

**With 4,900 ha, 16 times the size of the Simón Bolívar Park in Bogotá, the Tominé Reservoir is the green heart of the Sabana de Bogotá**



# Corporate Governance, Setting an Example

We are recognized for the implementation of a culture based on transparency, ethics and corporate accountability.

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## Delivering on our commitments (103-1)(103-2)(103-3)

The consolidation and strengthening of good corporate governance practices are two of the big news of Grupo Energía Bogotá for our partners and affiliated companies in 2018. We have become an example and point of reference for other entities and companies in Latin America thanks to the full support of the Board of Directors and Senior Management. We have also attained the goal of belonging to the select group of organizations that enjoy good reputation in terms of good governance practices.

At present, we are recognized for the implementation of a culture based on transparency, ethics and corporate accountability, which contribute to:

1. effective and transparent decision-making by senior management;
2. decision-making processes guided by technical and corporate sustainability criteria;
3. the mitigation of potential political influences on Company management, in order to protect the interests of minority shareholders;
4. making decisions that generate profitability, competitiveness and sustainability for all Group companies and that strengthen the trust of our stakeholders in corporate management.



For more information on the business group agreement, scan the following QR code.

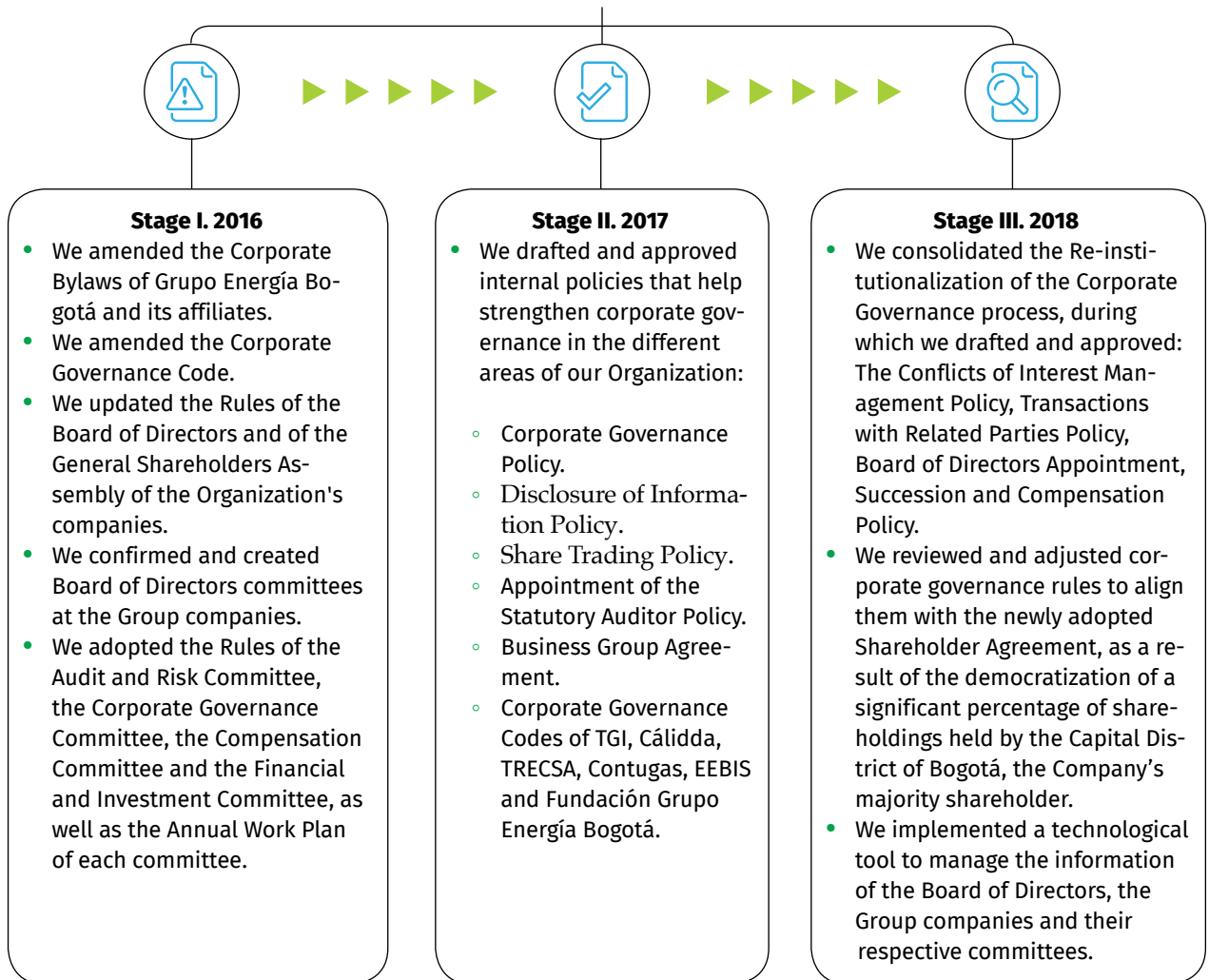
In 2018, we received the Andesco Award in the category of "Best Corporate Governance"

In 2016, we began to work on structuring a solid corporate governance arrangement based on the provisions of the new *Código País* (Circular Letter 028/2014 of the Financial Superintendence of Colombia), the provisions on corporate governance of the Organization for Economic Co-operation and Development (OECD) and the guidelines of the Development Bank of Latin America (CAF, for the Spanish original). And we have not stopped: 2017 was our year of strengthening and 2018 our year of consolidation.

Internally, we have called this process the **Re-institutionalization of Corporate Governance**, which has been divided into stages under the leadership of the Corporate Affairs Office of the Company's Legal, Regulatory and Compliance Vice President's Office.

RIGHT:  
Pension funds and individuals are some of the 7,289 shareholders of Grupo Energía Bogotá

## Re-institutionalization of Corporate Governance



The updates made to the corporate policies and rules resulting from the **Re-institutionalization of Corporate Governance** process enabled us to incorporate new and best practices, which protect the interests of our minority shareholders and articulate the social, environmental and economic commitments we have made.

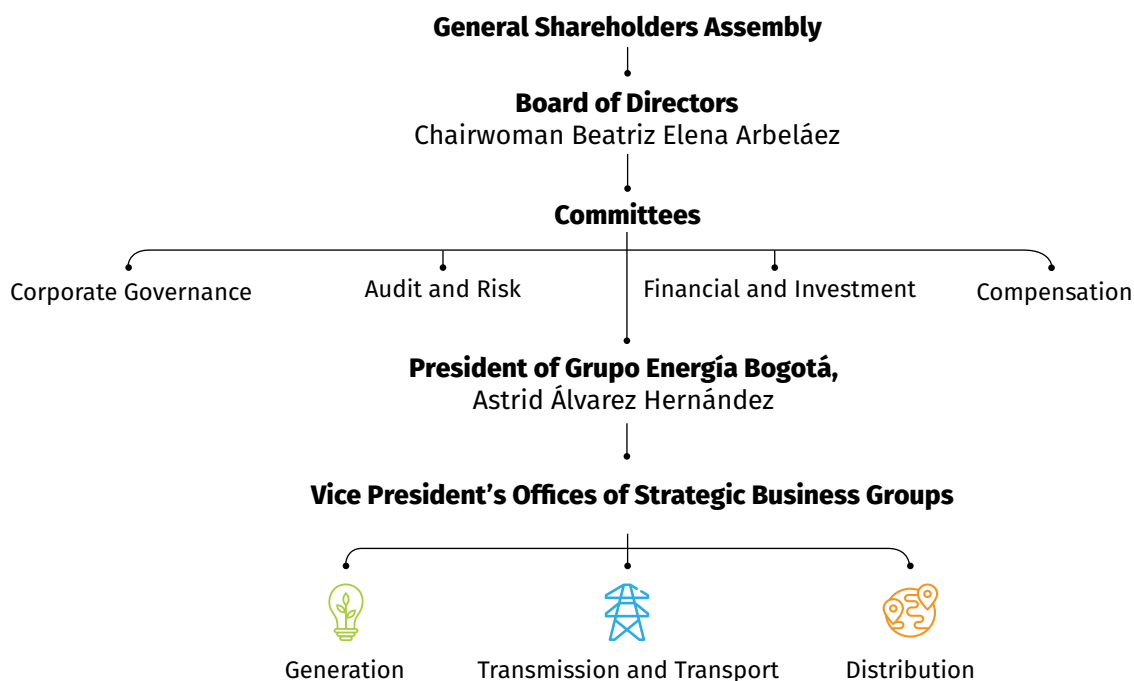
**(102-28)** Additionally, through a specialized firm, we carried out a performance assessment of the Board of Directors and of all the Group’s boards of directors (parent company, subsidiaries and foundation). The process included an assessment of the effectiveness of each collegiate body, its dynamics and operation, the work of its com-

mittees, the topics covered and the depth of discussions of the agenda items, and their interaction with Senior Management at each company. This process, which was carried out for the second consecutive year at the parent company, and for the first time at the other companies of Grupo Energía Bogotá, took into consideration, unlike previous processes, the peer-to-peer assessment methodology for the Group’s Board of Directors.

Other key aspects we worked on in 2018 included training our users and the design of a communications and training plan on the corporate governance rules adopted by the Group companies, and the achievements obtained from their implementation.

## Governance structure (102-18)

The bodies that form part of our corporate governance structure direct, manage and oversee the Company. The following are the main bodies:



### General Shareholders Assembly

It has its own rules and it is the highest governance body of Grupo Energía Bogotá. It is responsible for establishing guidelines and orientation for the Board members and the Companies’ legal representatives, and for assessing their performance. Its members

are the shareholders, and it is consequently the main channel for providing information and interacting with them.

Only in certain specific cases can the General Shareholders Assembly delegate performance of any of its duties to the Board of Di-



**President's Committee:** From left to right, Mauro Mejía, Strategic Sourcing Director; Felipe Castilla, Financial Vice President; Camila Merizalde, Director of Corporate and Affiliate Affairs; Álvaro Villasante, Generation Vice-president; Astrid Álvarez, President of Grupo Energía Bogotá; Ernesto Moreno, Technical and Transmission Vice President; Andrés Baracaldo, Distribution, Transmission and Transport Vice President; and Rafael Díaz, General Auditor

rectors or the President, always taking into consideration the provisions of paragraph one of Article 58 of the Corporate Bylaws.

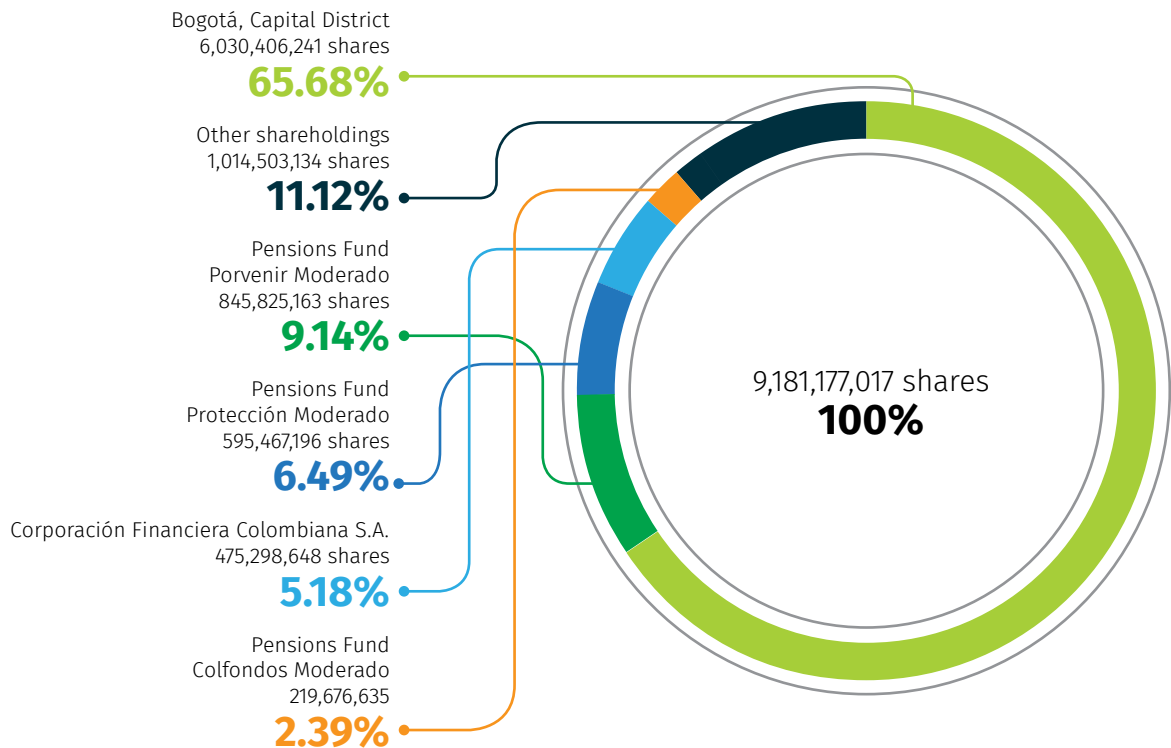
Grupo Energía Bogotá S.A. E.S.P. is a stock issuer on the Colombian Securities Exchange and our majority shareholder is the Bogotá Capital District. Additionally, our minority shareholders include individuals and institutional investors, such as pension funds. We also comply with information disclosure rules and requirements established by law, the guidelines of the Financial Superintendence of Colombia, the provisions of the Comprehensive Stock Market Information System (SIMEV, for the Spanish original) and high local and international standards regarding transparency.

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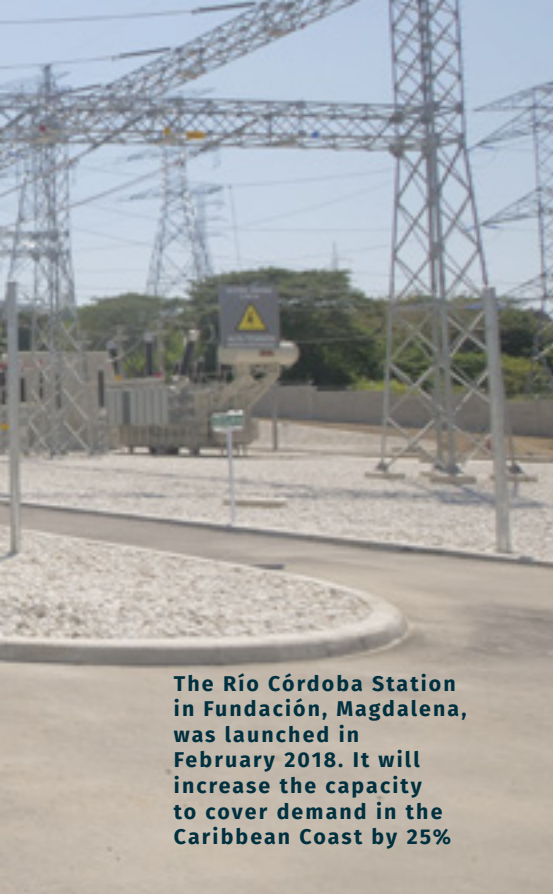
**The Shareholders Agreement protects minority shareholders. For example, only 10% of subscribed shares are required to call an extraordinary shareholder meeting.**



**Shareholdings of Grupo Energía Bogotá  
following the democratization process (102-7) (Own)**



\*Shareholdings as of December 31, 2018, based on information provided by the Central Securities Depository (deceval). Our authorized, subscribed and paid-in capital is defined in Articles 6, 7 and 8 of the Corporate Bylaws.



**The Río Córdoba Station in Fundación, Magdalena, was launched in February 2018. It will increase the capacity to cover demand in the Caribbean Coast by 25%**

Given that the shareholders of Grupo Energía Bogotá are predominantly institutional, there are no family relations between the holders of significant interests. It should be noted that the second-largest shareholder, Porvenir, and the fourth-largest, Corficolombiana, both belong to Grupo Aval, one of Colombia's most important financial conglomerates.

We reiterate our commitment to high standards of corporate governance and transparency, which we have incorporated in the Corporate Governance Code, the Corporate Governance Policy and the Disclosure of In-

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**In 2018, we adopted and fulfilled 92% of the recommendations of the Organization for Economic Co-operation and Development (OECD) to become a point of reference on corporate governance.**

formation Policy. These instruments ensure that all our acts are framed in fair treatment for all.

Additionally, our Financing and Investors Relations Management is available to answer any specific inquiries (by investors), either by phone or in writing mailed to the physical address of Grupo Energía Bogotá or by e-mail at ([ir@geb.com.co](mailto:ir@geb.com.co)).

For additional information about our investors, see the chapter on "We create value for our shareholders".

### **Board of Directors (102-18) (102-22) (102-26)**

The Board of Directors, as the Company's highest strategic management body, establishes the Company's general policies, ensures protection of the rights and fair treatment of all shareholders, as well as the stability and development of the Grupo Energía Bogotá in the short, medium and long term.

One of its responsibilities is to ensure compliance with the law, the Bylaws, the Good Governance Code, and of the commitments acquired by the Company in performing its corporate purpose. It is also responsible for supervising Senior Management's performance, for verifying the quality of all disclosed information, for establishing risk management guidelines, and for monitoring compliance with the corporate governance policies and arrangements required by regulations or voluntarily adopted by Grupo Energía Bogotá. It has nine principal members, who are elected by the General Shareholders Assembly through the electoral quotient system for two-year terms.



**To view the rules of the General Shareholders Assembly, of the Board of Directors and of each of its committees, scan this QR code.**



**To view the Corporate Governance Code, scan this QR code.**





# Board of Directors and Committees

(102-18) (102-22) (102-23) (Own)

## 1 Beatriz Elena Arbeláez Martínez

CITY TREASURY DEPARTMENT

Economist

- » Master's degree in Finance
- » Non-independent
- » Designated by the Capital District since 2016
- » Chairwoman of the Board of Directors
- » Financial and Investment Committee
- » 94% attendance
- » In 2018, she abstained from participating in discussions of the democratization process undertaken by the Bogotá Capital District and the presentation of statutory reform and modification of the rules of the General Shareholders Assembly.

## 2 Gustavo Antonio Ramírez Galindo

INVESTMENT VICE PRESIDENT AT CORFICOLOMBIANA

Electrical engineer

- » Master's degree in Economics
- » Independent
- » Designated by Corficolombiana and Fondos Porvenir since 2014
- » Chairman of the Audit and Risk and Compensation Committees
- » 100% attendance
- » In 2018, he abstained from participating in discussions about updating the valuation of Promigas, the accounting reclassification of the shareholdings of EBB Gas S.A.S. in Promigas S.A. E.S.P. and the strategy for the sale of the shares held by EEB Gas S.A.S. in Promigas S.A. E.S.P.

### **3 Margarita María Rehbein Dávila**

Biomedical engineer

- » Master's degree in Industrial Engineering
- » Non-independent
- » Designated by the Capital District since 2016
- » Corporate Governance Committee
- » 88% attendance
- » Did not report any potential conflicts of interest in 2018

### **4 Jaime Eduardo Ruiz Llano**

MANAGER OF COLOMBIANA DE VIVIENDAS

Civil engineer

- » Master's degree in Civil Engineering
- » Non-independent
- » Designated by the Capital District since 2016
- » Vice-Chairman of the Board of Directors
- » Financial and Investment Committee
- » 100% attendance
- » In 2018, he abstained from participating in discussions of the Tominé Reservoir Project

### **5 Rafael Simón Herz Stenberg**

INDEPENDENT CONSULTANT AND  
VICE PRESIDENT OF THE COLOMBIAN  
PETROLEUM ASSOCIATION

Ph.D. candidate in Development Economics

- » Master's degree in Economics
- » Independent
- » Designated by Fondos Protección since 2016
- » Chairman of the Financial and Investment Committee
- » Compensation, and Audit and Risk Committees
- » 100% attendance
- » Did not report any potential conflicts of interest in 2018

### **6 Carlos Alberto Sandoval Reyes**

VP OF STRUCTURING AND PROJECT MANAGER  
OF FINANCIERA DE DESARROLLO NACIONAL

Business administrator and economist

- » Master's degree in Fiscal Studies and Public Policy
- » Non-independent
- » Designated by the Capital District since 2016
- » Corporate Governance Committee
- » 94% attendance
- » In 2018, he abstained from participating in discussions on Electricaribe due to a contract signed between Financiera de Desarrollo Nacional (FDN) and Electricaribe.

### **7 Luis Fernando Uribe Restrepo**

REPRESENTATIVE OF COLOMBIA AT THE WORLD BANK

Attorney

- » Independent
- » Designated by the Capital District since 2017
- » Chairman of the Corporate Governance Committee
- » Audit and Risk Committee
- » 94% attendance
- » Did not report any potential conflicts of interest in 2018

### **8 Gisele Manrique Vaca**

PRIVATE SECRETARY OF BOGOTÁ'S MAYOR'S OFFICE

Attorney

- » Non-independent
- » Designated by the Capital District since 2016
- » Compensation Committee
- » 100% attendance
- » In 2018, she abstained from participating in discussions on the democratization process undertaken by the Bogotá Capital District.

### **9 Roberto Holguín Fety**

INDEPENDENT CONSULTANT

Economist

- » Non-independent
- » Designated by the Capital District since 2017
- » Financial and Investment, and Corporate Governance Committees
- » 94% attendance
- » Did not report any potential conflicts of interest in 2018

## Board of Directors Committees (102-22)

In order to perform its duties, the Board of Directors receives support from the Corporate Governance, Audit and Risks, Financial and Investments, and Compensation Committees. Each has its own separate operating rules and members assigned by the Board of Directors to perform their duties over the same term, though they can be removed at any time.

The Committees are responsible for presenting periodic reports on the matters within their purview, and for proposing and supervising compliance with the corporate governance measures adopted by the Group.



### 1 Audit and Risk Committee

**(102-29) (102-30) (102-31)** It fulfills the duties assigned to it by law, the Bylaws and its rules. Among other matters, it is responsible for supervising and assessing the fulfillment of the Annual Internal Audit Plan, which covers the Company's business risks and processes, and the Internal Control System, to recommend and issue opinions to the Board of Directors.

- **Gustavo Antonio Ramírez Galindo\***,  
**Chairman**
- \*Luis Fernando Uribe Restrepo
- \*Rafael Simón Herz Stenberg

### 2 Financial and Investment Committee

It reviews new business opportunities and redefines existing investments in order to make specialized recommendations to the Board of Directors, which it supports in decision-making on matters within its purview. It also monitors the financial management of the Company and Grupo Energía Bogotá.

- **Rafael Simón Herz Stenberg\***,  
**Chairman**
- Beatriz Elena Arbeláez Martínez
- Jaime Eduardo Ruiz Llano
- Roberto Holguín Fety



One of the main responsibilities of the Committees is to protect all shareholders' and investors' rights.

#### 3 Corporate Governance Committee

It proposes and oversees compliance with the corporate governance measures adopted by our Company and makes recommendations related to our guiding Governance Model.

- **Luis Fernando Uribe Restrepo\***,  
**Chairman**
- Margarita María Rehbein Dávila
- Carlos Alberto Sandoval Reyes
- Roberto Holguín Fety



#### 4 Compensation Committee

It is responsible for reviewing and discussing matters related to employee compensation: fixed and variable remuneration, incentives and benefits, employer-employee relations and industrial relations, with the objective of making specialized recommendations to the Board of Directors, which it supports as regards decision-making and advice related to the appointment and compensation of Board and Senior Management members.

- **Gustavo Antonio Ramírez Galindo\***,  
**Chairman**
- Gisele Manrique Vaca
- \*Rafael Simón Herz Stenberg



\*Independent members.

## Board of Directors appointment process (102-24)

As set forth in the Rules of the Board of Directors (Article 3) and its Appointment, Succession and Compensation Policy, we assign people who meet the highest professional and personal standards, regardless of their race, nationality, or religious, political or philosophical views. During the elections, the General Shareholders Assembly takes into consideration criteria such as experience in the fields of finance, law or related sciences, as well as their experience in the sector of public utilities or in the Company's businesses. The overall profile is also taken into consideration, including track record, recognition, prestige, availability, leadership, good name, professional qualifications and integrity.

The shareholders submit candidates to verify their requirements, which is performed by the Compensation Committee and the Corporate Governance Committee to ensure they fulfill the highest professional and personal qualifications. The resumes of the candidates can be viewed on our website.

During the respective General Shareholder Assembly's meeting, the Compensation and Corporate Governance committees submit their reports on fulfillment of the conditions and requirements by the candidates (Rules of the General Shareholders Assembly, Article 18).

According to the Rules of the Board of Directors, independent members of this collegiate body must fulfill the independence criteria defined in Law 964/2005. Additionally, according to Article 8, in order for a Board member to be considered independent (in addition to the conditions set forth in applicable legislation), the following requirements must be fulfilled:

1. Not being or having been an employee or director of the Company or any of its affiliates or subsidiaries, including persons who have had such status during the last year prior to their appointment, except in the case of the reelection of an independent member.
2. Not being or having been within the last year from the appointment an employee or director of shareholders who, directly or by agreement, direct, guide or control the majority of voting rights or determine the composition of the majority of management, direction or control bodies of the Company or any of its controlled, related or associated entities.
3. Not being a shareholder who, directly or through agreement, directs, guides or controls the majority of voting rights of the Company or determines the composition of the majority of its management, direction or control bodies.
4. Not being or having been a partner or employee or having a relative within the third degree of consanguinity or a spouse who is or has been a partner or employee in the three (3) years prior to the appointment of associations or companies that provide advisory or consulting services to the Company or companies that belong to the same economic group as the Company, and such associations or companies receive revenues from such services equal to or greater than four thousand and seventy (4,070) legally valid monthly minimum wages or two percent (2%) of its total revenue, whichever is greater.



To view the Corporate Governance Policy, scan this QR code.



**Monserrate hilltop  
in Bogotá, Colombia**

**We performed the self-assessment of the Board of Directors with excellent results in terms of commitment, protection of our Group and independent decision-making.**

5. Not being an employee or director of a foundation, association or company that receives any contributions or sponsorships from the Company.
6. Not being or having been a manager or having a relative within the third degree of consanguinity or spouse who is or has been a manager within the last three (3) years from the appointment of a company in which the Company's President or Board of Directors members form part of the Board, except when the Board member is as an independent member.
7. To not depend exclusively on the revenues received as professional fees as member of the Company's Board of Directors.
8. Not receiving or having received from the Company, and not having a relative within the third degree of consanguinity or spouse who receives or has received

from the Company, for twelve (12) continuous months over the last three (3) years from the appointment, any remuneration other than professional fees as Board member, of the Audit Committee, or any other committee created by the Board of Directors.

9. Not being or having been a partner or employee or not having a relative within the third degree of consanguinity or spouse who is or has been a partner or employee over the last three years from the appointment, of the firm appointed as statutory auditor of the Company.

**Board of Directors Compensation Policy (102-35) (102-36) (102-37)**

By decision of the General Shareholders Assembly and pursuant to what is set forth in the Appointment, Succession and Compensation Policy, Board members are paid professional fees in an amount "equivalent to five (5) legally valid monthly minimum wages for their participation in each meeting and up to two Board meetings within the same month. The members of the Board of Directors' committees will be paid professional fees for their participation in each meeting in an amount equivalent to seventy-five percent (75%) of the professional fees currently paid for Board meetings and up to two Committee meetings within the same month."

**(Own)** We would like to point out that, at Grupo Energía Bogotá, we do not have a variable compensation scheme for Board members; consequently, all amounts are associated to the participation in the meetings and Board members are excluded from any compensation schemes involving options on shares.

Ordinary General Shareholders Meeting held on March 22, 2018, during which the financial results of the previous year were presented





Meeting of employees of the Group and its affiliates in Lima, Peru, during the Significant Connections II event

### Assessment procedure of the Board of Directors and Senior Management (102-28)

Each year, the Board of Directors, with the support of an external advisor (Governance Consultants S.A.) and subject to prior assessment by the Corporate Governance Committee, performs a self-assessment process as collegiate body on its operations, the matters it discusses, the fulfillment of its duties and expectations, and the work of its committees. Every year, the General Shareholders Assembly presents a report on the results.

The self-assessment of the Board of Directors was carried out in December 2018, along with a peer-to-peer assessment, also involving Senior Management. The results were highly positive. The main strengths include:

- commitment and contribution of its members to the development of Grupo Energía Bogotá
- protection of the interests of our Company and all its shareholders
- independent decision-making
- rigor, discipline and effectiveness of the Board of Directors
- adequate management of proprietary and confidential information
- management of conflicts of interest

The self-assessment and evaluation of the Board of Directors included the analysis of the effectiveness of each collegiate body, its dynamics and operation, the work of its committees, the topics discussed and the extent to which points on the agenda were covered, and interaction with the Senior Management teams at each company.

The results have been an input for important discussions at the Group's boards of directors and for structuring action plans to continue moving forward in a robust direction process in accordance with best local and international corporate practices.



Scan this QR code to view the Rules of the Board of Directors and its committees.



## Senior Management (102-19) (102-20) (102-26)

It is led by the President of Grupo Energía Bogotá, who appoints its members in accordance with the corporate structure defined by the Board of Directors.

Senior Management reports to the Board of Directors on the Company's economic, social and environmental management. Given that Grupo Energía Bogotá is

the Group's parent company, Senior Management, in accordance with the corporate strategy, performs its duties at the corporate level, defining guidelines and making decisions related to the coordination and the development of synergies between the Group companies and the Strategic Business Groups.

## Team of general managers of the affiliates, 2018



**Jaime Alfonso Orjuela Vélez**  
CEO (ag.) of TGI



**Fredy Zuleta**  
General Manager of the Transmission Branch



**Jorge Olazábal Gómez De la Torre**  
General Manager of Cálidda



**Mauricio Acevedo Arredondo**  
General Manager of TRECSCA and EEBIS



**Elda Patricia Díaz Gazolo**  
General Manager (ag.) of Contugas



**Marcos Díez**  
CEO of Gebbras



**Milena Díaz Hidalgo**  
CEO of Energy Re



## Parent Company

Grupo Energía Bogotá is comprised by a parent company organized into Strategic Business Groups, which act as strategic controllers of the associated companies, establishing guidelines and policies on significant matters in order to ensure consistent leadership for our companies and unity of purpose and direction for the Group.

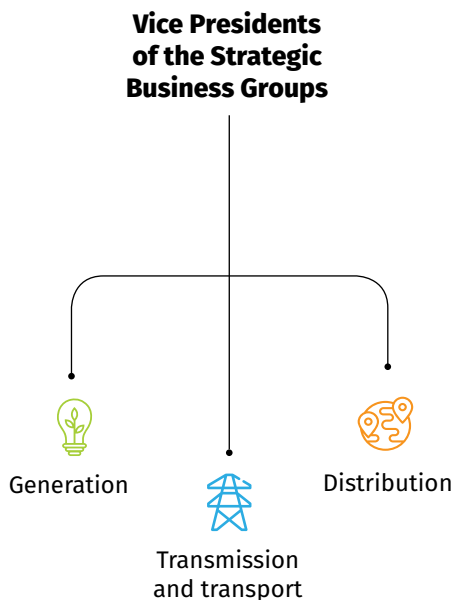
The companies are independent legal entities with separate management and governance structures, which are interrelated with the parent company and the Strategic Business Groups in the manner defined in the Corporate Intervention Model.

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**The Group ensures transparency, ethics, accountability and protection of shareholder rights.**

## Strategic Business Groups

They group together the Grupo Energía Bogotá companies according to their corporate purpose, as follows:



Each Strategic Business Group has a specialist liaison officer who understands the dynamics of the industry and the business, and who has the capabilities to support the deployment of strategies at the affiliates and acts as the point of contact between the parent company and the subsidiaries. This specialist has the title of Vice President of the Strategic Business Group.

## Monitoring compliance with corporate governance rules

The Legal, Regulatory and Compliance Vice President's Office of Grupo Energía Bogotá monitors compliance with the Corporate Governance Code and all other internal rules. Our shareholders may file complaints through the Board of Directors or the Corporate Governance Committee in order to guarantee effective fulfillment of such rules.

In 2018, the Board of Directors supervised compliance with corporate governance rules and the assessments performed by control bodies (internal and external); no material findings were reported that would compromise compliance. Neither shareholders nor investors filed any claims related to non-compliance with the Code.

## Shareholder information and communications

Grupo Energía Bogotá is committed to high standards of corporate governance and transparency, which we have incorporated in the Corporate Governance Code, the Corporate Governance Policy and the Disclosure of Information Policy. These instruments ensure that all our acts are based on fair treatment for all our shareholders and stakeholders.

The disclosure and publication of information is the main mechanism through which we ensure transparency, ethics, accountability and respect for shareholder rights, as well as for creating relationships based on trust with all our stakeholders. As issuers of securities, we also comply with information disclosure rules and requirements established by law, the guidelines of the Financial Superintendence of

Colombia (SFC, for the Spanish original), the provisions of the Comprehensive Stock Market Information System (SIMEV, for the Spanish original) and high local and international standards regarding transparency.

As pointed out earlier, in 2018, Management and the Board of Directors of Grupo Energía Bogotá carried out stage III, during which the following internal rules on corporate governance were approved, fulfilling the commitments made in 2017:

- Policy on Management of Conflicts of Interest
- Policy on Transactions with Related Parties
- Policy on Appointments, Succession and Compensation of the Board of Directors

**(102-25)** Our Policy on Management of Conflicts of Interest establishes general guidelines to disclose, manage and solve such conflicts that may affect the managers and employees of Grupo Energía Bogotá and of the Group companies.

The Policy on Transactions with Related Parties defines the rules and principles to be followed by the Group companies when transactions are made with affiliates, particularly involving transfers of resources, services or obligations that by their nature are formalized by means of a service contract or agreement, regardless of the amount. The principles and rules of this policy are aimed at ensuring transparency in transactions,

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**We increased the number of independent Board members, from 25% to 44.4% of the total, i.e. 4 Board members.**

under conditions of equality and impartiality, in order to protect the rights of all our shareholders, and to establish adequate review, approval and disclosure mechanisms to ensure they do not run counter to the financial interests of Grupo Energía Bogotá.

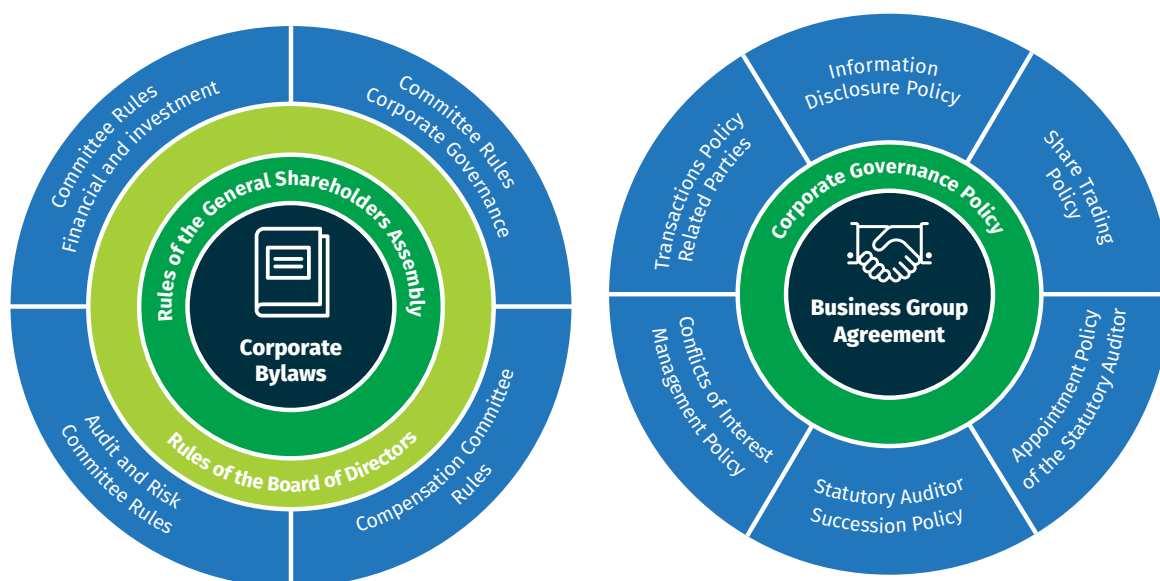
Lastly, the Policy on Appointments, Succession and Compensation of the Board of Directors establishes guidelines and measures for the appointment, succession and compensation of the Board of Directors of Grupo Energía Bogotá S.A. E.S.P., in order to attract, retain and motivate the best talent, preserve and consolidate the institutional memory, maintain the professional qualifications of our Board members and establish adequate compensation for them.

In line with the above, at Grupo Energía Bogotá we now have an excellent corporate governance regulatory framework, which can be summarized as follows:



**Award to Grupo Energía Bogotá in the Best Corporate Governance category during the Andesco congress in July, 2018**

## Corporate Governance Regulatory Framework



Another activity worth highlighting in 2018 was the implementation of the Diligent Boards technological tool to unify management of information of the boards of directors, management committees, steering committees and councils at Group companies. The tool ensures integrity and confidentiality, enables accessing information from different technological devices and ensures control over different document versions through updates. This has helped reduced mailing and printing costs, has enabled central organization of information and efficiency in time and workloads for managers, which makes the tool a good fit for the Group. This ensures efficient management of information of the Board of Directors and the Committees of Grupo Energía Bogotá, TGI, Cálida, Contugas, TRECSA and EEBIS.

Additionally, during Stage III, we designed the communications and training plan on the corporate governance rules adopted by Group companies.

Lastly, we should mention the adoption

and amendment of several corporate governance rules of Grupo Energía Bogotá as a result of the new Shareholder Agreement signed as part of the democratization of the Capital District's shareholdings, our majority shareholder.

The Extraordinary General Shareholders Assembly, at its session number 82 on October 2, 2018, approved the following decisions:

- To reform the Corporate Bylaws and amend the Rules of the General Shareholders Assembly in order to adopt the provisions contained in the Shareholder Agreement signed by the Capital District and delivered to Grupo Energía Bogotá S.A. on July 31, 2018.
- To reform the Corporate Bylaws and amend the Rules of the General Shareholders Assembly in order to reinforce certain corporate governance measures.
- To approve the Policy on Appointments, Succession and Compensation of the Board of Directors.

# Statutory Reform

Due to its relevance in strengthening the Company's corporate governance, we highlight the following statutory reforms made in 2018:

## Previously

Minority shareholders only had the right to call an Assembly meeting with 25% of total shares outstanding.

The minority shareholders did not have a major role in Assembly decisions.

They only accounted for 25% of shareholders.

Minimum criteria established by law.

Any of its members could be elected to this role.

All decisions of the Board of Directors were adopted by simple majority.

The 10 minority shareholders did not have the right to include a candidate in the list.

## After

A meeting can be called with only 10% of total shares.

On matters related to changing the main corporate purpose, issuance of shares and sales of substantial Company assets, among others, the favorable vote of minority shareholders will be required to reach the threshold of 70% of total shares.

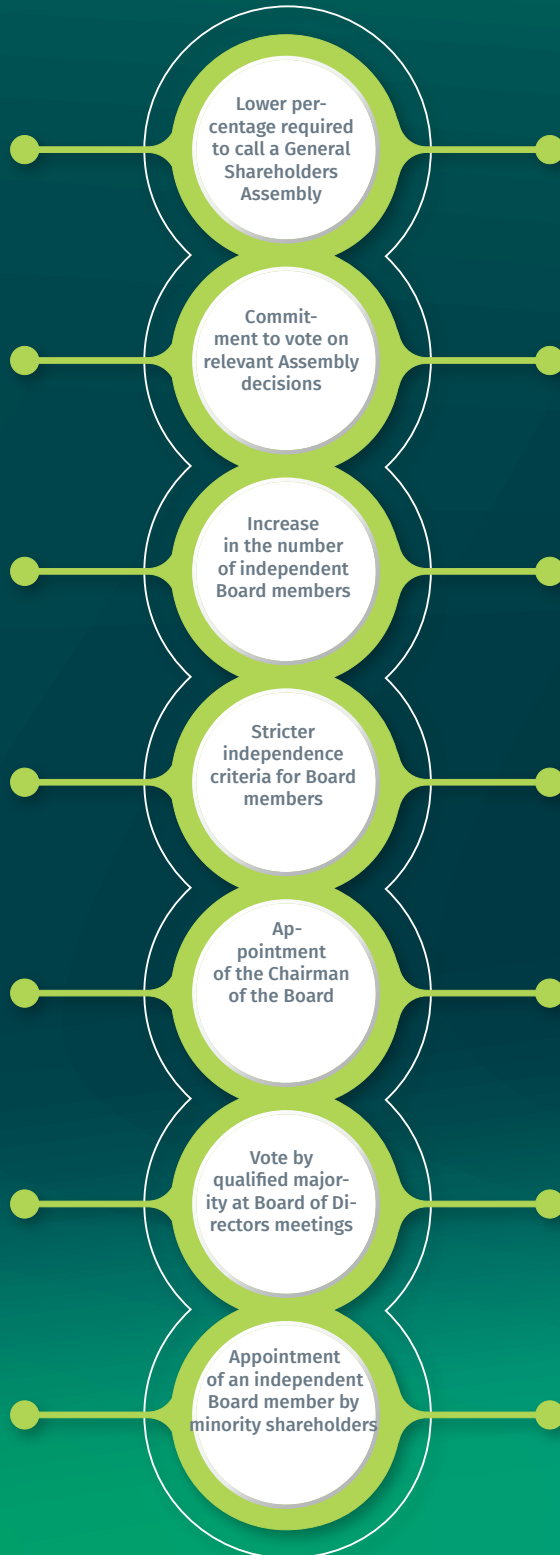
They will be 44.4%, i.e. 4 members.

Stricter independence criteria are established based on the practices of leading companies in the region and companies listed on the New York Stock Exchange.

He/she must be an independent member, allowing for greater independence in Company management.

On matters related to relevant assets and changes to the strategic plan, among others, a qualified majority will be required for deliberations (seven members) and to decide (six members).

Ten shareholders or the four minority shareholders with largest shareholdings in Grupo Energía Bogotá will have the right to assign an independent candidate to the list of candidates to the Board of Directors submitted by Bogotá, Capital District.



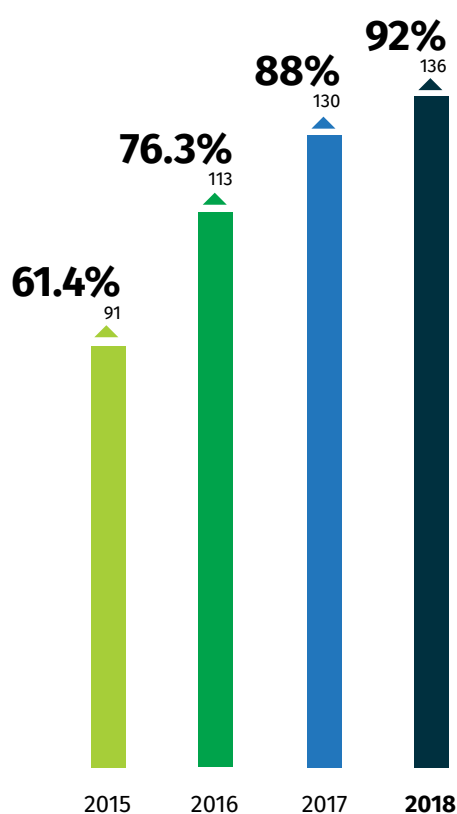
In 2019, pursuant to the commitment acquired by the Bogotá Capital District in the Shareholder Agreement, changes and amendments will be made to the Company's other corporate governance documents: Corporate Governance Code, Corporate Governance Policy, Business Group Agreement, Senior Management Appointment Policy, among others.

Also, in 2018, we translated all internal

corporate governance documents of Grupo Energía Bogotá into English, and published them on our corporate website (<https://www.grupoenergiabogota.com/>), which was updated and is continuously monitored.

Lastly, it is relevant to mention that to date we comply with 92% of the OECD recommendations on corporate governance, as described below:

## Number of measures adopted by Grupo Energía Bogotá



# 148

total recommendations in

*Código País*

Survey chapter	Total measures	Number of measures adopted	% adopted
Shareholders equal treatment and rights	14	14	100%
General Shareholders Assembly	19	15	80%
Board of Directors	73	67	92%
Control architecture	29	27	93%
Transparency and financial and non-financial information	13	13	100%

All the above efforts have been developed, coordinated and communicated jointly with the other Group companies thanks to the Workshop for the Alignment of Corporate Governance Processes held in 2018, with attendance by all the affiliates.

The Company's legal and corporate governance management is guided and executed based on the Business Group Agreement, the Governance Code and the Corporate Governance Policy. The Business Group Agreement establishes guidelines for the development of man-

agement, direction and control processes of Grupo Energía Bogotá S.A. E.S.P. and its companies. It is based on the recommendations of the Best Corporate Practices Code (*Código País*), compiled in Circular Letter 028/2014 of the Financial Superintendence of Colombia, the "*Lineamientos para un Código Latinoamericano de Gobierno Corporativo*" (Guidelines for a Latin American Corporate Governance Code) of the Development Bank of Latin America (CAF, for the Spanish original) and the OECD recommendations on good corporate governance practices.

As issuers of securities and as suppliers of public services, at Grupo Energía Bogotá, we are aware of the importance of establishing and maintaining high standards of corporate governance and transparency, and for this reason we constantly design and implement new and ambitious initiatives to strengthen them. The commitments resulting from the above translate into a specific process we call the Re-institutionalization of Corporate Governance, stage III of which we implemented in 2018.

The corporate governance structure is part of the Internal Management System of Grupo Energía Bogotá, whose activities are controlled by the Internal Auditing office, by the Office of the Comptroller of the Bogotá Capital District and external auditors.

Also, at Grupo Energía Bogotá we constantly monitor the progress made in corporate governance at the national, regional and even international level through:

- participation in forums, events and workshops;
- feedback from relevant authorities on the implementation of recommendations and measures, particularly those derived from the Code of Best Corporate Practices (*Código País*), compiled in Circular Letter 028/2014 of the Financial Superintendence;
- the comparison of internal rules with similar companies, with the objective of continuously strengthening our corporate governance.

In 2018, the most relevant milestone in terms of corporate governance was the implementation of Stage III of the Re-institutionalization of Corporate Governance process, which focused on strengthening rules and the adoption of the following policies:

- Policy on Management of Conflicts of Interest
- Policy on Transactions with Related Parties
- Policy on Appointments, Succession and Compensation of the Board of Directors

This rules strengthening process also involved amending the following Group corporate documents, as a result of the Shareholders Agreement signed by the Bogotá Capital District as part of the

democratization of a percentage of its shareholdings:

- Corporate Bylaws
- Rules of the General Shareholders Assembly
- Rules of the Board of Directors
- Rules of the Corporate Governance Committee
- Rules of the Audit and Risk Committee
- Rules of the Compensation Committee
- Rules of the Financial and Investment Committee

In compliance with the provisions of the Shareholder Agreement, we adopted the Policy on Appointments, Succession and Compensation of the Board of Directors.

The purpose of these new and amended rules is to strengthen our Company's corporate governance and particularly to incorporate the statutory reforms made in 2018 in the Group's corporate documents.

Our objective over the next five years is to consolidate Grupo Energía Bogotá as a leading company in Colombia in terms of corporate governance. To this end, over the next two years we will work on implementing Stage IV of the Re-institutionalization Process, which focuses on monitoring and ensuring compliance with internal rules. We will also implement a communications plan to publicize the Company's efforts regarding corporate governance.



**Participation by President**  
Astrid Álvarez at the 17<sup>th</sup> International Forum on Corporate Governance



Grupo Energía Bogotá  
employees

# Ethics, Transparency and Anti-corruption

(102-16) (103-1) (103-2) (103-3)

High standards of ethical behavior are essential in the actions of all employees of Grupo Energía Bogotá in order to create value and as a factor that builds trust among partners, suppliers, citizens and stakeholders in general.

The corporate values that guide our ethics culture are framed in:



**Transparency:** enables us to manage in an objective, clear and verifiable manner.



**Respect:** it facilitates interaction by recognizing collective interests, individual diversity, sustainability of natural resources and institutions.



**Integrity:** it is essential in order to act with firmness, righteousness, honesty and consistency.



**Equity:** we act with justice, fairness and impartiality, seeking to cause positive and inclusive social impact.

Also in this regard, "we are committed to an attitude of 'zero tolerance'" towards fraud, money laundering, terrorism financing and corruption. We therefore promote a culture of transparency in our management efforts and encourage the commitment of companies, managers and employees to avoid unethical conducts. All Group companies have equivalent instruments aimed at preventing unethical behaviors and fighting against fraud and corruption.

In order to perform detailed monitoring of the implementation of the corporate instruments for prevention, detection and investigation of situations associated with fraud and corruption, we have an Internal Control System that has been structured under the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard, and which is subject to annual independent assessment.

In order to ensure compliance and to preserve the integrity of the Internal Control System, the companies apply the "Three Lines of Defense" Model, according to the standard promoted by the European Confederation of Institutes of Internal Audit (ECIIA), in which the responsibilities within the system are defined as follows:



Each year, the Board of Directors' Audit and Risk Committee approves the overall strategies and policies related to the Internal Control System and the Annual Audit Plan, which are established based on currently identified business risks.

In order to exercise control and promote compliance with the Organization's rules and principles, we have established several mechanisms, including the Business Group Agreement, the Corporate Governance Code, the Code of Ethics, the Ethical Channel, the Internal Control and Prevention of Fraud and Corruption Policy and the Information Disclosure Policy. We also carry out initiatives aimed at the prevention, detection and investigation of events of fraud and corruption in all our companies through the following tools:

## Prevention (102-16) (102-17)

### Employees informed and trained on prevention\* (205-2)

Position category	Total employees	Employees informed		Employees trained	
		No.	%	No.	%
Senior Management	16	17	106%	17	106%
Middle Management	44	37	84%	37	84%
Advisor/staff	260	265	102%	265	102%
Professionals	148	137	93%	137	93%
Support/assistants	89	78	93%	78	93%
<b>Total</b>	<b>557</b>	<b>534</b>	<b>96%</b>	<b>534</b>	<b>96%</b>

\* The number of people is not necessarily equal to all personnel.

## Internal Control and Prevention of Fraud and Corruption Policy

It establishes the commitment to adopt and maintain an Internal Control System that enables attainment of the objectives and the promotion and consolidation of an ethics culture based on the corporate values; it also establishes guidelines to identify, detect, assess, mitigate, monitor, investigate and prevent risks of fraud and corruption that may arise.

## Each year, the Board of Directors' Audit and Risk Committee approves the overall strategies and policies related to the Internal Control System and the Annual Audit Plan.

(102-29) (102-30) (102-31)

## Code of Ethics

It establishes and defines the behaviors and rules for action for the Group and its affiliates in their relations with managers, employees, suppliers, contractors, customers, and all our stakeholders in general, as well as their actions in the markets in which we do business.

Both the Board members and the employees signed the annual renewal of their adherence to the Code of Ethics and their Statement of Conflicts of Interest.

## SIPLA Manual - Anti-money Laundering and Countering Terrorist Financing System

In accordance with Basic Legal Official Letter 029/2014 of the Financial Superintendence of Colombia, the Group, given its status of issuer of securities, is required to fulfill the established provisions and to implement control mechanisms on Anti-money Laundering and Countering Terrorist Financing for its shareholders. Consequently, we published a manual that contains the policies, controls and procedures adopted to prevent the associated risks.

In order to assure good practices and mitigate the risks associated with Money Laundering and Terrorist Financing, with the continuous support of the Compliance Officer, the following activities and controls were performed:

- The Central Securities Depository (deceval) issued monthly certificates on the Anti-money Laundering and Countering Terrorist Financing Program in connection with the Company's



**TGI engineers at the Mariquita Station, Tolima**

outstanding shares. To date, no suspicious or unusual operations by shareholders have been reported.

- The compliance officer submitted the semi-annual report to the Board of Directors, listing the activities carried out to prevent such crimes.
- As part of the Ethics and Compliance Training Program, we included a chapter related to Anti-money Laundering and Countering Terrorist Financing, with the objective of disseminating the regulatory framework and the controls established to prevent these crimes.
- An annual verification meeting led by the statutory auditor was carried out to validate that we have the required controls in place for Anti-money Laundering and Countering Terrorist Financing, based on which he issues his opinion in the Financial Statements. To date, we have not received any reports that would indicate any event of non-compliance with these regulations.

### **Anti-Corruption Plan and People Service**

In compliance with the provisions of Article 73 of Law 1474/2011, we have prepared an Anti-corruption Plan that covers the following:

- Identification of risks of corruption and management actions to counter them
- Anti-paperwork strategy
- Accountability
- People Service Strategy
- Mechanisms for transparency and access to information
- Additional initiatives: Code of Ethics, Ethical Channel, Anti-Fraud and Anti-Corruption Policy, Anti-Money Laundering and Countering Terrorist Financing System (SIPLA, for the Spanish original) Manual, Policies and Procedures of communications and capacity building on the fight against corruption.

### **Fraud and Corruption Risk Management System**

An assessment was performed of the preventive controls established for critical Company

processes, which are subject to monitoring and internal audits by risk managers. We delivered training to our employees, suppliers, Board members, in-house contractors and contract supervisors on matters related to the components of the Ethics and Compliance Program: Code of Ethics, Ethical Channel, conflicts of interest, Anti-money Laundering and Countering Terrorist Financing System, law on transparency and access to information, data protection, trans-national bribery law, supervision authorities and strategic preventive litigation.

### Validation in Restrictive Lists

We performed 28,750 validations in the restrictive lists for individuals and legal entities that maintain business relations with the Group (suppliers, employees, rights of way lessors, leases, among others), using a software that allows individual queries in such lists and other broader databases, including databases on terrorists and criminals associated with financial crimes.

## Detection

### Ethical Channel

This is the channel through which we guarantee the rights of all our shareholders, managers, employees, contractors and other stakeholders to report any situations they consider potential events related to fraud and corruption and unethical behaviors, aimed at conducting corporate affairs in a transparent and sustainable manner.

Additionally, the channel enables submitting inquiries to solve ethical dilemmas. All through a channel that guarantees confidentiality, safety and reliability, by being managed by an independent third party.

**(102-29)** We also have a channel management manual in place that defines the procedure for preliminary verification and investigation of reports received through the Ethical Channel, for adequately managing alleged known irregularities and taking appropriate action, both preventive and reactive, aimed at improving all risk management processes. This activity is supervised by the Board of Directors' Coexistence, Ethics and Compliance, and by the Audit and Risk committees. At Group companies that do not have a Coexistence Committee in place, these responsibilities are assigned to the Human Resources department.

**(102-17)** The following are the communication channels that are part of the Ethical Channel:



#### Toll-free telephone numbers:

Colombia: 01800-518-2937

Peru: 0800-55-392

Guatemala: 1-800-8350-428



#### E-mail:

canaleticogeb@lineadedenuncias.com



#### Website

Ethics and transparency

Ethical Channel

Our asset's green corridor  
in operation, in Mocoa, Putumayo



## Events Reported Through the Ethical Channel (Own)

Type of report	Number	Status at December 31, 2018	
		Review in progress	Closed
Work issue	16	2	14
Accounting fraud	3	0	3
Misappropriation of assets	12	1	11
Corruption and bribery	16	0	16
Money laundering	0	0	0
Intellectual property violations	1	0	1
Other	1	0	1
<b>Total</b>	<b>49</b>	<b>3</b>	<b>46</b>

### Internal and External Audits (102-29)

Based on the Annual Audit Plan approved by the Board of Directors' Audit and Risk Committee, 15 audits were carried out in 2018 that enabled the leaders of the audited processes to identify opportunities for improvement and to close gaps in order to strengthen the Internal Control System of the Group and its companies. The internal audits were carried out in accordance with the International Professional Practices Framework for Internal Audits.

**In 2018, we received 49 inquiries on ethical dilemmas through the Ethical Channel. No corruption events have been confirmed. (102-17) (205-3)**

### Investigation

#### Protocol for Reports Received through the Ethical Channel

We have a protocol in place that provides guidelines for reception and analysis of reports filed through the Ethical Channel, and which serves as a tool for addressing the reports received in accordance with the procedures defined by the Company.

If the event involves a member of the Group's management team, the case is investigated directly under the rules that apply to the Board of Directors' Audit Committee.

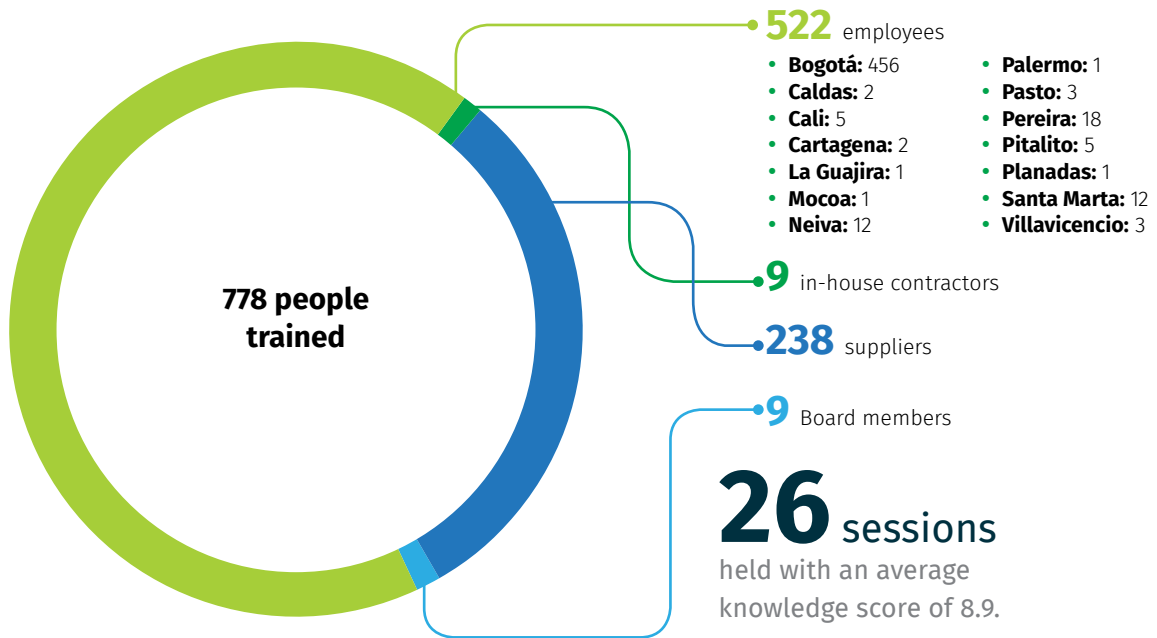
### Schedule of the Ethics and Compliance Training Program (102-27)

In 2018, we defined a schedule for the Ethics and Compliance Training Program, with activities to strengthen the ethics culture among all employees and other stakeholders.

The training programs were aimed at employees, suppliers, Board members, in-house contractors and contract supervisors on matters related to the Code of Ethics, Ethical Channel, conflicts of interest, Anti-money Laundering and Countering Terrorist Financing System, law on transparency and access to information, data protection, trans-national bribery law, supervision authorities and strategic preventive litigation, as follows:

- Annual training on the Ethics and Compliance program and workshop on the control architecture to strengthen the ethics and transparency culture.
- Raising awareness at all levels on the importance of the three lines of defense of the Internal Control System (being "the first control filter" in corporate processes).
- Reinforce knowledge on conflicts of interest, the Ethical Channel, the Code of Ethics and Anti-money laundering

## Training for stakeholders (205-2)



These are other training and awareness-raising programs carried out in 2018:

- 1. Procedure for verification on lists** for the Group's and TGI's Sourcing department: 10 employees.
- 2. Ethics and Compliance Program for the democratization process:** 36 contact center agents.
- 3. Ethics and Compliance Program for contract supervisors**, in order to reinforce the contents of the Code of Ethics, Ethical Channel, conflicts of Interest and supervision authorities: two sessions with 46 employees.
- In May, during the **Significant Connections II** meeting in Lima (Peru), the **Control Architecture** of Grupo Energía Bogotá was presented at a workshop with affiliate members, which was later replicated at the Group with all employees.
- 5. Training on data protection:** In January, we delivered training for employees to reinforce knowledge on this matter.
- 6. The Challenge:** Knowledge contest through trivia games on the lines of defense, for four weeks.

- 7. Give yourself peace of mind:** This communications piece reinforces the guidelines on not giving or receiving gifts to/from counter-parties, in abidance of the Code of Ethics.
- 8. Annual Suppliers Meeting:** We held a meeting to communicate the Ethics and Compliance Program.

## Participation in initiatives

### Corporate Transparency Measurement

We participated in the Corporate Transparency Measurement, aimed at improving transparency and anti-corruption standards through the identification of risks of corruption, in order to strengthen corporate management through the assessment of elements such as clear rules, openness, communications with stakeholders and control. This measurement is made by *Transparencia por Colombia* and covered only public sector companies, which enabled identifying strengths and opportunities for improvement in our Ethics and Compliance Program.



50 km to the northeast of Bogotá lies the Tominé Reservoir, near the municipalities of Sesquilé, Guasca and Guatavita, Cundinamarca



Aerial view of Tenjo, Cundinamarca.  
Photograph by our employee José René  
Peña, of the Maintenance Department

### Collective Action

The Compliance areas of Colombian electricity sector companies launched this initiative aimed at creating transparency standards. They developed a matrix on the risk of Money Laundering and Terrorist Financing for the electricity sector and created the Technical Anti-Corruption Committee with the objective of analyzing and assessing new standards related to the commitments acquired by the Collective Action, and to develop specific proposals to progressively renovate and update the action. We are members of the committee.

### Latin American Network of Compliance Officers

It is a network that brings together corporate compliance officers in task groups that work on specific themes related to anti-corruption policies, including Ethical Channels, Law 1778/2016 (anti-bribery law), conflicts of interests, disabilities and incompatibilities, information security, FCPA and international rules on prevention of corruption that

affect Colombia, selection of personnel and training in values, Money Laundering and Terrorist Financing Risk Management System and corruption risk prevention systems, professional secret/duty to report, among others. The network provides updates on standards and best international practices to enable strengthening our internal processes.

### Active Anti-Corruption Companies

On February 21, 2018 we were included in the list of Active Anti-Corruption Companies - Business with Principles, for having a Compliance Program in place with high standards for the prevention of corruption. The Secretary for Transparency of the Presidency of the Republic of Colombia included us in the list following a thorough assessment of our program.

## Achievements

The following are the main achievements of 2018 in this area:

1. Establishment of the Compliance Office, including design of its structure and responsibilities.
2. Participation in the various scenarios of corporate governance:
  - **President's Financial and Investment Committee.** We amended the committee's rules to include the Group's Compliance Officer as a permanent member. Weekly participation.
  - **President's Processes and Learning Committee.** We amended the committee's rules to include the Group's Compliance Officer as a permanent member. Weekly participation.
  - **Group Audit and Risk Committee.** We amended the committee's rules to include the Group's Compliance Officer and general auditor as permanent members. Quarterly management report by the Compliance Officer.
  - **Audit and Risk Committee - Affiliates.** We amended the committee's rules to include the Group's Compliance Officer and general auditor as permanent members. Quarterly management report by the Compliance Officer.
  - Quarterly participation in the Cálidda, TRECSA, EEBIS and Contugas committees.
  - Presentation of items and support for local compliance management.
  - **Audit and Risk Committee - Non-controlled.** Support in reviewing and presenting recommendations regarding the materials available for the Emgesa and Codensa committees.
  - Support on specific compliance matters for the Promigas Audit and Risk Committee.
  - **Group Ethics and Compliance Committee.**
3. Review by the General Auditor of the main controls on the risk matrix to strengthen the Internal Financial Control System in accordance with the 2018

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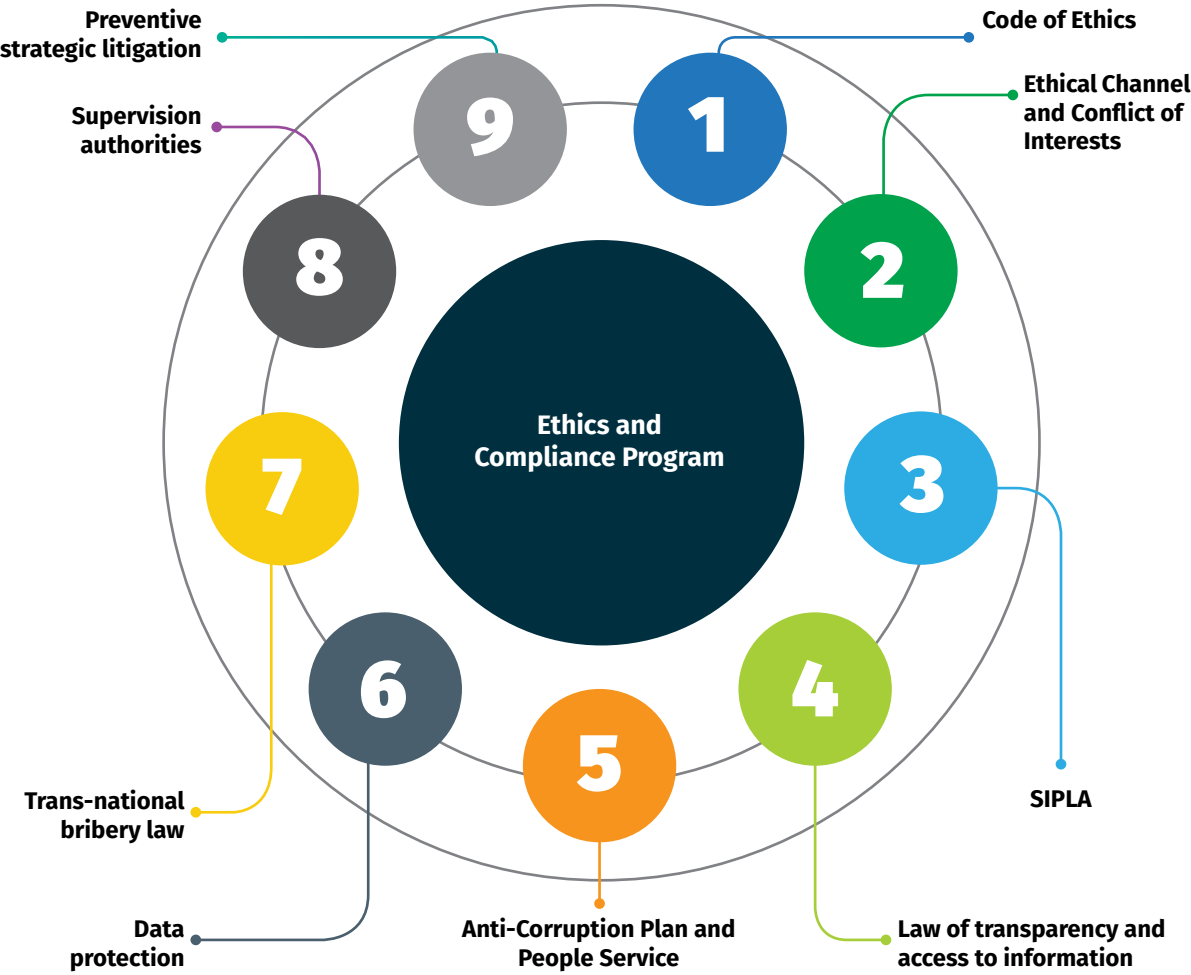
## The development of the Ethics and Compliance Program of Grupo Energía Bogotá, based on international standards and regulatory requirements, was one of our key achievements in 2018.

Annual Audit Plan. The results of the review were satisfactory, with only minor recommendations regarding the process.

4. We continued strengthening the Group's control architecture through the implementation and strengthening of the three lines of defense of the Internal Control System based on the highest international standards on this matter.
5. Strengthening of the control architecture through training and face-to-face workshops, contests and advertising materials (brochures and videos), aimed at familiarizing all employees with the Three Lines of Defense Model and its advantages at the corporate and personal level.
6. Development of the Group's Ethics and Compliance Program. Since the creation of the Compliance Office we began to work on designing the Group's Ethics and Compliance Program, based on international standards and regulatory requirements, without losing sight of the reality of the business and its particularities. The following are the results of this effort:



# Structure of the Ethics and Compliance Program (102-17)



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Ext. 1896

## 1 Code of Ethics

It is a document that establishes and defines the principles of behavior and the rules of action for the employees of Grupo Energía Bogotá and its affiliates, based on our corporate values (transparency, respect, integrity and equity). Our Organization is committed to a policy of “zero tolerance” towards fraud, money laundering, terrorism financing and corruption.

## **2** Ethical channel and conflicts of interest

It is used to prevent, detect, mitigate and correct any events of fraud, corruption, illegal acts or any improper conduct that is harmful for any Group company. It also receives inquiries and requests for clarification on ethical dilemmas.

Conflicts of interests are situations in which integrity and judgment may be influenced by the possibility of choosing between the interests of our Company, the interests of an employee or the interests of a third party. In the event of a potential conflict, the most important thing is to report it as soon as possible and before making any decision, to enable us to manage it.

## **3** SIPLA

It is the Comprehensive System for Anti-money Laundering and Countering Terrorist Financing (SIPLA) that has been implemented at our Company. It consists of warning signs: behaviors and characteristics of certain transactions or persons that could lead to detecting money laundering or terrorism financing. These signs should be reported immediately.

Another important element is the verification of stakeholders on restrictive lists, for which it is required to fill out the official form and send by e-mail to [oficialdecumplimiento@geb.com.co](mailto:oficialdecumplimiento@geb.com.co).

## **4** Law of transparency and access to information

Law 1712/2014 regulates the right to access public information, the procedures to exercise this right and the guarantees and exceptions to publishing information.

## **5** Anti-corruption Plan and service to citizens

Law 1474/2011 establishes regulations aimed at strengthening mechanisms for the prevention, investigation and penalization of acts of corruption and the effectiveness of control of public management. Each year, we develop, implement and publish the plan, in compliance with this law.

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**At Grupo Energía Bogotá, we are committed to a policy of “zero tolerance” towards fraud, money laundering, terrorism financing and corruption.**

## **6** Data protection law

Law 1581/2012 further specifies the constitutional rights of all persons to know, update and correct the information collected on them in databases or files.

## **7** Trans-national bribery law

Law 1778/2016 establishes regulations on the responsibilities of legal entities for acts of corruption abroad. The Group has adopted a policy to prevent such conduct.

## **8** Supervision Authorities

Several bodies control and oversee Grupo Energía Bogotá. The Compliance Office coordinates timely and adequate response to the requirements of control entities.

## **9** Preventive strategic litigation

It is aimed at anticipating and thereby preventing legal issues and litigation in a broad range of Group activities, such as preserving our corporate image and reputation, managing information, equity planning, and corporate compliance, among others.