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## **Consideration of Amendment to the Regulations of the Shareholders' General Assembly**



Grupo Energía Bogotá



## 7. Consideration of Amendment to the Regulations of the Shareholders' General Assembly

1. Amendment to the Regulations for the adoption of the provisions established in the Shareholders' Agreement derived from the Democratization process.
2. Amendment to the Regulations for the adoption of self-regulatory measures in terms of Corporate Governance.



# 7.1 Amendment to Regulations – Article 4



Original version	Proposed version	Justification
<p><b>ARTICLE 4.- EXTRAORDINARY MEETINGS:</b></p> <p>These meetings are verified through notice of the Board of Directors, the President or the Statutory Auditor. In addition, any of the aforementioned bodies shall convene the General Assembly of Shareholders when requested by a number of shareholders representing at least <del>one fourth</del> of the subscribed capital.</p> <p>(...)</p>	<p><b>ARTICLE 4.- EXTRAORDINARY MEETINGS:</b></p> <p>These meetings are verified through notice of the Board of Directors, the President or the Statutory Auditor. In addition, any of the aforementioned bodies shall convene the General Assembly of Shareholders when requested by a <b>plural</b> number of shareholders representing at least <b>ten percent (10%)</b> of the subscribed capital.</p> <p>(...)</p>	<p>Article 4 is hereby amended, to the extent that the Shareholders' Agreement establishes the direct convening power of the General Assembly of Shareholders by a plural number of shareholders representing as a minimum 10% of GEB's subscribed capital, which constitutes an additional guarantee for minority shareholders by reducing the threshold from 25% to 10%.</p> <p>The text included in the regulation of the Shareholders' Agreement reads as follows:</p> <p><b>Article III. Notice of GEB's General Assembly of Shareholders by Minority Shareholders</b></p> <p><b>Section 3.01</b> - The District is hereby obliged to propose to the Shareholders' Assembly and to vote in favor of an amendment to the bylaws, so that a <b>plural</b> number of shareholders representing at least <b>ten percent (10%)</b> of GEB's total shares subscribed, are able to request the Board of Directors, the President or the Statutory Auditor, to convene extraordinary meetings of the Shareholders' Assembly. In this regard, the text to be submitted for the consideration of the Shareholders' Assembly to modify the second paragraph of Article 45 of the corporate bylaws shall be the following:</p> <p><i>"Extraordinary meetings shall be verified through notice of the Company's Board of Directors, President or Statutory Auditor. In addition, any of the aforementioned bodies shall convene the General Assembly of Shareholders when requested by a plural number of shareholders representing at least ten percent (10%) of the capital subscribed".</i></p>

# 7.1 Amendment to Regulations – Article 16



Original version	Proposed version	Justification
<p><b>Article 16.- Elections and electoral quotient system:</b></p> <p>The following rules shall be applied in the elections and votes of the General Assembly:</p> <p>(...)</p>	<p><b>Article 16.- Elections and electoral quotient system:</b></p> <p>The following rules shall be applied in the elections and votes of the General Assembly:</p> <p>(...)</p> <p><b>First Paragraph: the Board of Directors shall be integrated by persons with the highest professional and personal qualities as defined in the Board of Directors’ Nomination, Succession and Remuneration Policy. For their election, the General Assembly of Shareholders shall take into account the criteria established in the Nomination, Succession and Remuneration Policy, such as: (1) experience in the field of finances, law or similar areas, and/or in activities related to the public service sector, and/or the operations performed by the Company; and (2) their profile, including background, recognition, prestige, availability, leadership, good reputation and acknowledgment of the candidates due to their professional suitability and integrity. The assessment of the candidates’ suitability and the fulfillment of the applicable requirements shall be performed prior to their election by the Compensation and Corporate Governance Committees of the Company’s Board of Directors, which may be able to hold joint sessions.</b></p>	<p><b>Section 5.03 -</b> The Board of Directors shall be integrated by persons with the highest professional and personal qualities as defined in the Board of Directors’ Succession and Nomination Policy. For their election, the General Assembly of Shareholders shall take into account the criteria established in the Succession and Nomination Policy, such as: (a) experience in the field of finances, law or similar areas, and/or in activities related to the public service sector, and/or the operations performed by the Company; and (b) their profile, including background, recognition, prestige, availability, leadership, good reputation and acknowledgment of the candidates due to their professional suitability and integrity. The assessment of the candidates’ suitability and the fulfillment of the applicable requirements shall be performed prior to their election by the Compensation Committee of GEB’s Board of Directors, in the terms established in the Shareholders’ Assembly Regulations. (Corresponds to Paragraph 1).</p>

# 7.1 Amendment to Regulations – Article 16



Original version	Proposed version	Justification
	<p><b>Second Paragraph:</b> in the meetings of the General Assembly of Shareholders held for purposes of electing the members of the Company's Board of Directors, the Capital District shall submit for the consideration of the General Assembly of Shareholders a single list of candidates, as follows:</p> <p>a). In lines 6, 7, 8 and 9, the Capital District shall include in its single list of candidates for members of the Board of Directors, persons fulfilling the independence criteria as established by law and these Regulations.</p> <p>b). In line 6, the Capital District shall include in its list of candidates for members of the Board of Directors, one person appointed by the ten (10) minority shareholders (understood as those shareholders without the capacity, individually or as part of a group, to appoint a member of the Board in their own right, either directly or through their parent or subordinated companies, and who are a party to the Shareholders' Agreement deposited at the Company on July 31st 2018) with the greater shareholding in the Company. If said minority shareholders fail to reach an agreement prior to the expiration of the term established in the fourth paragraph hereof, the 6th line candidate shall be appointed by mutual agreement of the four (4) minority shareholders with the greater shareholding in the Company. If said minority shareholders fail to reach an agreement prior to the term established in the fourth paragraph hereof, the Capital District shall be free to appoint the candidate of the 6th line who, in any case, shall fulfill the independence criteria established by law and these Regulations.</p>	<p><b>Section 5.04</b> - In any case when the appointment of new members of the Board of Directors is required, the District shall submit for the consideration of the Shareholders' Assembly a single list for the election of all the members of the Board of Directors, including four (4) candidates corresponding to lines 6, 7, 8 and 9, along with their respective alternates, who fulfill the independence criteria established by law and Section 5.01. With regard to the independent candidates, the 6th line shall be appointed by mutual agreement of the ten (10) minority shareholders with greater GEB shareholding. If said minority shareholders should fail to reach an agreement prior to the date of the Assembly on which the respective election shall take place, the District shall be free to propose candidates for the 6th line who, in any case, shall fulfill the independence criteria established by law and Section 5.01.</p> <p>The provisions set out herein shall be expressly included in the Regulations of the General Assembly of Shareholders. (Corresponds to Paragraph 2).</p> <p>"Minority Shareholders" refers to those shareholders without the capacity, individually or as part of a group, to appoint a member of the Board in their own right, either directly or through their parent or subordinated companies. (Corresponds to section b of Paragraph 2).</p>

# 7.1 Amendment to Regulations – Article 16



Original version	Proposed version	Justification
	<p>c) If, in the General Assembly of Shareholders held for the election of the members of the Company's Board of Directors, any of the shareholders submits for the consideration of the Assembly a list additional to that proposed by the Capital District, the latter shall withdraw the single list and shall submit for the consideration of the General Assembly of Shareholders two (2) different lists, one for the election of the independent members and other for the election of the remaining members. In such case, the line proposed by mutual agreement of the ten (10) or four (4) minority shareholders with the greater shareholding in the Company, as applicable, according to the procedure established in section b) hereof, shall be included in the 3rd line of the Capital District's list of independent candidates. If said shareholders fail to reach an agreement prior to the term set out in the third paragraph hereof, the Capital District shall be free to appoint the candidate of the 3rd line who, in any case, shall fulfill the independence criteria established by law and these Regulations.</p> <p>For purposes of exercising the rights hereunder, the Company shall publish in its website on the same day of the notice of the respective Shareholders' Assembly the agenda of which includes the appointment of the Board of Directors, an updated list as of said date of the ten (10) main minority shareholders of the Company, in accordance with the certification of the Centralized Securities Deposit (DECEVAL).</p>	<p><b>Section 5.05</b> - In case that in the Shareholders' Assembly in which the appointments will take place, any shareholder submits for the consideration of the Shareholders' Assembly a list additional to the one proposed by the District, in accordance with the provisions set forth in Article I, Decree 3923 of 2006 (or the regulation replacing it), the District shall withdraw the single list and shall submit for the consideration of the Shareholders' Assembly two (2) different lists, one for the election of the independent members, and other for the election of the remaining members. In such case, the independent candidate proposed by mutual agreement of the ten (10) minority shareholders, if any, shall be included in the 3rd line of the District's list of independent candidates. If said minority shareholders fail to reach an agreement prior to the date of the Assembly on which the respective election shall take place, the District shall be free to propose the 3rd line of the list of independent candidates who, in any case, shall fulfill the independence criteria established by law and Section 5.01.</p> <p>The provisions set out herein shall be expressly included in the Regulations of the General Assembly of Shareholders. (Corresponds to section c).</p>

# 7.1 Amendment to Regulations – Article 16



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	<p><b>Third Paragraph: those shareholders who wish to propose candidates to integrate the Company's Board of Directors, in the cases established in the paragraph above, shall submit to the Company's management the names and documents supporting the fulfillment of the qualities and requirements of the candidates proposed, no less that fifteen (15) calendar days prior to the date of the Ordinary Assembly of Shareholders and no less than ten (10) calendar days prior to the date of the Extraordinary Assembly of Shareholders in order to implement the process of verification of the requirements and qualities by the Compensation and Corporate Governance Committees, in accordance with the provisions set forth herein.</b></p>	<p><b>Section 5.05</b> - In case that in the Shareholders' Assembly in which the appointments shall take place, any shareholder submits for the consideration of the Assembly a list additional to the one proposed by the District, in accordance with the provisions set forth in Article I, Decree 3923 of 2006 (or the regulation replacing it), the District shall withdraw the single list and shall submit for the consideration of the Shareholders' Assembly two (2) different lists, one for the election of the independent members, and other for the election of the remaining members. In such case, the independent candidate proposed by mutual agreement of the ten (10) minority shareholders, if any, shall be included in the 3rd line of the District's list of independent candidates. If said minority shareholders fail to reach an agreement prior to the date of the Assembly on which the respective election shall take place, the District shall be free to propose the 3rd line of the list of independent candidates who, in any case, shall fulfill the independence criteria established by law and Section 5.01.</p> <p>The provisions set out herein shall be expressly included in the Regulations of the General Assembly of Shareholders.</p>

# 7.1 Amendment to Regulations – Article 17

## Original version

### ARTICLE 17.- ELECTION OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

Those appointed as independent members of the Company's Board of Directors shall, in addition to meeting the criteria established in the applicable law, fulfill the following requirements:

- a) Not to work or have worked **as** employee or manager of the Company or any of its affiliates or subsidiaries, including those people who **would have** served in such capacity during **the last year prior** to their appointment, unless it concerns the reelection of an independent person.
- b) Not to work or have worked during the last year prior to their appointment, as employee or manager of shareholders who, either directly or by virtue of an agreement, directs, guides or controls the majority of the voting rights or determines the majority composition of the administration, management or control bodies **thereof**, or any of the entities controlled, attached or linked thereto.
- c) Not to serve as employee or manager of a foundation, association or company that receives **contributions or sponsorship** from the **Company**.

## Proposed version

### ARTICLE 17.- ELECTION OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

Those appointed as independent members of the Company's Board of Directors shall, in addition to meeting the criteria established in the applicable law, fulfill the following requirements:

- a) Not to work or have worked, **nor have a family member within the third degree of kinship or a spouse who is or has been**, an employee or manager of the Company or any of its affiliates or subsidiaries, including those people who would have served in such capacity during **the last three (3) years prior** to their appointment, unless it concerns the reelection of an independent person.
- b) Not to work or have worked during the last year prior to their appointment, as employee or manager of shareholders who, either directly or by virtue of an agreement, directs, guides or controls the majority of the voting rights or determines the majority composition of the administration, management or control bodies of the **Company**, or any of the entities controlled, attached or linked thereto.
- c) **Not to be a shareholder who, either directly or by virtue of an agreement, directs, guides or controls the majority of the voting rights of the Company or determines the majority composition of the administration, management or control bodies thereof.**

## Justification

### ARTICLE V. Board of Directors

**Section 5.01** - The Company shall have a Board of Directors integrated by nine (9) main members with their respective alternates, elected by the General Assembly of Shareholders through the electoral quotient system, out of which four (4) members shall be independent. The President of the Board of Directors shall be one of the independent members. For a member to be considered independent, in addition to meeting the requirements established by law, he/she shall fulfill the requirements below:

- (a) Not to work or have worked, nor have a family member within the third degree of kinship or a spouse (hereinafter, "Relative") who is or has been, an employee or manager of the Company or any of its affiliates or subsidiaries, including those people who would have served in such capacity during the last three (3) years prior to their appointment, unless it concerns the reelection of an independent person.
- (b) Not to work or have worked during the last year prior to their appointment, as employee or manager of shareholders who, either directly or by virtue of an agreement, directs, guides or controls the majority of the voting rights or determines the majority composition of the administration, management or control bodies of the Company, or any of the entities controlled, attached or linked thereto.
- (c) Not to be a shareholder who, either directly or by virtue of an agreement, directs, guides or controls the majority of the voting rights of the Company or determines the majority composition of the administration, management or control bodies thereof.

# 7.1 Amendment to Regulations – Article 21



Original version	Proposed version	Justification
<p>d) Not to be the <del>manager of an entity</del> the Board of Directors of which includes the participation of <del>the Company, its President</del> or any of the members of its <del>Board of Directors</del>, except the latter participates in the capacity of independent, <del>and</del></p> <p>e) Not to depend exclusively on the income perceived as fees for being a member of the Company's Board of Directors.</p>	<p>d) Not to serve or have served as partner or employee, nor have a family member within the third degree of kinship, or a spouse who is or has been a partner or employee, during the last three (3) years prior to their appointment, of associations or companies providing advisory or consulting services to the Company or to the companies owned by the same economic group thereof, when the income as a result of said work represents for said associations or companies an amount equivalent to four thousand and seventy (4,070) legal monthly minimum wages, or two percent (2%) or more of their operational income, the highest of the two.</p> <p>e) Not to serve as employee or manager of a foundation, association or company receiving any contribution or sponsorship from the Company.</p> <p>f) Not to serve or have served as manager, or have a family member within the third degree of kinship, or a spouse who is or has been a manager, during the last three (3) years prior to their appointment, of a company the Board of Directors of which includes the participation of the President of the Company or any of the members of the Board of Directors thereof, except the latter participates in the capacity of independent.</p> <p>g) Not to depend exclusively of the income perceived as fees for being a member of the Company's Board of Directors.</p> <p>h) Not to receive or have received from the Company, nor have a family member within the third degree of kinship, or a spouse who receives or has received from the Company, during a period of twelve (12) continuous months in the last three (3) years prior to their appointment, any remuneration other than the fees as member of the Board of Directors, the Audit Committee or any other committee created by the Board of Directors.</p> <p>i) Not to serve or have served as a partner or employee, nor have a family member within the third degree of kinship, or a spouse who is or has been a partner or employee, during the last three (3) years prior to their appointment, of the firm appointed as the Company's Statutory Auditor.</p>	<p>(d) Not to serve or have served as partner or employee, nor have a Relative who is or has been a partner or employee, during the last three (3) years prior to their appointment, of associations or companies providing advisory or consulting services to the Company or to the companies owned by the same economic group thereof, when the income as a result of said work represents for said associations or companies, more than three billion pesos, or two percent (2%) or their operational income.</p> <p>(e) Not to serve as employee or manager of a foundation, association or company receiving any contribution or sponsorship from the Company.</p> <p>(f) Not to serve or have served as manager, or have a Relative who is or has been a manager, during the last three (3) years prior to their appointment, of a company the Board of Directors of which includes the participation of the President of the Company or any of the members of the Board of Directors thereof, except the latter participates in the capacity of independent.</p> <p>(g) Not to depend exclusively of the income perceived as fees for being a member of the Company's Board of Directors.</p> <p>(h) Not to be a person nor have a Relative who receives or has received from the Company, during a period of twelve (12) continuous months in the last three (3) years prior to their appointment, any remuneration other than the fees as member of the Board of Directors, the Audit Committee or any other committee created by the Board of Directors, exceeding the amount equivalent to four hundred and ninety (490) legal valid monthly minimum wages.</p> <p>(i) Not to serve or have served as a partner or employee, nor have a Relative who is or has been a partner or employee, during the last three (3) years prior to their appointment, of the firm appointed as the Company's Statutory Auditor.</p>

# 7.1 Amendment to Regulations – Article 21



Original version	Proposed version	Justification
<p><b>ARTICLE 21.- PROVISION OF INFORMATION FOR THE ORDINARY ASSEMBLY:</b></p> <p>The Board of Directors and the Legal Representative shall submit to the Ordinary General Assembly of Shareholders, for its approval or disapproval, the balance of each fiscal year with the following documents attached thereto:</p> <p>(...)</p> <p>b) A project for the repartition of distributable profits with the deduction of the sum calculated for the payment of income tax and supplemental taxes for the corresponding taxable period.</p> <p>(...)</p>	<p><b>ARTICLE 21.- PROVISION OF INFORMATION FOR THE ORDINARY ASSEMBLY:</b></p> <p>The Board of Directors and the Legal Representative shall submit to the Ordinary General Assembly of Shareholders, for its approval or disapproval, the balance of each fiscal year with the following documents attached thereto:</p> <p>(...)</p> <p>b) A project for the repartition of distributable profits with the deduction of the sum calculated for the payment of income tax and supplemental taxes for the corresponding taxable period, <b>the value of losses of previous periods to be offset and the amount of reserves to be established in compliance with the legal and statutory requirements.</b></p> <p>(...)</p>	<p><b>Article II. Profit Distribution Policy:</b></p> <p><b>Section 2.01</b> - In order to guarantee that, prior compliance with the obligations established herein, every GEB shareholder has the right to dividends (if any) during the validity of the Shareholders' Agreement in the minimum percentages indicated in Articles 155 and 454 of the Code of Commerce, the District, in any Assembly of Shareholders in which a profit distribution project is subject to vote, shall only vote in favor thereof if said project has received the prior approval of the Board of Directors and also fulfills the provisions established in the section below:</p> <p>In order to determine the net profits to be distributed, the profits calculated by GEB based upon the real and reliable consolidated balance sheets for each year shall be used. Only the following items shall be subtracted from this value: a (i) appropriations for the payment of income tax and supplemental taxes, or any other tax that results applicable in accordance with the valid legislation at the moment of establishing net profits, (ii) offset of losses from previous years affecting the capital (if any) according to the terms of the Paragraph of Article 151 of the Code of Commerce, and (iii) establishment of reserves for the fulfillment of legal and statutory requirements.</p> <p><b>Section 2.02</b> - The balance determined pursuant to Section 2.01, shall be applied the minimum percentage to be distributed in accordance with Articles 155 and 454 of the Code of Commerce (as applicable), or the regulation that amends them, adds to them or repeals them. The result shall be the minimum amount to be distributed as dividend in each period, unless the Shareholders' Assembly approves the distribution of a dividend under this amount with the minimum majorities established by law.</p> <p><b>Section 2.03</b> - The resulting balance of profits after determining the minimum dividends according to Sections 2.01 and 2.02 shall be available to the Shareholders' Assembly to establish the agreed-upon occasional reserves, or to be distributed as dividends, in addition to the minimum dividends established in the section above.</p>

# 7.1 Amendment to Regulations – Article 27



Original version	Proposed version	Justification
<p><b>Article 27. Roles of the General Assembly:</b></p> <p>The roles of the General Assembly of Shareholders are the following:</p> <p>(...)</p> <p>2. Freely appoint and remove the members of the Board of Directors, the Statutory Auditor, establish their respective tasks prior recommendation of the Board of Directors and the results of the study performed by the respective Committee, and approve the Board of Directors' Succession <del>and</del> Nomination Policy.</p> <p>(...)</p>	<p><b>Article 27. Roles of the General Assembly:</b></p> <p>The roles of the General Assembly of Shareholders are the following:</p> <p>(...)</p> <p>2. Freely appoint and remove the members of the Board of Directors, the Statutory Auditor, establish their respective tasks prior recommendation of the Board of Directors and the results of the study performed by the respective Committee, and approve the Board of Directors' <b>Nomination, Succession and Remuneration Policy</b>.</p> <p>(...)</p>	<p>Numeral 2: The term “remuneration” is included in accordance with the provisions established in SFC’s Measure 23.1., Circular Letter 028 of 2014, which states: “the Company has a Remuneration Policy of the Board of Directors, approved by the General Assembly of Shareholders”. (Corresponds to numeral 2).</p> <p>The Board of Directors’ Nomination, Succession and Remuneration Policy is included pursuant to the provisions set forth in Sections 5.03 and 10.01 of the Shareholders’ Agreement.</p>

# 7.1 Amendment to Regulations – Article 27

Original version	Proposed version	Justification
<p>7. Instruct the increase of the share capital, without prejudice to the Board's power to increase the authorized capital in the cases established in Act 142 of 1994, Article 19, numeral 19.4.</p> <p>13. Approve the regulations for the issue and placement of shares <del>with preferential dividend without voting rights</del>, the form of registration thereof, instruct the issue of bonds convertible into shares and the exemptions to the pre-emptive right in the placement of shares.</p> <p>New numeral 21.</p>	<p>7. <b>Reforms in the capital share, including the issue of any type of shares, as well as the payment of dividends in shares and the issue of securities convertible into shares, and instruct</b> the increase of the share capital, without prejudice to the Board's power to increase the authorized capital in the cases established in Act 142 of 1994, Article 19, numeral 19.4.</p> <p>13. Approve the regulations for the issue and placement of <b>preferential</b> shares, the form of registration thereof; instruct the issue of bonds convertible into shares and the exemptions to the pre-emptive right in the placement of shares.</p> <p>21. <b>Approve the sale in any capacity, prior approval of the Board of Directors, in one or several related transactions, of Company's assets equal to or higher than fifteen percent (15%) of the Company's market capitalization (understood as the result of multiplying the number of the Company's ordinary shares outstanding by the average value of said shares in the Colombian Stock Exchange in the last ten (10) trading days prior to the adoption of the decision), except the transfer or contribution of assets to stand-alone trusts or other vehicles in order to structure the implementation of projects in which its control is not lost.</b></p>	<p>The text included in the regulation of the Shareholders' Agreement reads as follows: <b>Article IV. Decisions of the General Assembly requiring a Special Majority.</b></p> <p><b>Section 4.01</b> - The District may vote in favor or against any of the decisions listed below in the Company's Shareholders' Assembly, but it may only vote in favor if, including its vote, the total number of favorable votes for said decision is equal to or higher than seventy percent (70%) of GEB's share capital:</p> <p>(a) Reforms to the Company's capital, including the issue of any kind of shares (including stock dividends), as well as the issue of securities convertible into shares, except capital increases as provided in Article 19.4, Act 142 of 1994. For purposes of the above, the price to be established in the respective share subscription regulations shall result from a study performed by an independent investment bank and in accordance with technically recognized procedures, as set forth in Article 41, Act 964 of 2005. (Corresponds to numeral 7).</p> <p>(b) The sale, in any capacity, in one or several related transactions, of Company's assets higher than fifteen percent (15%) of its Market Capitalization, except the transfer or contribution of assets to stand-alone trusts or other vehicles in order to structure the implementation of projects in which its control is not lost. (Corresponds to numeral 21).</p> <p><b>Article 1. Definitions:</b> "Market Capitalization" refers to the result of multiplying the number of GEB's ordinary shares outstanding by the average value of said shares in the Colombian Stock Exchange S.A. in the last ten (10) trading days prior to the adoption of a decision by the Shareholders' Assembly or the Board of Directors. (Corresponds to numeral 21).</p>

# 7.1 Amendment to Regulations – Article 27

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<p>New numeral 22.</p> <p><b>First Paragraph:</b> The following roles are to be exclusively fulfilled by the General Assembly of Shareholders and shall not be subject to delegation.</p> <p>1. Those included in numerals 2 and 18 hereof.</p> <p>2. The acquisition, sale or encumbrance of strategic assets which, in the Board of Directors' judgment, are essential for the development of the Company's activities, or when the respective transactions or operations may derive in an effective modification of the corporate purpose.</p> <p>(...)</p>	<p><b>22. Approve, prior favorable decision of the Board of Directors, the proposals of investment, redefinition of existing investments, mergers, creation and/or modification of investment vehicles, acquisition of strategic partners and allies, and structured financing for new businesses for an amount exceeding fifteen percent (15%) of the Company's market capitalization.</b></p> <p><b>First Paragraph:</b> The following roles are to be exclusively fulfilled by the General Assembly of Shareholders and shall not be subject to delegation.</p> <p>1. Those included in numerals <u>2, 7, 18, 21 and 22</u> hereof.</p> <p>2. The acquisition, sale or encumbrance of strategic assets which, in the Board of Directors' judgment, are essential for the development of the Company's activities, or when the respective transactions or operations may derive in an effective modification of the corporate purpose.</p> <p>(...)</p>	<p>Annex 2 A - Second Stage Program Regulations, indicates the following:</p> <p>4.1. In the development of Article V "Board of Directors", section 5.06, paragraph (c) of the Bid, the District shall propose to the Shareholders' Assembly the adoption of an amendment to Article 66 "Roles" and Article 67 "Quorum and special majorities" of the GEB Bylaws, reflecting the following:</p> <p>4.1.1. The proposals of investment, redefinition of existing investments, mergers, creation and/or modification of investment vehicles, acquisition of strategic partners and allies, and structured financing for new businesses, shall be approved by the following company's bodies, according to their amount: (...)</p> <p>d. Board of Directors with a qualified majority (quorum of 7 members and decision making with the favorable vote of at least 6 members in attendance) and Shareholders' Assembly: when the amount of the operation exceeds fifteen percent (15%) of GEB's market capitalization (corresponds to numeral 22).</p> <p>(c) The amendments to the Bylaws related to (i) a change in the Company's main corporate purpose, understanding said purpose in the terms of the first paragraph of Article 5 of the Company's Bylaws as "the generation, transmission, distribution and marketing of energy, including gas and liquid fuels in any form. It may also participate as partner or shareholder in other public service companies, either directly or by way of association with other persons. In addition, it may develop and participate, either directly or indirectly, in engineering and infrastructure projects, and make investments in this field, including the provision of related services and activities"; (ii) early dissolution; and (iii) modification of the aspects included in the Company's Bylaws as a result of the provisions established in this Shareholders' Agreement (not included to the extent that the amendments to the bylaws and the early dissolution are included in numerals 1 and 18, Article 58 of the current bylaws).</p>

# 7.1 Amendment to Regulations – Article 27

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	<p><b>Third Paragraph: whenever any of the decisions below should be submitted for the consideration of the General Assembly of Shareholders, the Capital District shall cast its vote once the votes of the rest of the shareholders are known:</b></p> <p><b>a) Reforms in the Company’s capital, including the issue of any type of shares (including stock dividends), as well as the issue of securities convertible into shares, except the capital increases as provided in Article 19.4, Act 142 of 1994.</b></p> <p><b>b) The sale in any capacity, prior approval of the Board of Directors, in one or several related transactions, of Company’s assets equal to or higher than fifteen percent (15%) of the Company’s market capitalization, except the transfer or contribution of assets to stand-alone trusts or other vehicles in order to structure the implementation of projects in which its control is not lost.</b></p>	<p><b>Section 4.01</b> - The District may vote in favor or against any of the decisions listed below in the Company’s Shareholders’ Assembly, but it may only vote in favor if, including its vote, the total number of favorable votes for said decision is equal to or higher than seventy percent (70%) of GEB’s share capital. (Corresponds to paragraph 3):</p> <p>(a) Reforms to the Company’s capital, including the issue of any kind of shares (including stock dividends), as well as the issue of securities convertible into shares, except capital increases as provided in Article 19.4, Act 142 of 1994. For purposes of the above, the price to be established in the respective share subscription regulations shall result from a study performed by an independent investment bank and in accordance with technically recognized procedures, as set forth in Article 41, Act 964 of 2005. (Corresponds to section a).</p> <p>(b) The sale, in any capacity, in one or several related transactions, of Company’s assets higher than fifteen percent (15%) of its Market Capitalization, except the transfer or contribution of assets to stand-alone trusts or other vehicles in order to structure the implementation of projects in which its control is not lost. (Corresponds to section b).</p>

# 7.1 Amendment to Regulations – Article 27

Original version	Proposed version	Justification
	<p>c) Statutory reforms referring to (i) a change in the Company's main corporate purpose, understanding said purpose in the terms of the first paragraph of Article 5 of the Company's Bylaws as "the generation, transmission, distribution and marketing of energy, including gas and liquid fuels in any form. It may also participate as partner or shareholder in other public service companies, either directly or by way of association with other persons. In addition, it may develop and participate, either directly or indirectly, in engineering and infrastructure projects, and make investments in this field, including the provision of related services and activities"; (ii) early dissolution; and (iii) modification of the aspects included in the Company's Bylaws as a result of the provisions established in the Shareholders' Agreement deposited at the Company on July 31st 2018.</p> <p>d) The approval or distribution as dividends of retained profits or reserves established in previous years.</p>	<p>(c) The statutory reforms referring to: (i) a change in the Company's main corporate purpose, understanding said purpose in the terms of the first paragraph of Article 5 of the Company's Bylaws as "the generation, transmission, distribution and marketing of energy, including gas and liquid fuels in any form. It may also participate as partner or shareholder in other public service companies, either directly or by way of association with other persons. In addition, it may develop and participate, either directly or indirectly, in engineering and infrastructure projects, and make investments in this field, including the provision of related services and activities"; (ii) early dissolution; and (iii) modification of the aspects included in the Company's Bylaws as a result of the provisions established in the Shareholders' Agreement. (Corresponds to section c).</p> <p>(d) The distribution as dividends of retained profits or reserves established in previous years. (Corresponds to section d).</p>

# 7.1 Request to the General Assembly of Shareholders



In accordance with the request made by the Capital District through communication of July 31st 2018 regarding the deposit of the Shareholders' Agreement at GEB, the recommendation of the Corporate Governance Committee, the Board of Directors and the provisions established in numeral 20, Article 59 of the Corporate Bylaws, the General Assembly of Shareholders is hereby requested to:

- ✓ Approve the amendment of Articles 4, 16, 17, 21 and 27 of the Corporate Bylaws in accordance with the arguments exposed above.



## 7. Consideration of Amendment to the Regulations of the Shareholders' General Assembly

1. Amendment to the Regulations for the adoption of the provisions established in the Shareholders' Agreement derived from the Democratization process.
2. Amendment to the Regulations for the adoption of self-regulatory measures in terms of Corporate Governance.



## 7.2 Amendment to Regulations – Article 18



Original version	Proposed version	Justification
<p><b>ARTICLE 18. ACCREDITATION OF QUALITIES TO BECOME A MEMBER OF THE BOARD OF DIRECTORS.</b></p> <p>The candidates to members of the Board of Directors, either independent or remaining, shall submit the documents enabling the Board of Directors' Compensation Committee to verify the qualities and requirements applicable to each member category. During the respective meeting of the Shareholders' Assembly, the Compensation Committee shall present a report giving information to the shareholders regarding the fulfillment of the conditions and requirements by the candidates.</p>	<p><b>ARTICLE 18. ACCREDITATION OF QUALITIES TO BECOME A MEMBER OF THE BOARD OF DIRECTORS.</b></p> <p>The candidates to members of the Board of Directors, either independent or remaining, shall submit the documents enabling the Board of Directors' Compensation Committee <b>and Corporate Governance Committee</b> to verify the qualities and requirements applicable to each member category. During the respective meeting of the Shareholders' Assembly, the Compensation Committee <b>and Corporate Governance Committee</b> shall present a report giving information to the shareholders regarding the fulfillment of the conditions and requirements by the candidates.</p>	<p>It is hereby adjusted so that the Compensation Committee performs a joint revision along with the Corporate Governance Committee with regard to the candidates' profiles, in order to establish the suitability thereof.</p>

# 7.2 Amendment to Regulations – Article 30 (transitory)



Original version	Proposed version	Justification
<p>New article.</p>	<p><b>TITLE VIII TRANSITORY</b></p> <p><b>ARTICLE 30</b></p> <p><b>Only for purposes of the Ordinary Assembly of Shareholders to be held in 2019, the members of the Board of Directors shall be divided into three (3) classes: (i) non-independent members: members of the Board of Directors not compliant with the independence criteria established by law, the corporate bylaws and other corporate documents; (ii) independent members: members of the Board of Directors compliant with the requirements established by law, the corporate bylaws and other corporate documents to be considered as independent; (iii) independent member appointed according to the provisions established in Sections 5.04 and 5.05 of the Shareholders' Agreement, while it is in force.</b></p> <p><b>In line with this transitory article, non-independent members shall be elected for a two (2)-year term from the date of their appointment. Independent members shall be elected for a three (3)-year term from the date of their appointment, and the independent member appointed as set out in Sections 5.04 and 5.05 of the Shareholders' Agreement shall be elected for a one (1)-year term from the date of his/her appointment.</b></p> <p><b>The term referred to above shall be counted only from the date of the Ordinary Assembly of Shareholders in 2019. In the Assemblies of Shareholders to be held after March 2019, in which members of the Board of Directors shall be elected, the directors shall be appointed in order to succeed those whose term has expired, as mentioned above, for two-year terms.</b></p> <p><b>The foregoing does not preclude the eventual need to remove one, several or all the members of the Board of Directors, in accordance with the provisions set forth in numeral 4, Article 420 of the Code of Commerce.</b></p>	<p>The members of the Board of Directors shall be divided into 3 classes: (i) non-independent members, in the terms established in the law, the bylaws and other corporate documents; (ii) independent members in the terms of the law, the bylaws and other corporate documents; and (iii) independent member appointed according to the procedure established in Articles 5.4 and 5.5 of the Shareholders' Agreement.</p> <p>Considering that according to Section 5.04 of the Shareholders' Agreement, a candidate for independent member shall be appointed by mutual agreement of the 10 minority shareholders with the greater shareholding or, in case an agreement cannot be reached, by the 4 minority shareholders with the greater shareholding, and said minority shareholders may change year after year, it would be appropriate that the term of one year for the first election after the Shareholders' Agreement corresponds to this class.</p> <p>Considering that to strengthen the Company's Corporate Governance, ideally the changes in the Board of Directors should not be affected by changes in the management of the controlling shareholder, it would be appropriate that the initial term of 2 years after the Shareholders' Agreement corresponds to the non-independent members.</p> <p>Considering the qualities of the independent members, these shall be the ones who stay longer in their position; their initial term shall be of 3 years.</p>

## 7.2 Request to the General Assembly of Shareholders



In accordance with the recommendation of the Corporate Governance Committee, the Board of Directors and the provisions established in numeral 20, Article 59 of the Corporate Bylaws, the General Assembly of Shareholders is hereby requested to:

- ✓ Approve the amendment of Article 18 of the Regulations of the General Assembly of Shareholders in accordance with the arguments exposed above.
- ✓ Approve the inclusion of new Article 30 (transitory) in the Regulations of the General Assembly of Shareholders in accordance with the arguments exposed above.