



# **Policy on Appointment of** the Statutory and External Auditors



GrupoEnergíaBogotá

## PURPOSE

The control environment at Grupo Energía Bogotá S.A. ESP., hereinafter GEB S.A. ESP., is an essential part in the corporate mechanism, and strengthening thereof responds to our commitments to Corporate Governance good practices included in the Corporate Governance Policy and Code.

This Policy on Appointment of the Statutory or External Auditor, hereinafter the “Policy”, sets forth the general rules on the selection of the Statutory Auditor, hereinafter “Auditor, Statutory Auditor, or External Auditor” of GEB S.A. ESP. and the other companies part of Grupo Energía de Bogotá, hereinafter GEB.

This Policy aims to set the mechanisms to strengthen the independent nature of the Statutory Auditor’s activity, and defines the areas within GEB S.A. ESP. responsible for analyzing and selecting the nominated firms.

## SCOPE

This Policy is applicable to GEB S.A. ESP. and all of the GEB companies<sup>1</sup>. In agreement with international good practice, all of the companies should have a statutory auditor in the interest of strengthening control mechanisms at GEB.

The function of the statutory auditor is to provide an opinion about the financial statements of the companies following the international standards, and state whether the reviewed financial information is reliable and fairly reflects the company’s position.

## STATEMENT OF COMMITMENT

1. The selection of a Statutory Auditor should meet objective technical criteria that consider expertise, professionalism, acknowledgment, constitution and qualities of the work team, as well as the track record and international presence of nominated firms; provided that there are no events that may compromise their independent nature. Only individuals or legal entities who have not been subject to disqualification, suspension or any other final sanctions against the performance of financial audit services imposed by a judge or regulatory and/or supervision authority in countries where GEB operates, may be statutory auditors.

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<sup>1</sup> In connection with this policy, GEB companies shall mean affiliates in which GEB S.A. ESP’s interest is equal to or higher than 50% and GEB S.A. ESP has control over such affiliates.

2. The appointed statutory auditor of GEB S.A. ESP. or any of the GEB companies must have a separate professional relationship with the Top Management<sup>2</sup> of GEB S.A. ESP. and that of the GEB companies, with no subordination. The statutory auditor's reports shall state statutory auditor's separate nature from GEB S.A. ESP. and the other GEB companies.
3. In line with corporate governance good practice, the statutory auditor shall not provide advisory or consulting services other than as corresponding to the statutory audit. This prohibition extends to related individuals or entities to the statutory auditing firm, i.e. its group companies and other services prohibited by the international standards, in particular the provisions of the Sarbanes – Oxley Act (SOX).
4. The statutory auditor of GEB S.A. ESP. is appointed for a 2-year term and may be reelected up to a maximum 10-year hiring period. Subject to considerations and statements provided by the Audit and Risk Committee of the Board of Directors of GEB S.A. ESP., by the statutory auditor's mid-term of the maximum hiring period, all of the staff appointed by GEB S.A. ESP. is intended to be rotated.
5. Group's considerations.
  - a. The pre-contract phase shall be developed by GEB S.A. ESP. pursuant to the Procurement Manuals of the GEB companies, through joint contractual procedures. The firm appointed for the performance of the statutory audit services shall, as possible, be the same firm if present in the countries where the GEB companies operate.
  - b. GEB S.A. ESP. shall, in the other GEB companies, vote all its shares for the same auditing firm selected by GEB S.A. ESP's General Shareholders' Meeting. The foregoing for the purpose of having a uniform model and methodology generating trust and providing guarantees to new shareholders and stakeholders relative to the financial position of GEB S.A. ESP. and GEB in general.
  - c. Criteria used to assess the nominated auditing firms are the same for all GEB companies. The Board of Directors of GEB S.A. ESP., together with the Audit and Risk Committee, sets general parameters, according to the strategic supply model provided by the Management, based on which the nominated firms for the statutory auditor position must be assessed, for provision recommendations to the Board of Partners, Partners' Meeting or Shareholders' Meeting, hereinafter "General Shareholders' Meeting" of the GEB companies.

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<sup>2</sup> "Top Management" means, for the purpose hereof, the President, VPs, and officers directly reporting to GEB S.A. ESP's President's Office. Definition from the Code of Corporate Governance.



## POLICY RESPONSIBLE PERSONS

Compliance herewith is articulated as follows:

- 1.** The General Shareholders' Meeting of GEB S.A. ESP. and of the GEB companies shall appoint a statutory auditor based on the proposal submitted by the Board of Directors.
- 2.** The Board of Directors of GEB S.A. ESP. approves the Policy. It submits the hiring of a statutory auditor to the General Shareholders' Meeting, prior analysis, among others, of expertise, work team quality, human and technical resources as necessary, as well as the financial proposal for the performance of services, based on recommendations made by the Audit and Risk Committee of the Board of Directors.
- 3.** The Audit and Risk Committee of GEB S.A. ESP Board of Directors ensures compliance with this Policy; analyzes the proposal assessment results for the appointment of the statutory auditor of GEB S.A. ESP. and the corresponding work team; and provides the Board of Directors of GEB S.A. ESP. with the relevant recommendations. It also reviews the criteria for the selection of the statutory auditor.
- 4.** The Strategic Supply Department ensures that firms are not subject to any current sanctions; are not the object of any disqualification or ineligibility actions; and meet all of the requirements provided for herein. Finally, based on the appointment made by the General Shareholders' Meeting, the Strategic Supply Department of GEB S.A. ESP. is responsible for starting the selection process of the statutory auditor following the provisions and rules herein.
- 5.** The President's Office of GEB S.A. ESP. tends towards the implementation of this Policy.
- 6.** The Board of Directors and the Audit and Risk Committees of the GEB companies assess the nominated firms for the statutory auditor position and make the relevant recommendations to the Boards of Partners, Partners' Meetings or Shareholders' Meetings, based on objective criteria and general parameters set by GEB S.A. ESP Board of Directors.

This Policy supersedes all GEB S.A. ESP's previous related policies and provisions.