

Business Group Agreement

Grupo Energía Bogotá



BUSINESS GROUP AGREEMENT
Institutional Relations Framework
Grupo Energía Bogotá

Table of Contents

INTRODUCTION	3
I. PURPOSE	4
II. SCOPE	5
III. THE BUSINESS GROUP	6
1. Interests of the Business Group	6
2. Statement of Commitments	6
IV. Business Group Relations	7
1. Forms of Relations	7
2. Elements of Relations	8
a. Corporate Strategy	8
b. Appointments to Governance Bodies	8
c. Guidelines with a Group-wide Scope	9
d. Ongoing Relations	9
e. Synergies, knowledge, and talent sharing	9
f. Shared Services	10
g. Control Architecture	10
V. TRANSACTIONS BETWEEN RELATED PARTIES	11
VI. GENERAL PROVISIONS	12
ANNEX 1 Definitions	13
ANNEX 2 Form of Adhesion to the Business Group Agreement	14
ANNEX 3 Business Group Structure	15

INTRODUCTION

Grupo Energía Bogotá (hereinafter, “the Business Group” or “the Group”) is comprised by Grupo Energía Bogotá S.A. ESP, the Parent Company of the Group, (hereinafter, “GEB” or the “Parent Company”) and its directly and indirectly controlled subsidiaries (hereinafter, “the Group Companies”)¹.

GEB is committed to respectfully exercising the unity of purpose and direction and has registered its business group status and its control over the Group Companies in the Commercial Register of the Chamber of Commerce of Bogotá. GEB consolidates the financial statements of its directly and indirectly controlled subsidiaries and each year submits to the Ordinary General Meeting of Shareholders a special report on its most important transactions with the Group Companies.

GEB has established guidelines and policies based on the unity of purpose and direction aimed at achieving synergies and fulfilling its corporate strategy.

¹ According to Article 260 of the Commercial Code, a company is a subsidiary or is controlled when its decision-making powers are directly or indirectly subject to the will of other parties, who are the parent company or controlling parties, either directly, in which case it is called a directly controlled subsidiary, or jointly, by means of an agreement or through a subsidiary of the parent company, in which case it is called an indirectly controlled subsidiary.

I. PURPOSE

This Business Group Agreement (hereinafter, the “Agreement”) establishes the general guidelines for relations between the Parent Company and the Group Companies, in the framework of their unity of purpose and direction, in order to assure fulfillment of the corporate strategy and achievement of the objectives of GEB. This Agreement also intends for group companies to work under the same parameters and principles, achieving the consolidation of the organizational identity, the unification of criteria, transparency, and the preservation of the organization’s reputation

This Agreement is based on good corporate governance practices and the recommendations of the Code of Best Corporate Practices (Código País)², the Latin American Corporate Governance Code Guidelines issued by CAF - Development Bank of Latin America (CAF)³ and the recommendations of the Organization for Economic Co-operation and Development (OECD).

² Código País was adopted by means of Circular Letter 028/2014 of the Financial Superintendence of Colombia. External Circular Letter 028/2014 of the Financial Superintendence of Colombia “Código País.” Measure No. 6 of Código País “Listing of Companies comprised by Conglomerates” offers recommendations for managing possible conflicts of interest that may arise between a conglomerate’s companies and describes the importance of having a frame of reference for institutional relations by means of a public agreement that allows for the strategic orientation, supervision, control and effective management of the Conglomerate.

³ The Latin American Corporate Governance Code Guidelines issued by CAF - Development Bank of Latin America (CAF) recommends, as a measure to protect the minority shareholders of subsidiaries and as mechanism to manage conflicts of interests between a Conglomerate’s companies, the definition of a framework of reference between the parent company and its subsidiaries, that establishes: (i) the respective activity areas and eventual business relationships between them, as well as with the group’s other companies, (ii) mechanisms to resolve possible conflicts of interest that may arise, and (iii) provisions on the application of particularly sensitive and strict conflict of interest management policies in the event of any existing or planned transactions between a listed subsidiary and its parent company, whether or not listed (Chapter on “Equal Rights and Treatment for Shareholders”).

The update to the 2012 Publication included as Annex 1 a Chapter on “Corporate Governance for Business Groups,” which incorporates as a guideline and recommendation the importance of having a public, clear and transparent organizational structure that allows assigning clear lines of responsibility within a business group, in a manner that facilitates the effective control and supervision of both the business group as a whole, and the individual companies that are part of it.

II. SCOPE

This Agreement establishes the mandatory guidelines and principles that must be followed by GEB and the Group Companies, and their managers and employees, regarding the Business Group's management, direction and control.

Transactional relationships between Group Companies, such as the provision of goods or services, shall be governed by the Policy on Transactions Between Related Parties.

III. THE BUSINESS GROUP

Grupo Energía Bogotá is a leading multinational company in the energy and gas sector. As a Business Group, it creates value for its shareholders and stakeholders by means of the sustainable and profitable management of its businesses, the highest corporate governance standards, and its Ethics and Compliance Program, based on the highest corporate transparency standards.

1. Interests of the Business Group

GEB, as the Parent Company of the Business Group, defines the corporate strategy and sets the strategic direction of the Business Group, based on the fundamental pillar of the sustainable creation of value of its businesses. The strategic direction set by the Parent Company takes into consideration the capabilities developed by each Group Company, the respect for the commitments acquired with their shareholders, investors, and other stakeholders, as well as the autonomy and independence of the Group Companies in defining their business strategy and administrative management, rendering accounts based on results and the achievement of objectives.

The Board of Directors of GEB is responsible for defining the Corporate Strategic Plan (CSP) of the Business Group, and the Boards of Directors of the Group Companies are responsible for the direction, development, and supervision of performance of the strategy in their respective businesses.

2. Statement of Commitments

In the framework of the unity of purpose and direction of the Business Group, GEB and the Group Companies are committed to:

- Carrying out their activities in accordance with this Business Group Agreement.
- Basing the corporate strategy and the development of their businesses on sustainability.
- Adopting and implementing the best corporate governance practices to assure adequate and transparent decision-making.
- Respecting the rights of minority shareholders.
- Generating profitability through the efficient management of resources, innovation, and capture of synergies.
- Identifying, managing, and mitigating the risks that may affect business performance and the corporate strategy, and ensuring the implementation of the controls required to develop their operations.
- Attracting, developing, promoting, and retaining the best talent, based on training and inclusive and diverse promotion, and the respect for human rights, and
- Promoting transparency and accountability by strengthening the ethics and compliance culture, and engaging in prevention, detection, monitoring, and continuous improvement activities.

IV. Business Group Relations

In pursuing their business, GEB and the Group Companies are committed to acting in accordance with the unity of purpose and direction that characterizes the Business Group, and to following the corporate strategy defined by GEB as the Parent Company.

1. Forms of Relations

Relations within the Business Group are of a strategic nature, with the corporate, administrative, and operating independence of each Group member company, which render accounts to the Parent Company on the results obtained based on their management, in the framework of the corporate strategy approved for the entire Business Group.

Based on the above parameters, GEB has the following responsibilities in terms of Business Group relations:

- Define the Corporate Strategic Plan.
- Appoint the members of the management bodies of the Group Companies and set their strategic guidelines.
- Issue policies and guidelines to the functional areas of the Group Companies.
- Maintain ongoing relations with the functional areas of the Group Companies.
- Identify and take advantage of synergies, capabilities, and talents, and share experiences and knowledge, and
- Define and apply the Control Architecture.

In turn, the Group Companies must:

- Pursue their businesses in accordance with the Corporate Strategic Plan.
- Perform their administrative management in accordance with the strategic guidelines.
- Comply with and implement the policies and guidelines with a Group-wide scope.
- Provide GEB access to the information required for adequate strategic planning, the consolidation of financial information and monitoring of their activities.
- Efficiently implement actions to create and capture synergies and capabilities, and identify and promote talent, prioritizing sharing of experience and knowledge; and
- Implement and supervise the Control Architecture, making ethics, compliance and transparency pillars of the corporate culture and management.

For the effects of coordinating and implementing relations within the Business Group, the Parent Company shall adopt the required internal documentation, organizational structures and procedures based on the elements contained in this Agreement.

Consequently, GEB may create communications, integration and strategic alignment roles and bodies to discuss and debate strategic matters related to performance of the Corporate Strategic Plan and the evolution and management of the businesses. The purpose of the above is for Group Companies to work under the same corporate values, parameters and principles, strengthen the consolidation and adoption of the organizational culture and identity, the unification of criteria, transparency and respect for the institutions, the preservation of the corporate reputation and to achieve synergies.

2. Elements of Relations

Based on the responsibilities assigned to GEB and the Group Companies, the following are the elements that comprise the Business Group relations:

a. Corporate Strategy

GEB, as the Parent Company of the Group, has the role of strategic manager of the relations with the Group Companies, by means of the effective orientation of the capabilities developed by each operating business, with the ultimate purpose of achieving the objectives set out in the Corporate Strategic Plan, creating value for the Group, its Companies and other stakeholders.

The leader of this task is the Board of Directors of GEB, which is the body that sets the strategic direction for the entire Business Group. Consequently, it must define the Corporate Strategic Plan and monitor all the businesses, operations and new opportunities for investment or divestment in the economic sectors in which it is involved, as well as make its decisions based on a Group policy, taking into consideration the interests of GEB and of the Group Companies⁴.

The Group Companies, by being committed to the unity of purpose and direction, manage their businesses in the framework of the Corporate Strategic Plan structured by the Parent Company, and their respective bodies of governance, management, and oversight; organized in autonomous and independent structures. The Boards of Directors, Councils of Management or Directorates⁵ of the Companies direct and supervise the businesses and are responsible for verifying the effective implementation and furthering of the strategy based on the operating, industrial and geographic realities in which they operate.

In the event of any actual and/or apparent conflicts of interest in the assignment of the business opportunities among Group Companies, the Board of Directors of GEB is the body responsible for resolving them, taking into consideration the corporate strategy, the capabilities developed by each Company and the competitive advantages of assigning them to one Company rather than to another, and the most efficient means for obtaining benefits for the entire Business Group.

b. Appointments to Governance Bodies

GEB has guidelines in place for the nomination of members of the Boards of Directors of its subsidiaries, affiliates, and investment vehicles, which establishes guidelines on the composition of the governance bodies of the Group Companies.

GEB shall issue the strategic and corporate governance guidelines to the members appointed to such bodies, with the objective of exercising the unity of purpose and direction, as well as to coordinate the decision-making processes within the Business Group.

When required, joint meetings of Boards of Directors or Board Committees of GEB and Group Companies can be held, without this implying any transfer of responsibilities, and preventing any potential conflicts of interest. Inasmuch as possible, the Board of Directors of GEB shall meet on a monthly basis after the board meetings of the Group Companies have been held, in order to have consolidated and updated information available to enable it to effectively execute the Group's strategic management.

⁴ Company Bylaws of GEB, Article 66, section 30.

⁵ Without prejudice for the powers of the General Meeting of Shareholders, in accordance with the company bylaws of each Company.

With the exception of the Group General Auditor and the Compliance Officer of GEB, any GEB employee may be a member of the Boards of Directors of the Group Companies, and such membership shall not be deemed a conflict of interest between such appointment and the performance of his/her duties at GEB⁶.

c. Guidelines with a Group-wide Scope

As the main tool for the deployment of the corporate strategy, GEB, as the Parent Company of the Group, designs and adopts corporate policies on relevant and cross-cutting matters based on the unity of purpose and direction, thereby establishing guidelines with a Group-wide scope that must be adopted and implemented by the Group Companies, which are especially aimed at the adoption of the highest international standards on corporate governance and transparency, and best financial, environmental, social, information technology, talent management, knowledge management and contracting of goods and services practices, and the standardization of processes, among others, to the benefit of GEB and its stakeholders.

The above shall be consistent with applicable laws, statutory regulations, signed shareholder agreements and the particular needs of each Company.

d. Ongoing Relations

Ongoing and efficient relations with the Group Companies is essential for achieving the unity of purpose and direction, which implies that contacts between functional areas or processes and the continuous flow of information represent the materialization of the Business Group relations in day-to-day operations.

Information is a necessary asset for the adequate and efficient management of the Business Group, and consequently the Group Companies acknowledge that GEB's timely and full access to their financial and non-financial information is necessary in order to: (i) exercise its rights as shareholder, (ii) perform its functions as Parent Company of the Group, (iii) adequately monitor the business and make decisions, (iv) perform strategic planning, define corporate policies and financial guidelines, and (v) comply with the legal duties established by applicable relations in connection with the Business Group.

Considering that GEB is a securities issuer that is subject to the rules and restrictions on managing and disclosing information established in Law 964/2005 and Decree 2555/2010, for the effects of consolidating and disclosing the financial and non-financial information of the Business Group, the respective functional areas or processes must constantly coordinate the timely and accurate reporting of the results obtained to the market.

e. Synergies, knowledge, and talent sharing

GEB promotes capturing and taking advantage of synergies that add value to the businesses and operations of the Business Group, maximizing its sustainability, competitiveness, and profitability, and it therefore promotes the ongoing sharing of knowledge and experience through strategic and operating conversational sessions between leaders of the functional areas or processes, as well as specific processes or projects aimed at driving the generation of shared efficiencies.

In particular, talent management is an essential element for the construction of the Business Group's identity, and for this reason the Parent Company leads and promotes different human resource training, exchanges, transfers and promotions at all the Group Companies, as well as those of different stakeholders, in order to develop the human resources required to create value and have a positive impact in the territories where they operate.

GEB will promote and coordinate, as deemed necessary, programs and initiatives to develop capabilities and

⁶ Article 97 of the Company Bylaws of GEB S.A. ESP

knowledge in the Business Group aimed at making full use of the talent and superior performance of the entire organization.

f. Shared Services

For strategic reasons and to capture the synergies identified among the different Business Group Companies, GEB, a Group Company or a specialized third party may provide shared services aimed at the implementation of common practices and operations that enable attaining higher levels of operating efficiency and effectiveness in business support processes, as well as the optimization of resources, promoting a single Group vision.

g. Control Architecture

GEB is committed to assuring an adequate control environment in the Business Group, as one of the pillars for the development of its corporate strategy. The Control Architecture must be aligned with the highest international standards, generating trust in the interactions with all stakeholders, and effectively supporting the business decision-making processes through the identification and management of their associated risks and the implementation of effective controls that ensure a solid internal control system.

The culture of ethics and compliance at all Group Companies is the central element of the internal control structure and of the strategy's execution. The directors, managers and employees must adopt, strengthen and communicate the ethics and compliance culture in their interactions with the different stakeholders.

In order to ensure the efficient performance of the internal control activities, they shall be coordinated through the following bodies:

Audit and Risk Committee of the Board of Directors of GEB: It is the body responsible for establishing and supervising the policies on internal auditing, internal control, and ethics and compliance for the entire Business Group.

Corporate Compliance Office of GEB: area that reports directly to the Audit and Risk Committee of the Board of Directors of the Parent Company, which is responsible for the implementation and effectiveness of the ethics and compliance program, the activities of prevention, detection, reporting and continuous improvement, as well as monitoring the internal control system.

It also issues the guidelines required for the assurance and cross-sectional monitoring of the culture of ethics and control of the Group Companies and performs the respective monitoring through ongoing relations and coordination with the compliance areas of the Group Companies, without prejudice for the reports they must submit to their respective Audit and Risk Committees and Boards of Directors.

Group General Auditor: An area that reports directly to the Audit and Risk Committee of the Board of Directors of the Parent Company, which performs an independent and objective assessment of the Business Group's internal control system.

It also issues the guidelines required for the auditors of the Group Companies in order to ensure adequate coordination within the Business Group and performs the respective monitoring through ongoing relations and coordination with the internal audit areas of the Group Companies, without prejudice for the reports they must submit to their respective Audit and Risk Committees and Boards of Directors.

The internal audit areas of the Group Companies provide independent and objective assurance and auditing services, adding value and efficiency to the Business Group's operations, and may consequently participate in cross-audits to strengthen the Business Group's auditing practice. For strategic reasons related to the

implementation of the internal control system, the Group General Auditor may directly take over the audit duties at any of the Group Companies, if deemed necessary.

Statutory Auditor or External Auditor: An independent entity responsible for certifying the Business Group's financial reports and for assessing its internal control system. Such auditors are appointed by the General Meeting of Shareholders of GEB and of the Group Companies, in accordance with guidelines for the appointment of the statutory auditor or the external auditor, and they have ongoing relations with the Audit and Risk Committee of the Board of Directors of the Parent Company.

V. TRANSACTIONS BETWEEN RELATED PARTIES

Transactions related to the provision of goods and services, or entering into financial transactions such as loans, or the provision of guarantees, between Group Companies are regulated, structured, approved and performed in accordance with the guidelines on Transactions Between Related Parties. Exceptions to the scope of application of this Policy are the management and control activities performed by GEB in its capacity of Parent Company of the Business Group aimed at achieving unity of purpose and direction, as well as transactions and activities carried out between Group Companies or with GEB aimed at generating synergies or joint developments for the expansion of capabilities and competitive advantages.

Transactional operations between Group Companies shall be ruled by the following guidelines:

- **Respect for commitments:** The Business Group shall enter into and perform transactions respecting the commitments acquired by each Group Company with its stakeholders pursuant to applicable regulations.
- **Authorization:** Pursuant to the provisions of the Policy on Transactions Between Related Parties, prior to their approval, verification must be performed to ensure that they are made in the terms and conditions that usually apply to transactions with unrelated parties, i.e., on an arm's length basis and at market prices. In exceptional circumstances, the General Meetings of Shareholders may approve relevant transactions that are not carried out under market conditions or that are not part of the Group Companies' ordinary business.
- **Transparency:** Transactions between related parties must be disclosed in the notes of the financial statements and the special report submitted annually to the General Meeting of GEB Shareholders.

VI. GENERAL PROVISIONS

- This Agreement shall remain valid for an indefinite term and shall be binding for Group Companies as of the date of its approval by their respective Boards of Directors.
- The Registered Agents of the Group Companies shall adhere to the Group Agreement following authorization by their respective Board of Directors, Council of Management or Directorate.
- In the event a new company is incorporated into the Business Group, this Agreement must be approved by its Board of Directors and the Form of Adhesion to the Group Agreement must be signed, which shall form integral part of this document.
- This Agreement does not imply the existence of a unified company or of any labor relationship between the Parent Company and the employees of the Group Companies. Consequently, there shall be no joint liability between the companies in connection with their respective labor relations.
- This Agreement must be published on the websites of GEB and of each Group Company.

In faith of the above, this Agreement is signed in Bogotá D.C. on [•], having been previously approved by the Board of Directors of GEB S.A. ESP., on [•], as documented in Minutes No. [•].

JUAN RICARDO ORTEGA LÓPEZ
CEO
Grupo Energía Bogotá S.A. ESP

ANNEX 1
Definitions

The terms included herein, or those that are defined in other sections of this document and that appear with initial capital letters or in lower case in this document, shall have the meanings given below. Terms that denote the singular also include the plural and vice-versa, according to the context. Terms that are not expressly defined shall be understood in the sense given to them by the corresponding technical language or, otherwise, in their natural and obvious sense, according to their general use.

General Meeting of Shareholders: It is the highest governance body of each Group Company, and is responsible for setting guidelines, providing orientation, and assessing management's performance. This includes the General Meetings of Shareholders, Boards of Partners, and the Council of Founders of the Grupo Energía de Bogotá Foundation.

Board of Directors' Committees: They are review and support bodies of the Boards of Directors, Councils of Management or Directorates that issue recommendations on specific matters.

Group Companies: They are the companies controlled by GEB in the terms defined in Article 260 and subsequent articles of the Code of Commerce, and which are subject to unity of purpose and direction as defined in Article 28 of Law 222/1995.

Directly Controlled Subsidiary: A company directly controlled by GEB.

Grupo Energía Bogotá S.A. ESP / GEB: It is a public utilities company incorporated as a joint stock company, pursuant to the provisions of Law 142 / 1994. It has been listed in the Colombian Securities Exchange since 2008, and as an issuer of securities the company must comply with the duties and obligations established in Decree 2555 of July 15, 2010, and the provisions of the Financial Superintendence of Colombia on the matter. GEB is the Parent Company of the Business Group.

Grupo Energía Bogotá / Business Group / Group: It is the group of legally independent companies that are under the control of GEB as Parent Company.

Board of Directors: It is the company's collegiate management body, comprised by members elected by the General Meeting of Shareholders. It is responsible for the management of each Group Company, the establishment of corporate policies and the supervision of short, medium and long-term financial and non-financial performance. It includes the Directorates and Councils of Management. For the effects of this Agreement, Board of Directors is defined as the corresponding equivalent body in each jurisdiction.

Related Parties: Those identified in the Policy on Transactions Between Related Parties.

Ethics and Compliance Program: It is the program defined by the Corporate Compliance Office and approved by the Board of Directors of GEB, which includes all the activities for the prevention, detection and reporting of potential deviations from the ethical framework of GEB. Each Group Company shall adopt its own ethics and compliance program, in compliance with the guidelines issued by the Parent Company.

Synergy: In the context of the Business Group, it is defined as all actions and decisions taken to create economic, social and reputational value, as a result of the collaboration and interaction between Group member companies.

Indirectly Controlled Subsidiary: Companies indirectly controlled by GEB through a Directly Controlled Subsidiary.

Transactions Between Related Parties: Those defined in the Policy on Transactions Between Related Parties.

ANNEX 2
Form of Adhesion to the Business Group Agreement

[•] is a [Directly/Indirectly Controlled] Subsidiary of GEB, incorporated under the laws of [•], whose main activity is [•].

By means of this Agreement, [•] signs and adopts the Business Group Agreement of Grupo Energía Bogotá S.A. ESP.

[•] undertakes to ensure that its subsidiaries listed below will act in accordance with the Group Agreement: [•]; [•] and [•]. *(If applicable)*

In faith of the above, this Agreement is signed, following approval by the Board of [Company] on [date] at meeting [meeting number], as documented in the respective Minutes.

[•], of [•] day of [•] of [•]

[•]
CEO
[•]

ANNEX 3 Business Group Structure

