



**POLICY ON APPOINTMENT  
OF BOARD MEMBERS  
AT GEB COMPANIES,  
NON-CONTROLLED COMPANIES  
AND INVESTMENT VEHICLES**



GrupoEnergíaBogotá



## POLICY ON APPOINTMENT OF BOARD MEMBERS AT GEB COMPANIES, NON-CONTROLLED COMPANIES AND INVESTMENT VEHICLES

### Background

Grupo Energía Bogotá (hereinafter “GEB”) is committed to the implementation and compliance of best corporate governance practices, as one of the pillars of its corporate strategy, the generation of value, the trust of stakeholders and the management and control of risks of GEB and its Companies are based.

GEB, in the development of its responsibilities as parent company and controller of the Corporate Group, has among its duties to ensure the execution and compliance of unity of purpose and direction, aimed at taking advantage of synergies and the compliance of its corporate strategy

According to best corporate governance practices, the make-up of Boards of Directors should be as a function of the interests of each company, seeking a balance of the competencies of its members in terms of training and experience, to enable them to contribute to the development of the corporate strategy and to achieve the unity of purpose and direction of the Corporate Group.

In order to ensure the unity of purpose and direction and the fulfillment of the strategy, it is necessary to adopt a policy establishing clear principles and parameters on Board make-up and procedures to appoint members to their decision-making and ratification bodies.

In accordance with the bylaws, duties and powers attributed to the Board of Directors of GEB, this policy is adopted.

### 1. Definitions:

**Boards of Directors:** Collegiate body responsible for the management of each GEB company. It defines the strategy, establishment of management and direction policies of the business and the supervision of short, medium and long-term financial and non-financial performance. It includes the Directorates, Council of Management and Governing Board of

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<sup>1</sup> Shareholders' Agreement filed at GEB as of July 31, 2018, as a consequence of the Democratization program.

the Fundación Grupo Energía Bogotá.

**GEB Companies:** Companies in which GEB directly or indirectly holds more than 50% of the equity interest and exercises control.

**Non-Controlled Companies:** Companies in which GEB holds shareholdings but does not exercise control.

**Investment Vehicles:** Companies created by GEB or its affiliates with the purpose of serving as investment vehicles, and over which they hold equity control.

**Boards members or Directorates:** Natural persons appointed by General Meetings or Boards of Shareholders to become members of the Board of Directors of a GEB company, of a Non-Controlled Company or of an Investment Vehicle.

## 2. Purpose:

The purpose of this policy is to contribute to the coordination of the Corporate Group in decision-making processes and achieving unity of purpose and direction, by establishing general guidelines for the selection of the Boards of Directors of GEB Companies, Investment Vehicles and Non-Controlled Companies of Grupo Energía Bogotá and the appointment of their respective members, pursuant to Corporate Governance policies

## 3. Scope:

This policy establishes the principles and procedures for the appointment of Boards of Directors of GEB Companies, Non-Controlled Companies and Investment Vehicles.

## 4. Characteristics and Make-up of the Boards of Directors:

The Boards of Directors of GEB Companies, the Investment Vehicles and Non-Controlled Companies shall have the characteristics and make-up defined in their respective Bylaws.

Special purpose vehicles shall not have boards of directors or committees unless required by law or by the bylaws.

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<sup>2</sup> Shareholders' Agreement filed at GEB as of July 31, 2018, as a consequence of the Democratization program.



## 5. Rules for the Appointment of Boards Members

The decision on the appointments to the Boards of Directors of GEB Companies, Non-Controlled Companies and Investment Vehicles, as the case may be, as well as on the appointment of the persons to become board members, shall be in accordance with the corporate governance policies and rules of GEB, the Corporate Group Agreement signed between GEB and its Affiliates, this policy and other corporate documents adopted by GEB.

### 5.1. General Policy

GEB's CEO will appoint the candidates to become Board members of GEB Companies and Investment Vehicles. Before formalizing the appointment to be submitted for election by a general meeting of shareholders or equivalent body, each candidate must be submitted and expressly ratified by the Board of Directors of GEB, following validation of the requirements set forth in the bylaws of each Company or Investment Vehicle.

The CEO or the Board of Directors of GEB will appoint the candidates to become Board members of Non-Controlled Companies, pursuant to the provisions of section 5.5 (iii) of this Policy. The appointed candidates must meet the requirements defined in the bylaws of the Non-Controlled Company.

### 5.2. Participation of GEB employees

The majority of the persons that GEB is entitled to appoint to become members of the Boards of Directors of GEB Companies and of Investment Vehicles will be GEB employees. However, according to the needs of each Company, independent members may be appointed who meet the requirements of experience, adequacy, technical capabilities and specific knowledge.

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

### 5.3. Participation of independent members

The Boards of Directors of GEB Companies and Investment Vehicles must have at least one independent member.

The persons appointed by GEB's CEO as independent members must fulfill the following criteria: (i) the requirements or criteria of independence established in the legislation of the respective country and in the bylaws of each GEB Company; (ii) the requirements for a person to qualify as an independent member of the Board of Directors of GEB; and (iii) at least one of the nominees on the list must be from the country of domicile of the respective Company.

Those appointed and elected as independent members must meet the requirements for such status throughout the term during which they are members of the respective Board of Directors.

#### **5.4. Participation of other external members**

GEB may also appoint external members, even if they do not qualify as independent members, in cases when it is considered that the person's profile, experience and education can contribute to the strategic development of the GEB Companies or to GEB relations.

#### **5.5. Non-participation of Board members of GEB in the Boards of Directors of the Companies**

**(i)** The GEB as the parent company of the Corporate Group is a holding company, whose management and administration of the GEB Companies, Investment Vehicles and management of the investments in the Non-Controlled Companies, corresponds to a management and administration function, in the development of which it must achieve the execution of the strategy and direction, with unity of purpose and management.

**(ii)** Given such status, the participation by Board members of GEB in the boards or management bodies of GEB Companies and Investment Vehicles may represent a conflict of interests, given the incompatibility of functions and interests between the obligations of Board members of GEB and those of their roles as Board members of a Company, as well as in terms of the instructions they must receive from GEB's CEO, who in turn reports to the Board of Directors of GEB.

**(iii)** Based on the above considerations, GEB Board members should not be appointed to be elected as Board members of GEB Companies and Investment Vehicles. In the case of Non-Controlled Companies, the Board members may be appointed either by

GEB's CEO or by the Board of Directors of GEB, including the possibility of appointing GEB Board members, primarily in exceptional situations arising from ongoing issues or strategic matters. In such cases, the actions of the Board members must be aligned with the strategy to be implemented and the management, direction and control policies defined by GEB.

## 5.6. Experience and Qualifications Criteria

The composition of the Boards of Directors of the GEB Companies, Investment Vehicles and those who represent the GEB in the Boards of Directors of the Non-Controlled Companies shall meet specific criteria according to the strategy, needs and particular situation of each Company, taking into account the different specialties and competencies relevant to the company, in accordance with the corporate purpose, the strategy and its objectives. At least one member shall have specific knowledge of the country where the company operates. Likewise, the persons to be proposed must have high professional and personal qualities, time availability, for which the provisions of the Policy on Appointment, Succession and Compensation of the Board of Directors of GEB, as applicable, the bylaws of each Company, as well as the following general criteria shall be taken into account: (i) experience in the fields of finance, law and similar fields, and/or in activities related to the public utilities sector, and/or the operations developed by the Companies; and (ii) candidates' profiles, including their background, recognition, prestige, availability, leadership and good name in connection with their professional qualifications and integrity.

## 5.7. Other Criteria

A reasonable balance and diversity shall be achieved in each Board of Directors for its adequate performance. Boards of Directors shall have at least one female member and shall prioritize Environmental, Social and Governance (ESG) criteria in accordance with the corporate strategy. Additional criteria for the composition of the Boards of Directors may include: (i) the results of annual performance assessments of the Boards of Directors, (ii) the percentage of called meetings attended, and (iii) a matrix of competencies for each Board of Directors.

The maximum number of boards of directors in which the same person may participate as a principal member shall be four companies.



## 5.8. Chairperson of the Boards of Directors

The chairmanship of the Boards of Directors of GEB companies shall be held by a member of the Senior Management of the GEB.

## 6. Procedure for selecting and appointing Board members - GEB's CEO:

Identification and selection of candidates to be appointed as members of the Boards of Directors of GEB Companies, and if required, identification and selection of candidates to be appointed to the Investment Vehicles.

### CEO and Board of Directors of GEB

Identification and selection of candidates to be included in the lists that GEB is entitled to appoint at Non-Controlled Companies.

### Corporate Affairs Department

- a) Review compliance of the requirements set out in the Corporate bylaws of each company, as well as review the requirements set out in the respective rules of the Board of Directors.
- b) Coordinate with the Compliance Department the review in OFAC lists, other mandatory lists and criminal and disciplinary background checks.
- c) Interview with the candidate to identify the following issues:
  - Potential conflicts of interest, disabilities and incompatibilities
  - Time availability
  - Explanation of the Corporate Group intervention model
  - Acceptability of the fees received for being a Board member
  - Rating of the member in terms of skills and qualifications to become a member of the different committees



- Review of personal skills and qualifications to act as a Board member
- Prepare the respective report
- Report to GEB's CEO on compliance of the requirements, results of the reviews in applicable lists, conflicts of interest and requirements

## **GEB's CEO:**

Based on the report submitted by the Corporate Affairs Department and subject to fulfillment of all requirements and procedures, GEB's CEO will appoint the candidates to become Board members of GEB Companies and Investment Vehicles, and will submit their appointment to ratification by the Board of Directors of GEB, as a minimum 30 ordinary days before the date of the general meeting at which the corresponding election is to be made, to enable the Board of Directors to study the CEO's proposal.

## **Board of Directors of GEB:**

The Board of Directors of GEB has the power to ratify the candidates appointed by the CEO to become members of the Boards of Directors of GEB Companies and Investment Vehicles.

In the event the Board of Directors of GEB does not ratify any of the candidates appointed by the CEO, with substantiated justification, the CEO must replace them, and following fulfillment of the procedures and requirements, must submit new candidates to the Board of Directors of GEB.

Once the appointed candidates are ratified by the Board of Directors of GEB, they may be submitted for election by the respective general meeting of shareholders or equivalent governance body, pursuant to the bylaw provisions of each Company or Investment Vehicle, subject to fulfillment of the requirements and procedures set out in their respective corporate governance instruments.

In the case of Non-Controlled Companies, once the decision is approved on the candidates to be postulated as candidates to the Boards of Directors, GEB's CEO will submit them for election at the general meeting of shareholders or equivalent governance body.





## Vacancies and reelection

As a general rule, in the event of resignations or vacancies of Board members of GEB Companies, Investment Vehicles and Non-Controlled Companies, GEB's CEO will request a call to an Extraordinary General Meeting of Shareholders to perform a new election, and the same procedure for submission and ratification shall apply.

In the event of reelection of the Board members of GEB Companies, Investment Vehicles and Non-Controlled Companies, the Corporate Affairs Department must additionally review:

- a) The results of the previous period's self-assessment of the Board of Directors.
- b) That average attendance to the meetings of the Board of Directors which must be equal to or greater than 80% of total called meetings.
- c) That the member of the Board continues to fulfill the requirements and qualifications for his/her election.