

GRUPO ENERGÍA BOGOTÁ

TURNING ENERGY INTO GOOD DEEDS

2018

CORPORATE GOVERNANCE REPORT

# 2018 Corporate Governance Report

## I. INTRODUCTION

At Grupo Energía Bogotá S.A. E.S.P., the corporate governance system establishes mechanisms to manage key aspects related to the growth, competitiveness and sustainability of the Company and the Group. Grupo Energía Bogotá understands that its actions are defined based on the decisions of the shareholders, of the Board of Directors, of Senior Management, and in general all employees; for this reason, it is committed to implementing the highest standards in this regard.

Corporate governance enables involving the economic, environmental and social dimensions and implications in the management process in the territories in which we operate, and to ensure that our actions are guided by corporate policies.

This has enabled us to undertake actions to establish and maintain relationships of cooperation and support with public and private organizations, with the governments of Colombia and Latin America, and with the communities in our areas of influence, in favor of sustainable development.

This aspect has an incidence on our economic and social growth; it ensures sustainable development to produce increased value through adequate management. This way, we create possibilities for social investment and environmental protection.

Corporate governance is our tool to ensure independence from the political environment. For this reason, in 2016, 2017 and 2018 our efforts have focused on structuring a solid corporate governance arrangement, an effort we have called the Re-institutionalization of corporate governance, which we will continue to consolidate in 2019.

During 2018, Grupo Energía Bogotá drafted and approved (i) the Transactions with Related Parties Policy, (ii) the Conflicts of Interest Management Policy and (iii) the Board of Directors Appointment, Succession and Compensation Policy. We also approved reforms to the bylaws and amended the Rules of the General Meeting of Shareholders, of the Board of Directors and of its committees (Compensation Committee, Corporate Governance Committee, Audit and Risk Committee and Finance and Investment Committee), by virtue of the Shareholder Agreement entered into as part of the democratization process, as well as other self-regulatory provisions and the adoption of best practices on corporate governance indicated in Circular Letter 028 of the Financial Superintendence of Colombia.

During 2018, we also concentrated efforts on corporate governance at the

Group and managed to unify governance at all affiliates. We implemented the Diligent Boards technological tool to unify management of information of the boards of directors, management committees, steering committees and councils at Group companies.

Additionally, given our status as issuer of securities in both local and international markets, we meet high standards of transparency and disclosure of financial and non-financial information, in accordance with applicable rules. As a result, we have been awarded recognition by the Colombian Securities Exchange (BVC, for the Spanish original) program for companies with high standards of disclosure of information to investors (Investor Relations (IR) Recognition).

The Business Group Agreement, the Corporate Governance Code and the Corporate Governance Policy establish the mechanisms to manage key aspects in this regard, which is essential for the growth, competitiveness and sustainability of the Company and the Group companies.

The Business Group Agreement establishes rules and guidelines for Group administration, management and control processes, and is based on the recommendations of the Code of Best Corporate Practices, Código País (compiled in Circular Letter 028/2014 of the Financial Superintendence of Colombia), the “Guidelines for a Latin American Corporate Governance Code” of CAF (Development Bank of Latin America) and the recommendations of the Organization for Economic Co-operation and Development (OECD) regarding good corporate governance practices.

The Corporate Governance Code describes the main governance elements of Grupo Energía Bogotá and establishes guidelines of action for the Company’s governance bodies, including some aspects related to the Group. It also serves as an instrument that describes in general terms the different practices adopted and regulated in further detail in other instruments, such as the Corporate Governance Policy, the Information Disclosure Policy, the Share Trading Policy, the Appointment of the Statutory Auditor Policy, the Conflicts of Interest Management Policy, the Transactions with Related Parties Policy, the Board of Directors Appointment, Succession and Compensation Policy, among others.

Through the Corporate Governance Code, aware of our status as issuers of shares listed on the Colombian Securities Exchange (Bogotá, Capital District is our majority shareholder, and our minority shareholders include individual and institutional investors, such as pension funds), we make the following general commitments:

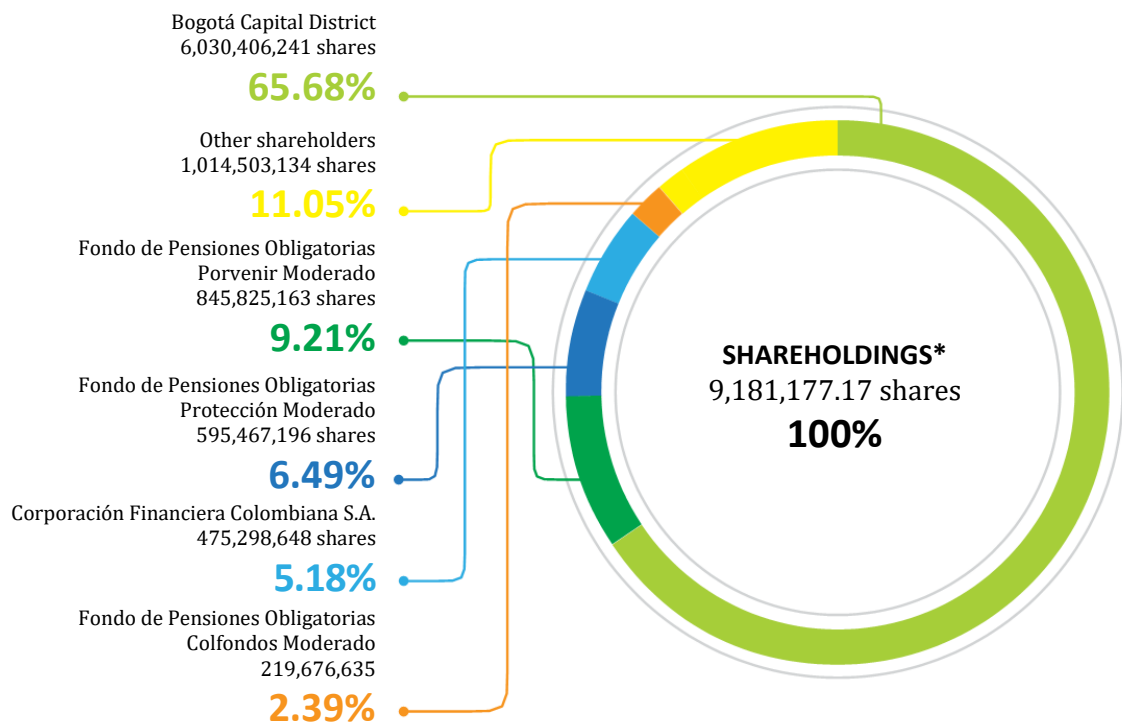
- 1. Respect for minority shareholders.** To provide equal and respectful treatment to all shareholders, regardless of the value of their investments or the number of shares they represent, in line with legal and regulatory provisions, as well as the provisions of the different corporate instruments.
- 2. Regarding the Capital District’s standing as majority shareholder.** Grupo Energía Bogotá is respectful in its relationship with its majority shareholder

and acts in accordance with the OECD’s “Corporate Governance Guidelines for state-owned enterprises”; in return, the Company expects a relationship guided by entrepreneurial and technical criteria, which respects the corporate channels, such as the General Meeting of Shareholders and the Board of Directors, bodies through which the majority shareholder is represented, always keeping in mind the importance of respecting the aforementioned channels in order to protect the Company’s interests and to create value for all shareholders.

3. **Regarding shareholders from other Group companies:** In all its investments, the actions of Grupo Energía Bogotá are guided by criteria aimed at maintaining respectful and transparent relations in accordance with the premises contained in the Corporate Governance Code, to ensure that any formal agreements are honored in managing these investments.

## II. THE COMPANY’S CAPITAL AND OWNERSHIP STRUCTURE

Our shares are listed on the Colombian Securities Exchange, and the following are our five largest shareholders:



\*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.

Grupo Energía Bogotá's Board members do not own Company shares. As of December 31, 2018, 22 management employees hold Company shares equivalent to 0.0069% of shareholdings (non-material).

Trading in the shares of GEB S.A. ESP is ruled by the provisions of Colombian law, and particularly by the provisions of Article 404 of the Commercial Code and the Share Trading Policy. It is forbidden for managers to trade on their own account or through a third party in Company shares for speculative purposes, and in all cases subject to approval by the Board of Directors as prescribed by the Share Trading Policy.

During the period, the following managers requested authorization to trade in shares of Grupo Energía Bogotá:

<b>Names</b>	<b>Last names</b>	<b>Position</b>
Astrid	Álvarez Hernández	Registered Agent
Felipe	Castilla Canales	Alternate Registered Agent Financial Vice President
Ernesto	Moreno Restrepo	Transmission Vice President
Alejandro	Botero Valencia	Business Legal Director
Mónica	Jiménez López	Compliance Officer
Camila	Merizalde Arico	Corporate Affairs Director
Wiston Manuel	González del Río	Corporate Communications Director
Mauro Hernán	Mejía Trillos	Sourcing and Services Director
Gabriel Ignacio	Rojas Londoño	Corporate Affiliate Management Director
Diana Lorena	Zuluaga Gallo	Strategic Planning Manager
Julio Hernando	Alarcón Velasco	Accounting and Tax Manager
Jaime Alfonso	Orjuela Vélez	Planning and New Business Manager
Jorge Eduardo	Salcedo Torres	Infrastructure and Services Manager
Juan Daniel	Ávila Gómez	Sustainable Development Manager
Luz María	Orozco Loaiza	Sourcing Manager
Fredy	Medrano Martínez	Substation Projects Manager
Martha Nohora	Riaño Reyes	Project Manager
Juanita	García Clopatofsky	Junior Manager
Víctor Gabriel	Quiasua Colmenares	Project Manager
Jairo	Durán Núñez	Treasury Manager
Fabiola	Leal Castro	Corporate Legal Counsel

Since the ownership structure is predominantly institutional, there are no family relations between holders of significant interests.

A Shareholder Agreement has been delivered to the Company's

management that was signed in the context of the democratization process of a percentage of the equity interest held by Bogotá, Capital District, carried out in 2018. The date of delivery of said agreement is July 31, 2018.

We highlight the following most relevant provisions of the Shareholder Agreement, due to their importance in strengthening the Company's corporate governance:

- 1. Lower percentage to call a General Meeting of Shareholders.** Previously, minority shareholders only had the right to call a General Meeting of Shareholders with 25% of total shares outstanding. Now a meeting can be called with only 10%.
- 2. Commitment to vote on relevant General Meeting of Shareholders decisions.** Now, on matters related to changing the main corporate purpose, issue 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.
- 3. Increase in the number of independent Board members.** Previously, only 33% of Board members were independent. Now 44.4% will be independent, i.e. 4 members.
- 4. Stricter independence criteria for Board members.** Stricter independence criteria were established, in line with the highest management professional standards, incorporating not only those established by Colombian law, but also those required for companies listed on the New York Stock Exchange.
- 5. Appointment of the Chairperson of the Board.** Previously, any Board member could be elected to this role. Now he/she must be an independent member, allowing for greater independence from the Company's management.
- 6. Vote by qualified majority at Board meetings.** Previously, all Board decisions were adopted by simple majority. Now, transactions with Group companies, matters related to relevant assets and changes to the strategic plan, among others, require a qualified majority for deliberations (seven members) and to decide (six members).
- 7. Appointment of an independent Board member by minority shareholders.** From now on, 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 the city of Bogotá, Capital District. Previously, minority shareholders did not have the right to include a candidate in the list.

### III. THE GROUP'S STRUCTURE

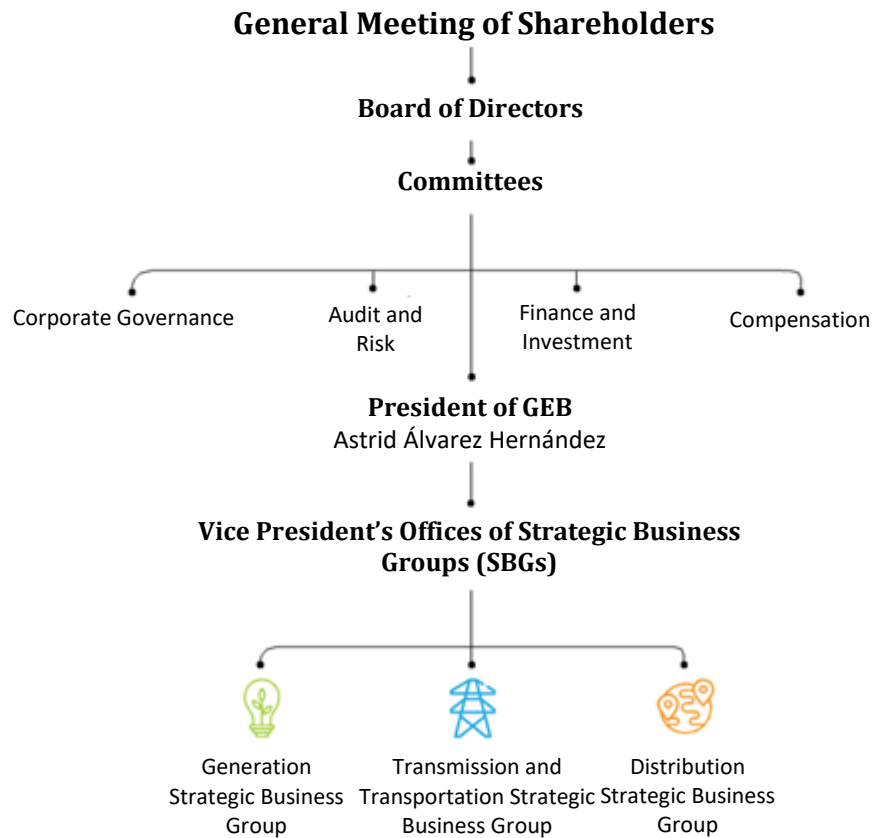
Companies that form part of the Group:



Cut-off date at December 31, 2018

### IV. MANAGEMENT STRUCTURE OF THE COMPANY OR CONGLOMERATE

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



## 1. General Meeting of Shareholders

The General Meeting of Shareholders is the highest governance body of Grupo Energía Bogotá and is responsible for establishing guidelines and orientation and for assessing the Company's performance. Its members are all the shareholders, and it is consequently the main venue for providing information and interacting with the shareholders. It has its own rules, which contain its functions and operating rules.

As the Company's highest governing body, it may delegate certain duties to the Board of Directors or the President in specific and special cases, with the exception of those duties listed in the first paragraph of Article 59 of the Corporate bylaws.



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.

Our website is the main mechanism for communicating with our stakeholders on a permanent basis. In accordance with the applicable Colombian law, the provisions of the Financial Superintendence and international standards, our website discloses financial and non-financial information in clear and plain language, using graphics to effectively communicate the contents, which is continuously updated, all following the criteria of universality, proportionality and promptness, preserving in all cases any confidential or proprietary information. We also point out the corporate information modules, which contain all corporate documents, including our ethical behavior standards.

Additionally, our Financing Management and Investors Relations Office 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)).

During 2018, we received through the channels established to this effect 152 requests for information or petitions from shareholders, which we addressed and responded to in a timely manner.

The General Meeting of Shareholders meeting held on December 6, 2017 approved a statutory reform to increase the terms for calls to general meetings of shareholders in the following terms: 30 calendar days in advance for ordinary meetings and not less than 15 calendar days in advance for calls to extraordinary meetings. The intention of the above is to ensure that shareholders have more time than required by law to review the reports and proposals submitted by the Board of Directors and to ensure their participation in the sessions.

The Corporate bylaws have also included the right of shareholders to have access to information in addition to the public documentation made available by the Company on the General Meeting of Shareholders' agenda.

It should be highlighted that in October 2018 a statutory reform was approved to incorporate the provisions of the Shareholder Agreement delivered to the Company of July 31, 2018, as well as other self-regulatory provisions. Of these reforms, we highlight the following due to their relevance

in strengthening Grupo Energía Bogotá's corporate governance:

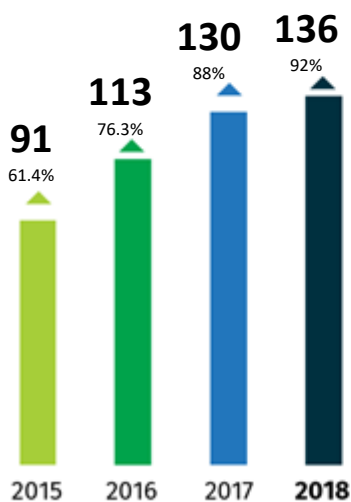
1. Objective mechanism for the election of the President of the Company
2. Elimination of alternates to the Board members
3. Establishment of an overlapping term renewal arrangement for Board members to create stability and preserve the historic memory

These statutory reforms have been internally regulated by including them, and processes and mechanisms for their implementation, in various applicable corporate documents. As a result, amendments were made in the last two months of 2018 to the Rules of the General Meeting of Shareholders, the Rules of the Board of Directors and the rules of all support committees (Audit and Risk, Finance and Investment, Compensation and Corporate Governance), in order to include provisions that strengthen our corporate governance. During 2019, in order to fulfill the commitments of Bogotá, Capital District acquired through the Shareholder Agreement, other changes will be made and other corporate governance documents will be adopted (Corporate Governance Code and Business Group Agreement) that may be required to fully apply the Shareholder Agreement.

Also in 2018, we translated all internal corporate governance documents of Grupo Energía Bogotá into English, and published them on our corporate web page (<https://www.grupoenergiabogota.com/>), which has been updated and is continuously monitored.

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

Number of measures adopted by GEB

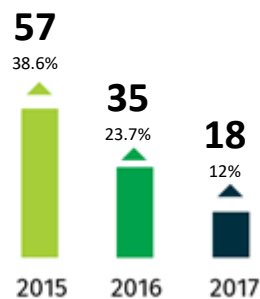


148

Total recommendations of

Código País

Number of measures not adopted by GEB



Survey chapter	Total measures	Number of measures adopted	% adopted
Shareholders equal treatment and rights	14	14	100%
General Meeting of Shareholders	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.

#### GENERAL MEETING OF SHAREHOLDERS ATTENDANCE DATA

Minutes No. 81 (March 22, 2018)

**Total shares represented/registered:**

8,969,162,943 97.69%

**Total shares present:**

8,969,162,943 97.69%

**Total subscribed and paid-in shares:**

9,181,177,017 100%

Minutes No. 82 (October 2, 2018)

**Total shares represented/registered:**

8,565,177,429 93.29%

**Total shares present:**

8,565,166,229 93.29%

**Total subscribed and paid-in shares:**

9,181,177,017 100%

#### SUMMARY OF MAIN DECISIONS MADE

During 2018, two General Meetings of Shareholders were held (sessions 81 and 82 dated March 22 and October 2, respectively), during which decisions including the following were made:

**Minutes No. 81 (March 22, 2018)**

1. Discussion of the financial statements with cut-off date at December 31, 2017 and their attachments
2. Discussion of the profit distribution and dividend payment proposal
3. Reform to bylaws
4. Election of the statutory auditor
5. Election of the Grupo Energía Bogotá S.A. E.S.P.'s Board members

## Minutes No. 82 (October 2, 2018)

1. Discussion of reform to Corporate bylaws
2. Discussion of amendments to the Rules of the General Meeting of Shareholders
3. Discussion of Grupo Energía Bogotá S.A. E.S.P.'s Board of Directors Appointment, Succession and Compensation Policy

## 2. Board of Directors

The Board of Directors, as the Company's highest strategic management body, determines general policies, ensures fulfillment of the rights and equitable treatment of our shareholders, and oversees the stability and development of the Group in the short, medium and long term. The Board is 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 Colombian law, or any guidelines voluntarily adopted by Grupo Energía Bogotá. The Board consists of nine members elected by the General Meeting of Shareholders based on the electoral quotient system, for two-year periods.

The Board of Directors is also responsible for ensuring compliance with the law, the bylaws, the Corporate Governance Code, and the commitments acquired by the Company in performing its business.



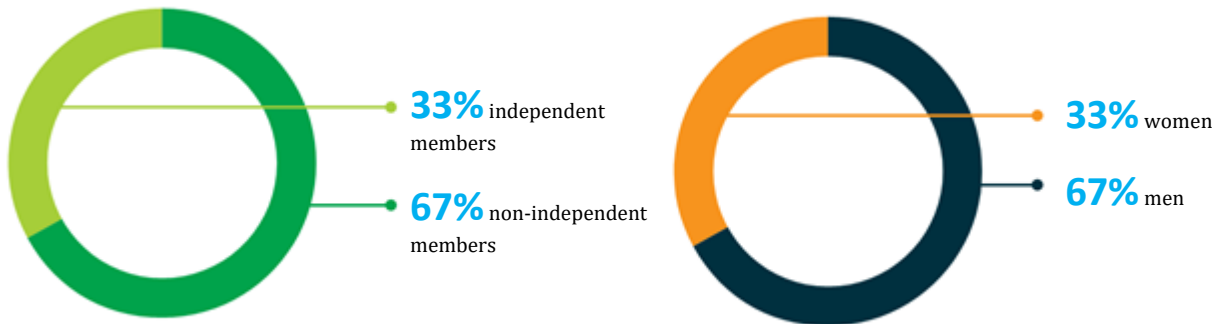
1. Beatriz Elena Arbeláez Martínez, 2. Gustavo Antonio Ramírez Galindo, 3. Margarita María Rehbein Dávila, 4. Jaime Eduardo Ruiz Llano, 5. Rafael Simón Herz Strenberg, 6. Carlos Alberto Sandoval Reyes, 7. Luis Fernando Uribe Restrepo, 8. Gisele Manrique Vaca, 9. Roberto Holguín Fety

### Principal members

1. Beatriz Elena Arbeláez Martínez
2. Gustavo Antonio Ramírez Galindo \*
3. Margarita María Rehbein Dávila
4. Jaime Eduardo Ruiz Llano
5. Rafael Simón Herz Strenberg \*
6. Carlos Alberto Sandoval Reyes
7. Luis Fernando Uribe Restrepo \*
8. Gisele Manrique Vaca
9. Roberto Holguín Fety

\*Independent members

### Important figures:



### BOARD COMMITTEES

In order to perform its duties, the Board receives support from the Corporate Governance, Audit and Risk, Finance and Investment, and Compensation committees. Each of the aforementioned bodies has independent rules that define their functions, composition and responsibilities. The Committee members are appointed by the Board of Directors to perform their duties over the same term as they serve as members of the Board, and they may be removed at any time.

The Rules of the General Meeting of Shareholders, of the Board of Directors and of each Board committee are available at the web page <https://www.grupoenergiabogota.com/informacion-corporativa/gobierno-corporativo>.

Each committee receives periodic reports on the topics within its purview, and proposes and supervises compliance with the corporate governance measures adopted by the Company, including the protection of the rights of our shareholders and investors.

The Audit and Risk Committee, the Group general auditor, the statutory auditor and the external auditor oversee compliance with the governance policies.

**The Audit and Risk Committee** reviews management's compliance with the adopted accounting procedures, analyzes the recommendations of the statutory auditor regarding the financial statements, and the control architecture of the Company and member companies of Grupo Energía Bogotá. It also supervises and reviews the internal control system, including risk assessment, to recommend and issue an opinion to the Board of Directors, as well as fulfill other functions assigned to it by law, by the bylaws and these rules.

Additionally, it supervises fulfillment of the internal audit program, which

must take into consideration the business risks and fully evaluate all areas of Grupo Energía Bogotá. Lastly, it ensures that financial information is prepared, presented and disclosed in accordance with legal requirements.



**Audit and Risk Committee:** \*Gustavo Antonio Ramírez Galindo, Chairman. \*Luis Fernando Uribe Restrepo \*Rafael Simón Herz Stenberg,

\*Independent members

The purpose of the **Compensation Committee** is to review and discuss all matters related to employee compensation, such as fixed and variable remuneration, incentives and benefits, employer-employee relations and industrial relations, in order to provide specialized advice on such matters to the Board of Directors. It also should provide support to the Board of Directors in its decision-making or advisory capacity in connection with the appointment and compensation of the members of the Board and of Senior Management.



**Compensation Committee:** \*Gustavo Antonio Ramírez Galindo, Chairman, Gisele Manrique Vaca, \*Rafael Simón Herz Stenberg

\*Independent members

**The Finance and Investment Committee** monitors the Company and Group's financial performance. It also reviews new business opportunities and redefines existing investments to make specialized recommendations to the Board of Directors. It also studies, reviews and monitors the separate financial statements of GEB S.A. ESP and the consolidated financial statements of Grupo Energía Bogotá, and provides support in decision-making on matters within the Committee's purview.



**Finance and Investment Committee:** \*Rafael Simón Herz Stenberg, Chairman, Beatriz Elena Arbeláez Martínez, Jaime Eduardo Ruiz Llano, Roberto Holguín Fety

\*Independent members

**The Corporate Governance Committee** proposes and supervises compliance with the established corporate governance measures and makes recommendations related to the Group's governance model.



**Corporate Governance Committee:** \*Luis Fernando Uribe Restrepo, Chairman, Margarita María Rehbein Dávila, Carlos Alberto Sandoval Reyes, Roberto Holguín Fety

\*Independent members

## APPOINTMENT OF BOARD MEMBERS

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 gender, race, nationality, or ethnicity. During the elections, the General Meeting of Shareholders 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 assessment of qualifications of candidates to the Board of Directors and fulfillment of applicable conditions is performed before the election under the terms set forth in the Rules of the General Meeting of Shareholders. According to Article 379, Section 1 of the Commercial Code and Article 18 of the Rules of the General Meeting of Shareholders, the candidates' requirements must be verified by the Compensation Committee and the Corporate Governance Committee. According to the provisions of the Board of Directors Appointment, Succession and Compensation Policy, shareholders shall ensure that candidate lists take into consideration criteria of diversity of gender, race and nationality. For their election, the General Meeting of Shareholders shall take into consideration the minimum requirements that all Board candidates must meet and the professional profiles stipulated in said policy, approved

by the General Meeting of Shareholders on October 2, 2018.

The Board Appointment, Succession and Compensation Policy is available at <https://www.grupoenergiabogota.com/informacion-corporativa/gobierno-corporativo/codigo-de-gobierno-corporativo>.

During the respective General Meeting of Shareholders, the Compensation and Corporate Governance committees submit their reports on fulfillment of the conditions and requirements by the candidates (Rules of the General Meeting of Shareholders, Article 18). The Rules of the Board of Directors and its committees are available at <https://www.grupoenergiadebogota.com/informacion-corporativa/gobierno-corporativo/junta-directiva>.

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, in accordance with 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 met:

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, conduct, 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, conducts, 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 nor having a relative within the third degree of consanguinity or a spouse who is or has been a partner or employee within the last 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.
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 nor 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, nor 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 compensation 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 (3) years from the appointment, of the firm appointed as statutory auditor of the Company.

#### BOARD OF DIRECTORS COMPENSATION POLICY

By decision of the General Meeting of Shareholders 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."

We would like to point out that at Grupo Energía Bogotá, we do not have a

variable remuneration 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.

Board of Directors remuneration fees

Per meeting: COP 3,906,210

Compensation Committee remuneration fees

Per meeting: COP 2,929,658

Audit and Risk Committee remuneration fees

Per meeting: COP 2,929,658

Corporate Governance Committee remuneration fees

Per meeting: COP 2,929,658

Finance and Investment Committee remuneration fees

Per meeting: COP 2,929,658

#### ASSESSMENT PROCEDURE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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 Meeting of Shareholders 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. It should be noted that the Board of Directors implemented peer assessment for the first time in 2017, and the first Senior Management assessment was implemented in 2018.

Some of the main strengths found in the assessment are their commitment and contribution to the development of Grupo Energía Bogotá; the protection of the interests of the Company and all its shareholders; independent decision-making; the Board's rigor, discipline and effectiveness; adequate management of proprietary and confidential information, and management of conflicts of interest.

The self-assessment and evaluation methodology 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.

## Notes

In 2018, the following replacements of alternate members of the Board of Directors took place:

- Ángela María Orozco Gómez (March 22, 2018) for Ana María Calle López.
- María Victoria Angulo submitted her resignation as alternate member on July 27, 2018.
- Ángela María Orozco Gómez submitted her resignation as alternate member on July 30, 2018.
- The General Meeting of Shareholders held on October 2, 2018 decided to eliminate alternate members.

None of Grupo Energía Bogotá Board members acts as a Board representative for any other companies and they do not hold executive-level positions at said companies.

No Board member holds any shares in Grupo Energía Bogotá.

Corporate governance policies approved during the reporting period

- General Meeting of Shareholders
  - Board Appointment, Succession and Compensation Policy, minutes No. 82 of October 2, 2018
- Board of Directors
  - Transactions with Related Parties Policy, minutes No. 1597 dated September 27, 2018.
  - Conflicts of Interest Management Policy, Minutes No. 1597 dated September 27, 2018.

## Board members' résumé

Aspects of the Board of Directors	Board members			
Names	Beatriz Elena Arbeláez Martínez	Roberto Holguín Fety	Gisele Manrique Vaca	Jaime Eduardo Ruiz Llano
Chairperson of the Board of Directors	Yes	No	No	No
Independent (yes/no)	No	No*	No	No*
Employer company	District Finance Department	Independent consultant	Mayor's office of Bogotá	Colombiana de Viviendas
Position	District Finance Department		Private secretary	Manager
Executive/non-executive	Non-executive	Non-executive	Non-executive	Non-executive
Time as Board member	Member since 2016	Member since 2017	Member since 2016	Member since 2016
Board committee(s) where he/she works	Finance and Investment	Finance and Investment/Corporate Governance	Compensation	Finance and Investment
Number of companies in which he/she is a member of the Board of Directors	3	4	0	2
Percentage of Board meeting attendance over total meetings held	94%	94%	100%	100%
Qualifications and experience related to economic, environmental and social impacts	<p>Finance Department of the Bogotá Mayor's Office, CFO of Banco de Comercio Exterior de Colombia S.A. (Bancoldex). Participated in the 2010 Plan for High Entrepreneurial Development at Universidad de la Sabana. Head of the Programming and Budget Control Division at the National Planning Department; General Director of Economic Regulation of the Ministry of Finance and Public Credit; Financial Sub director of Fondo de Garantías Financieras (Fogafín); Financial and Investment VP of Colpensiones, and Finance Secretary of Bogotá, among others.</p>	<p>Board member at Bianco Davivienda Colombia, of its Credit Committee and of the boards of directors of Banco Davivienda in Panama and Miami, of Constructora Bolívar, of Unipalma, of Finagro, of Grupo Energía Bogotá, of Investment and Corporate Governance committees. Member of the Advisory Committee of PEI (Patrimonio de Estrategias Inmobiliarias). Vice President of the Council of Universidad Jorge Tadeo Lozano and of its Administrative and Financial and Audit and Compensation committees. Mentor of the Emprende País program (Entrepreneurship Support) of Fundación Bolívar Davivienda; of Endeavor Colombia and Fondo Semilla. Active member of YPO. Member of the Investment Committee of Grupo Bolívar, as well as of the Credit, Audit, Compliance and Risk committees of Banco Davivienda Panama and Miami. Member of the Investment Committee of Mesolat.</p>	<p>Director of the Statutory Audit Department of the General Audit of the Republic in 2015. Broad experience at the City's Planning Department. Was General Manager of the Unit of Penitentiary and Prison Services; General Manager of Fondecun, Secretary General of the Administrative Department of Science, Technology and Innovation, among others.</p>	<p>Was Director of the Urban Development Institute of Bogotá, assistant manager and manager at Colombiana de Viviendas S.A. In 1991, he was elected Senator of the Republic of Colombia. Was Director of the National Planning Department, Board member of the World Bank in Washington D.C., representing nine countries. Was Government Ministry before the US Government at the Colombian Embassy.</p>

Aspects of the Board of Directors	Board members			
Names	Beatriz Elena Arbeláez Martínez	Roberto Holguín Fety	Gisele Manrique Vaca	Jaime Eduardo Ruiz Llano
Is he/she a shareholder of a major supplier or customer? Which?	No	No	No	No
Education	Economist graduated from Universidad Externado de Colombia, with studies in Administration and Planning of Regional Development at Universidad de los Andes; master's degree in Finance from Strathclyde University in Glasgow, Scotland; studies in Public Policy Management at Columbia University in New York.	Economist from Georgetown University. Specialist in Finance from Universidad de los Andes. Participated in the Senior Business Management Program (PADE) at Inaldec; in the CEO Program of Universidad de los Andes, and Senior Management courses and YPO program at Harvard.	Lawyer from Universidad Externado de Colombia; consultant in areas of public management and administrative institutions, and master's degree in Law.	Engineer and master's in Civil Engineering from University of Kansas; specialist in Regional Planning from Universidad de los Andes, with studies on Development (The Hague).
Statement on conflicts of interest	In 2018, she abstained from participating in discussions and decisions related to the democratization process, the presentation of the statutory reforms and changes to the Rules of the General Meeting of Shareholders, because such reforms refer to the provisions of the Shareholder Agreement. Such matters involve the city of Bogotá, Capital District.	During 2018, no potential conflicts of interest were declared.	In 2018, abstained from participating in discussion and decisions related to the democratization process. Such matters involve the city of Bogotá, Capital District.	In 2018, he abstained from participating in discussions and decisions related to the Tominé Reservoir Project, as the matter involves the city of Bogotá, Capital District.

Aspects of the Board of Directors	Board members				
Names	Margarita María Rehbein Dávila	Carlos Alberto Sandoval Reyes	Luis Fernando Uribe Restrepo	Gustavo Antonio Ramírez Galindo	Rafael Simón Herz Stenberg
Chairperson of the Board of Directors	No	No	No	No	No
Independent (yes/no)	No*	No*	Yes	Yes	Yes
Employer company		Financiera de Desarrollo Nacional (FDN)	World Bank	Corficolombiana	Asociación Colombiana del Petróleo (ACP)
Position		Vice President of Project Structuring and Management	Colombia's representative	Investment Vice President	Independent consultant and Vice President of ACP
Executive/non-executive	Non-executive	Non-executive	Non-executive	Non-executive	Non-executive
Time as Board member	Member since 2016	Member since 2016	Member since 2017	Member since 2014	Member since 2016
Board committee(s) where he/she works	Corporate Governance	Corporate Governance	Corporate Governance/Audit and Risk	Audit and Risk/Compensation	Finance and Investment/Audit and Risk/Compensation
Number of companies in which he/she is a	3	0	0	4	2

Aspects of the Board of Directors	Board members				
Names	Margarita María Rehbein Dávila	Carlos Alberto Sandoval Reyes	Luis Fernando Uribe Restrepo	Gustavo Antonio Ramírez Galindo	Rafael Simón Herz Stenberg
<b>member of the Board of Directors</b>					
<b>Percentage of Board meeting attendance over total meetings held</b>	88%	94%	94%	100%	100%
<b>Qualifications and experience related to economic, environmental and social impacts</b>	CFO of Sanford Management Colombia Branch until December 31, 2018; Corporate and Specialized Banking VP at Bancolombia; CFO and International VP of Banco Latino; CFO of Avianca, among others. Board member of Profamilia until August 2018 and Chairman of the Board for five years, until March 2018.	Has held positions such as Project Structuring and Management VP at Financiera de Desarrollo Nacional; chairman at the Colombian Securities Exchange, VP of Economic Issues at Asobancaria, and Finance Secretary, among others.	In late 2018, he was appointed Colombia's representative at the World Bank. Partner until 2018 of the firm Uribe Rodríguez Derecho Económico S.A.S. (URDEC). Broad-based experience in the public and private sectors. Served two terms as President of the National Securities Commission. Legal Secretary of the Presidency of the Republic during the César Gaviria administration. Was dean of the Law and Political Sciences School of Universidad Pontificia Bolivariana (UPB) and associate judge of the Council of State in 2014. Was a member of Fogaffin and was the Chairman of the Medellín Securities Exchange and Fundación Proantioquia. Broad-based knowledge of corporate governance as member of the boards of directors of ISA S.A. E.S.P., Isagen S.A. E.S.P., Bavaria S.A., Metro de Medellín, Sufinanciamiento, Cadenalco and deceval.	Investment VP of Corporación Financiera Colombiana. During the past 15 years, Mr. Ramirez has been an investment banker. Former member of the boards of directors of Organización Terpel S.A., Proenergía Internacional S.A., Proyectos de Infraestructura S.A., Covindes S.A., Concesionaria Ruta del Sol S.A. and Gascop S.A. Current member of the boards of directors of Grupo Energía Bogotá and Promigas, and he represents Corficolombiana as minority shareholder.	Independent advisor and Vice President of the Colombian Petroleum Association (ACP, for the Spanish original); advisor in the mining-energy and infrastructure industries, and business sustainability advisor. Country Manager of Anglo Gold Ashanti Colombia; Finance and Development Vice President of Sithe Energies Inc., New York; experience in energy matters at the World Bank and the Colombian government. Professor at Los Andes and Sergio Arboleda universities.
<b>Is he/she a shareholder of a major supplier or customer? Which?</b>	No	No	No	No	No
<b>Education</b>	Biomedical Engineering from Duke	Business administrator with minor in	Lawyer from the Universidad Pontificia	Electrical Engineer and master's degree in Economics from	Candidate to Ph.D. in Development Economics from the

<b>Aspects of the Board of Directors</b>	<b>Board members</b>				
<b>Names</b>	<b>Margarita María Rehbein Dávila</b>	<b>Carlos Alberto Sandoval Reyes</b>	<b>Luis Fernando Uribe Restrepo</b>	<b>Gustavo Antonio Ramírez Galindo</b>	<b>Rafael Simón Herz Stenberg</b>
	University – Durham, North Carolina; master’s degree in Industrial Engineering from Columbia University, New York.	economics from Universidad Externado de Colombia; master’s degree in Public Policy from London University and in Fiscal Studies from Bath University.	Bolivariana, with specializations in Economic Law, Financial Law and International Legal Studies.	Universidad de los Andes.	German Development Institute, Berlin; master’s in economics from Free University of Berlin; Fulbright scholar, University of North Carolina at Chapel Hill, United States. Specialist in International Finance Studies. Proficient in German, English, Spanish and French.
<b>Statement on conflicts of interest</b>	During 2018, no potential conflicts of interest were declared.	In 2018, he abstained from participating in discussions on Electricaribe due to a contract signed between Financiera de Desarrollo Nacional (FDN) and Electricaribe.	During 2018, no potential conflicts of interest were declared.	In 2018, he abstained from participating in discussions and decisions related to Promigas, because he is on the Board of Directors of said company.	During 2018, no potential conflicts of interest were declared.

\*Even though at the time of the election he did not declare an independent status, he fulfills the independence criteria approved by the General Meeting of Shareholders on October 2, 2018.

## ATTENDANCE AT BOARD OF DIRECTORS COMMITTEE MEETINGS

### 1. Finance and Investment Committee

		% attendance
<b>Committee members</b>	Rafael Simón Herz Stenberg	100%
	Beatriz Elena Arbeláez Martínez	100%
	Jaime Eduardo Ruiz Llano	85%
	Roberto Holguín Fety	100%
<b>Meetings</b>		14
<b>Attendance</b>		96%

### 2. Audit and Risk Committee

		% attendance
<b>Committee members</b>	Gustavo Antonio Ramírez Galindo	89%
	Luis Fernando Uribe Restrepo	100%
	Rafael Simón Herz Stenberg	100%
<b>Meetings</b>		9
<b>Attendance</b>		96%

### 3. Corporate Governance Committee

		% attendance
<b>Committee members</b>	Luis Fernando Uribe Restrepo	100%
	Margarita María Rehbein Dávila	80%
	Carlos Alberto Sandoval Reyes	80%
	Roberto Holguín Fety	100%
<b>Meetings</b>		5
<b>Attendance</b>		90%

### 4. Compensation Committee

		% attendance
<b>Committee members</b>	Rafael Simón Herz Stenberg	100%
	Gustavo Antonio Ramírez Galindo	100%
	Gisele Manrique Vaca	100%
<b>Meetings</b>		6
<b>Attendance</b>		100%



## QUORUM AT BOARD MEETINGS IN 2018

Quorum at Board meetings	
Members	Percentage of attendance
Beatriz Elena Arbeláez Martínez	94%
Roberto Holguín Fety	94%
Gisele Manrique Vaca	100%
Jaime Eduardo Ruiz Llano	100%
Carlos Alberto Sandoval	94%
Margarita María Rehbein Dávila	88%
Luis Fernando Uribe Restrepo	94%
Rafael Simón Herz Stenberg	100%
Gustavo Antonio Ramírez Galindo	100%
<b>Total average attendance</b>	<b>96%</b>

<b>Number of Board meetings in 2018</b>	<ul style="list-style-type: none"> <li>• 12 ordinary meetings</li> <li>• 1 extraordinary meetings</li> <li>• 4 teleconference</li> </ul>	<b>17</b>
<b>Average duration of all Board meetings</b>	4 hours and 51 minutes	
<b>Sending out of notices and information</b>	Information associated with meeting discussion topics is sent to directors five calendar days in advance.	

All sessions reported the quorum required for deliberation and decision-making.

The functions of the Chairperson of the Board are included in Article 64 of the Corporate bylaws and in Article 7 of the Rules of the Board of Directors.

The functions of the Secretary of the Board of Directors are contained in Article 74 of the Corporate bylaws and in Article 9 of the Rules of the Board of Directors.

## EXTERNAL ADVISORS AND INTERACTIONS OF THE BOARD OF DIRECTORS

During 2018, the Board of Directors received advisory services from the following firms:

- White & Case
- Posse Herrera Ruiz legal firm
- BBVA Investment Banking
- Deloitte & Touche\*, statutory audit firm of the Company
- BBVA Investment Banking
- Philippi Prietocarrizosa Ferrero DU & Uría law firm
- Integra
- Inverlink Investment Banking
- Milbank
- Consultoría Estratégica S.A. (Ceinte)
- PricewaterhouseCoopers

\*According to the provisions of Article 8 of the Rules of the Audit and Risk Committee of the Board of Directors, the statutory auditor is a permanent guest at the meetings, with voice but no vote.

- López y Asociados S.A.S.
- Brigard & Urrutia
- Rubio Leguía Normand Study firm
- Governance Consultants firm
- Zuleta Abogados

### 3. Senior Management

Senior Management is headed by the President of Grupo Energía Bogotá, who is the Company's chief executive. He/she is elected by the Board of Directors on the grounds of his/her qualifications, knowledge, experience and leadership. In turn, Senior Management members are appointed by the President according to 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 development of synergies between the Group companies and the Strategic Business Groups.

#### **PRESIDENT OF GRUPO ENERGÍA BOGOTÁ**

##### **Astrid Álvarez Hernández**

Civil engineer from Universidad Javeriana with a specialization in Environmental Management from Universidad de los Andes in Bogotá and a master's degree in International Relations from Ohio State University. She has broad-based experience in company management and in the design and implementation of strategic processes at energy and water public utility companies. She has led successful organizational change and cultural transformation processes at large companies.

Since January 2016, she has been President of Grupo Energía Bogotá (GEB), a multi-Latin company in the electric energy and natural gas industries with presence in Colombia, Peru, Brazil and Guatemala, where she leads an ambitious corporate strategic plan to continue positioning the Group in Latin America.

She was Administrative Manager at Ecopetrol, Colombia's largest company and the fourth-largest oil company in Latin America. For six years, she was General Manager of the Bogotá water, sewage and waste collection company (Empresa de Acueducto, Alcantarillado y Aseo de Bogotá) and she has worked at concrete and cement companies. She is currently a member of seven Boards of Directors of GEB companies.

Simultaneously with her professional role, she is highly active in social programs and supports the work of Fundación del Padre Javier de Nicoló, which for over 20

years has rehabilitated homeless children and youth in Bogotá. She is also an advocate of women's equality and of the importance of the role of women in all spheres, a policy she applies at Grupo Energía Bogotá, where 42% of the payroll and 33% of the Board of Directors are women.

The following are some of the awards and recognitions she has received:

- In 2018, she was named one of the country's most important leaders by Nota Económica magazine.
- In 2017, she was nominated to the Businessperson of the Year award by the economic newspaper
- La República, and was included among the five finalists.
- She has featured in Colombia's main newspapers for her leadership in the energy industry.
- Recognition by Universidad de los Andes to Grupo Energía Bogotá
- for its 120-year history.

#### TEAM OF GENERAL MANAGERS AT AFFILIATES IN 2018



Jaime Alfonso  
Orjuela Vélez (E)  
TGI  
Grupo Energía Bogotá



Eida Patricia  
Díaz Gazolo (E)  
ConTugas  
Grupo Energía Bogotá



Jorge Olazábal  
Gómez de la Torre  
Cálidda  
Grupo Energía Bogotá



Marcos Díez  
Gebbras  
Grupo Energía Bogotá



Milena Díaz Hidalgo  
Energy Re  
Grupo Energía Bogotá



Mauricio Acevedo  
Arredondo  
EEBIS  
Grupo Energía Bogotá  
Trecsa  
Grupo Energía Bogotá



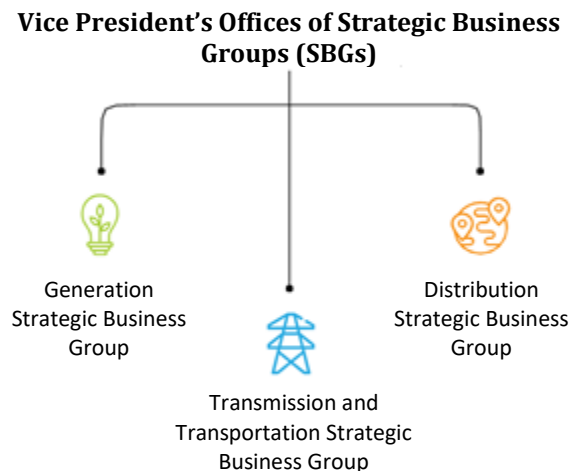
Fredy Zuleta  
Grupo  
Energía  
Bogotá  
Sucursal de Transmisión

## BUSINESS STRUCTURE

Grupo Energía Bogotá is comprised by a parent company organized into Strategic Business Groups, which act as strategic controllers of the companies in which it holds equity interests, 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.

## STRATEGIC BUSINESS GROUPS

The following are the Group companies by business line and corporate purpose:



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 each company 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.

## V. TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST MANAGEMENT

Article 18 of the Rules of the Board of Directors establishes the following duties for Board members:

- 1. Duty of loyalty.** It consists in fully reporting to the Board of Directors on any actual or potential conflict of interest. They must abstain from acting, directly or through related persons, in situations of conflicts of interest, except with

express authorization from the General Meeting of Shareholders, as required by law and the Corporate Governance Code.

2. **Duty of non-competition.** It consists in refraining from performing, directly or through related parties, any activities that compete with those of the company, in the terms specified in applicable legislation.
3. **Duty of secrecy.** It consists in abstaining from disclosing any information that is not or should not be in the public domain and that he/she has become aware of in connection with performing his/her duties as a member of the Board of Directors.

The provisions related to management and resolution of conflicts of interest, directly or through related parties, are laid out in detail in the recently adopted policies on Conflicts of Interest Management and Transactions with Related Parties, as well as under the title “Conflicts of Interest” of the Code of Ethics and Title VII of the Corporate Governance Code.

The Conflicts of Interest Management Policy provides the following definition: “A situation in which the independent and impartial judgment of a manager or employee is limited in performance of his/her duties, by having to choose between the interests of the Company and his/her own interests or those of a third party or related party.”

It also establishes the following classification:

1. **Potential** These are situations a manager or employee may face in connection with the duties of his/her position or his/her personal or professional condition, because his/her decision may, possibly, affect one or the other.
2. **Actual** These are actual conflicts of interest that materialize because there is a dilemma that affects the objectivity or transparency of the manager or employee.
3. **Sporadic** Situations that arise occasionally in connection with a specific situation that do not tend to be permanent over time.
4. **Permanent** Those that endure over time and that may affect the Company’s operations.

Additionally, the Transactions with Related Parties Policy was adopted in the framework of the Re-institutionalization of Corporate Governance project and the commitments arising from the democratization process and its associated Shareholder Agreement proposed by the Bogotá, Capital District. This policy defines the principles and rules to be followed by Grupo Energía Bogotá and its subsidiaries when resources, services or obligations are transferred between Group companies by means of a contract, agreement or service contract, regardless of its amount.

#### RELEVANT INFORMATION REPORTED BY GRUPO ENERGÍA BOGOTÁ IN 2018

Category	Number
Board decisions	7
News stories in the mass media on issuers of securities	0

Notices published by the Company	31
Extraordinary meetings of shareholders	5
Shareholder representations (Resolution 116 of February 27, 2002)	2
Acquisition or disposal of securities	0
Securities ratings	1
Issuer rating	1
Resignation or removal of the holders' registered agent	0
Contracts signed, amended or terminated	0
Corporate Governance codes	5
Notices on offers	0
Bylaw reforms	3
Change in risk ratings	0
Shareholder communications	3
Publication of issue prospectus	0
Issue of securities	0
Information on Company shareholders	5
Profit distribution proposal	3
Call to General Meeting of Shareholders	1
End of period report	0
Change of Board of Directors	1
Shareholder Agreement	1
Changes in the shareholdings of the issuer	1
Changes of registered agents	2
Financial position of the issuer	1
<b>Total</b>	<b>73</b>

## VI. THE INTERNAL CONTROL SYSTEM OF THE COMPANY OR CONGLOMERATE AND CHANGES DURING THE PERIOD

One of our commitments to our shareholders is to maintain an adequate control environment. Our Control Architecture Model is based on three lines of defense, with the following features: (i) **The first line of defense**, exercised by employees, enables the identification and management of risks (control/self-control) and the implementation of corrective actions to address any shortcomings of the processes and controls; (ii) **the second line of defense** consists in supervising and monitoring the efficiency of the first-line controls, as well as advisory, assistance, prevention, institutionalization, detection (investigation) and reaction, and execution of the corporate defense program, performed through our Compliance Department; (iii) **the third line of defense** involves independent assurance through internal and external audits, as well as the design, assurance and implementation of audit plans for key organizational processes (Group Auditor + specialized auditors).

The provisions on this matter are established in the Business Group Agreement.

## VII. RISK POLICY AND ITS IMPLEMENTATION DURING THE PERIOD

### 1. Explanation of the internal control system of the Company or conglomerate and its changes during the period.

In June 2017, we adopted the Internal Control and Prevention of Fraud and

Corruption Policy, which defined the commitments of Group companies to adopt and maintain an internal control system that enables them to achieve their objectives in an orderly and efficient manner and to assist them in achieving adequate management of the expected objectives through the implementation of rules and procedures.

The commitments established in the Policy include abidance of Group companies by applicable regulations; the adoption of criteria aligned with the COSO model as main criteria for the components of the Control System, and application of the three lines of defense model promoted by the European Confederation of Institutes of Internal Auditing (ECIIA), based on which we establish the responsibilities of the internal control system.

No changes were made to the internal control system in place during 2018.

## **2. Description of the Risk Policy and its implementation during the period.**

Our Risk Policy describes the purpose, scope, commitments and responsibilities for risk management. During 2018, application of this policy:

- Contributed to the performance of the strategy and the continuous improvement of operations at the Company and its affiliates through the identification of risks at all levels of the organization (strategic, processes and projects) and the adequate implementation of actions to mitigate impacts and the probability of their occurrence.
- It created trust among shareholders and stakeholders through the quarterly risk management report and the actions implemented to control risks. The report was submitted to the Board's Audit and Risk Committee.
- It ensured that all investment projects will include a risk assessment and that actions will be taken to mitigate them. Risk matrices were developed for both operating (UPME bidding processes) and strategic investment projects submitted to approval by the respective committees.
- During 2018, risk insurance policies were managed and adequate coverage was provided to manage insurable risks to mitigate the financial impact of any loss event.
- A risk management culture was promoted, including training for the Group and its affiliates, with the participation of an external consultant from Mars Risk Consulting. Eighty employees were trained on general risk concepts, methodologies and application at the Group and its affiliates. This training was provided to senior managers and risk managers.

## **3. Materialization of risks during the period**

During 2018, no risk events materialized at Grupo Energía Bogotá.

# **VIII. ACHIEVEMENTS**

- 1.** We drafted and approved the Transactions with Related Parties Policy, the

Conflicts of Interest Management Policy and the Board of Directors Appointment, Succession and Compensation Policy.

2. We approved the bylaw reforms and amended the rules of the General Meeting of Shareholders, of the Board of Directors and its committees, as a result of the Shareholder Agreement signed in the framework of the democratization process.
3. We consolidated efforts regarding corporate governance at the Group and during 2018 we managed to unify governance policies at all affiliates.
4. We translated all internal Group corporate governance documents and published them on our web page, <https://www.grupoenergiabogota.com/>, which is constantly updated and monitored.
5. We implemented the Diligent Boards technological tool to unify management of information of the boards of directors, management committees, steering committees and councils at Group companies.

## **IX. CHALLENGES**

1. To maintain and continue managing corporate governance good practices and standards at the Group.
2. To communicate both internally and externally the progress made in terms of corporate governance, and position the Company as a leader in this field.
3. To consolidate corporate governance measures at the Group.
4. Verify compliance of the adopted measures at Group companies.