering and Terrorist Financing. This system aims to minimize the potential for GEB to be utilized as a channel for such illicit activities. Our policies, manuals, procedures, templates, controls, and risk management strategies are all aimed at fostering coordinated action. These steps help us identify, detect, prevent, manage, and combat Money Laundering and Terrorist Financing risks, prohibit behaviors associated with these practices, and bolster the commitment of all GEB staff, administrators, shareholders, and all stakeholders against these activities.

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What disciplinary action is applied internally for non-compliance with the Money Laundering and Terrorist Financing prevention and control system?

Internally, any employees, contractors, or other counterparties who fail to comply with the policies and procedures outlined in our ML/TF/FPWMD prevention system may be subject to sanctions. These sanctions will be determined by our internal work regulations, contractual obligations, code of ethics, conduct and other related provisions, as applicable.

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Are you aware that we have a primary and secondary Compliance Officer?

The Board of Directors appoints the primary and secondary Compliance Officers, both of whom have decision-making authority. They are responsible for ensuring the efficient, effective, and timely functioning of the Money Laundering and Terrorist Financing prevention and control system.



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