



Appointment, Succession, and Remuneration Policy for the Board of Directors



GrupoEnergíaBogotá



APPOINTMENT, SUCCESSION, AND REMUNERATION POLICY FOR THE BOARD OF DIRECTORS

1. PURPOSE

The purpose of this Appointment, Succession, and Remuneration Policy for the Board of Directors, hereinafter the “Policy”, is to define the guidelines and main measures for the appointment, succession, and remuneration of the Board of Directors of Grupo Energía Bogotá S.A. ESP, hereinafter GEB, aimed to attracting, retaining, and motivating the best talent, preserve and consolidate the institutional memory, preserve the professional qualifications of its members, and establish the appropriate compensation thereof.

The provisions of the Policy respond to good corporate governance practices, in line with high standards regarding this matter. The measures contained in this document are structured within the framework of that provided in the company Bylaws, the [Shareholders’ Assembly Regulations](#) and the [Shareholders’ Agreement](#)¹ in force, the [Regulations of the Board of Directors](#) and its Committees, the [Corporate Governance Code](#), and Circular 028 of 2014 of the Financial Superintendence of Colombia.

2. SCOPE

This Policy is intended for the shareholders, the members of the Board of Directors, and the Shareholders General Assembly of GEB.

3. STATEMENT OF COMMITMENTS

I. Composition and Structure of the Board of Directors

The Board of Directors of GEB composed of 9 members, 4 of which are independent, for a period of two (2) years.

The Board of Directors is composed of the following Committees: Compensations, Audit & Risks, Finance & Investments, and Corporate Governance. For the composition of these Committees, the profiles, knowledge, and professional experience of their members are

¹ Shareholders’ Agreement filed at GEB as of July 31, 2018, as a consequence of the Democratization program.

taken into account in relation to the purpose of the respective committee. At least one of the members shall be skilled in accounting and financial matters and must take part in the Audit & Risk Committee. In the case of the Compensations Committee, at least one of the members shall be skilled in human resources, personnel management, wage & salary policies, and/or related matters. All Committees shall be chaired by an independent member.

II. Measures for the Appointment of the Board of Directors

A. Board Member Candidate Profiles

The Board of Directors of GEB must be composed of people with the highest personal and professional qualifications and must have the time and interest to faithfully fulfill his/her responsibilities. Therefore, the shareholders shall nominate candidates with an appropriate profile, taking the following aspects into consideration: (a) his/her experience in the field of finance, law, or related sciences, and/or in activities related to the public services sector, and/or in the operations carried out by the company; and (b) his/her profile, including track record, recognitions, prestige, availability, leadership, good reputation, and the candidate's professional suitability and integrity.

In accordance with that provided in the [Bylaws](#), the [Shareholders' Agreement](#)², and pursuant to the procedure established by the [Regulations of the General Shareholders' Assembly](#), the suitability and ability to meet the requirements of the candidates nominated to become members of the Board of Directors of GEB shall be verified by the Compensations and Corporate Governance Committees in a joint or separate session, prior to the General Shareholders' Assembly, in which the Board members are to be appointed.

It is important to GEB that the Board of Directors be integrated by different academic, professional, and technical competencies to ensure that the members contribute to meeting the corporate strategy through their knowledge and experience. For the purposes of the previous verification of the candidates' qualifications, the following shall be considered: a) the minimum requirements to be met by all of the Board members; and b) the recommended professional profile elements to have within the Board of Directors.

In addition, when applicable, the verification process shall take into consideration the requirements of independence for the candidates nominated for such capacity.

The Shareholders shall be directed towards gender, race, and nationality diversity criteria

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

when preparing the lists of Board member candidates to be considered by the General Shareholders' Assembly.

a. Minimum requirements to be met by all Board members

1. Proven previous participation in boards of directors or in the high management of similar companies on a national or international scale, or at entities of the mining/energy and/or public utility sectors.
2. Written statement that he/she has the time availability and the required dedication to fulfill the responsibilities of the position. This includes the attendance to all Board and Committee sessions, the review and analysis of the respective supporting documents, as well as the review of and observations about meeting minutes.
3. Nominees must not fall in any of the incompatibilities or inabilities established in the [Bylaws](#), the [Board of Directors Regulations](#), and applicable laws.

Similar companies are understood as any of the following:

1. Companies of any of the sectors in which GEB and its affiliates participate, i.e. (i) urban energy solutions, comprising the development and operation of the infrastructure required to address the demand of electric power and natural gas in major cities; (ii) interconnection for the development of markets, comprising the connection of power generation sources with major consumption centers and major users; and (iii) low emission generation focused on renewable energy-related businesses.
2. Issuers of national securities listed in the Colombian Stock Exchange, and which take part or have taken part in the COLCAP index within the last three (3) years prior to the appointment;
3. Issuers of international securities, provided these are in sectors similar to those developed by GEB.

b. Professional Profiles within the Board of Directors

Among the profiles of the Board members, these shall have at minimum the following knowledge and experience:

1. Energy and gas industry, whether national or international;
2. Investment banking, new businesses, entrepreneurial strategy, and sustainability;
3. Finance, audit, and risk management;
4. Law in the fields related to the activity of GEB; and
5. Human talent management;

B. In the case of Independent Members

In addition to that mentioned above, candidates for independent membership shall meet the requirements established in the Colombian Law on Securities Market and those defined in the [Regulations of the General Shareholders' Assembly](#) and of the [Board of Directors](#).

III. Procedure for the appointment of the Board of Directors.

In order to comply with the dispositions contained in the [Bylaws](#) and the [Shareholders' Agreement](#)³, it is the responsibility of the Shareholders, the Board of Directors, and the High Management of GEB to comply with the provisions regarding the evaluation of the candidates, the terms established for the submission and review of the Curriculum Vitae and for verifying that the requirements have been met prior to the session of the General Shareholders' Assembly, in which the members of the Board of Directors are to be appointed.

A. With regard to the qualification verification procedure

The Compensations and Corporate Governance Committees, in a joint or separate session, shall perform the verification of the compliance with the requirements by the nominees, in accordance with the procedure set forth in the [Regulations of the General Shareholders' Assembly](#) and the [Regulations of the Compensations and Corporate Governance Committees](#).

Pursuant to section 1 of article 379 of the Code of Commerce and article 18 of the [Regulations of the General Shareholders' Assembly](#), the shareholders shall submit for the verification of the requirements and criteria for Board member candidates to the consideration of the Compensations and Corporate Governance Committees.

³ Shareholders' Agreement filed at GEB as of July 31, 2018, as a consequence of the Democratization program.

The shareholders shall forward the candidates' documents in order for the Committees to perform the respective verifications, in accordance with that established in the [Regulations of the General Shareholders' Assembly](#) and the [Regulations of the Board of Directors](#). The candidates shall be responsible for the veracity, integrity, and accuracy of the delivered information to be reviewed.

The office of the Legal Regulatory and Compliance Vice President, through the Direction of Corporate Affairs and Affiliates and the Direction of Compliance, shall review the curriculum vitae and documents of the candidates in order to verify, in a documented manner, the following:

- i. Candidate's written statement of his/her compliance with the requirements and time availability to fulfill the responsibilities and duties as a member of the Board of Directors;
- ii. Curriculum Vitae;
- iii. Restrictive and binding lists; and
- iv. Independence requirements for the candidates nominated for this capacity.

Once the verification has been performed in the terms provided in this chapter, the office of the Legal Regulatory and Compliance Vice President shall submit the respective report to the Compensations and Corporate Governance Committees.

In addition, the members of the Board of Directors shall biannually undertake to fill out the form intended to report any inabilities and incompatibilities for such purpose. In the event any circumstance arises, modifying the reported situation, the members of the Board of Directors shall update the respective report form.

B. With regard to the evaluation of candidates

Once the evaluation has been performed, the list of candidates to be submitted to the consideration of the General Shareholders' Assembly shall be published on the GEB website.

C. With regard to vacancies and reelection

In general, in situations of resignations or vacancies of the members of the Board of Directors of GEB, the President of the Company shall convene an Extraordinary Meeting of the General Shareholders' Assembly to perform a new election.

In the event of reelection of the members of the Board of Directors, the Compensations and Corporate Governance Committees shall additionally review the following:

- i. The results of the self-evaluation of the Board of Directors of the previous period;
- ii. The Board and Committee meeting attendance must be equal or higher than 80% of the total meetings convened;
- iii. The Board member must show that he/she continues to meet the requirements and qualifications for his/her reelection.

VI. Remuneration of the Board of Directors

A. Mechanism for the remuneration of the members of the Board of Directors

- a. The members of the Board of Directors shall be paid a fee defined by the General Shareholders' Assembly for up to two Board sessions, expressed in the monthly minimum legal wage in force.
- b. For their participation in each Committee meeting to which they belong, the members of the Board of Directors will receive a fee equivalent to 75% of the value paid for their attendance at Board meetings and for up to two sessions of the same Committee within the same month.
- c. The remuneration of long distance meetings shall be a fee equivalent to that of a face-to-face meeting.
- d. The members of the Board of Directors shall not receive financial retributions in the form of GEB shares, options to purchase shares, or any type of variable remuneration.

The fees shall be the same for all of the members of the Board of Directors, except for the Chairman, who may have, at the discretion of the Assembly and considering his/her responsibilities, a higher remuneration.



B. Other provisions regarding costs, expenses, and training of the Board of Directors

- a. GEB shall assume all reasonable and necessary costs and expenses in order to enable the members of the Board of Directors to properly perform their functions, including expenses related to training, travel and living, ground transportation, and supply of technology and information related charges.
- b. The participation of the Board members in training courses, workshops, seminars, conferences, inductions, or sessions shall not be remunerated.
- c. The members of the Board of Directors are covered by a Civil Liability Policy provided for directors and administrators.
- d. The Board may rely on the advice of external consultants as needed to properly perform their functions.

When entering the Board of Directors, the members will receive an induction training in accordance with that provided in the [Regulations of the Board of Directors](#).

4. Policy Responsible

- i. The General Shareholders' Assembly is responsible for the approval of this Policy and the enforcement of the provisions contained herein.
- ii. The Board of Directors, prior recommendation by the Compensations and Corporate Governance Committees in matters related to their functions, shall be responsible for proposing the adoption and amendments to this Policy to the General Shareholders' Assembly, as well as for the enforcement thereof.

5. Dissemination

Because this Policy has a special impact on the shareholders of the Company, upon its approval by the General Shareholders' Assembly, it must be published on the Group's website www.grupoenergiabogota.com