



Policy on Transactions

with Related Parties



Grupo Energía Bogotá



POLICY ON TRANSACTIONS WITH RELATED PARTIES

1. PURPOSE

The purpose of the Policy on Transactions with Related Parties (hereinafter, the “Policy”) is to define the principles and rules to be followed by Grupo Energía Bogotá S.A. ESP (hereinafter, “GEB”) and GEB Subsidiaries (hereinafter, the “Subsidiaries”) when they engage in transactions with their Related Parties (hereinafter, the “Transactions”). These are defined as contracts or service agreements, regardless of the amount, the purpose of which is to transfer resources, services or obligations between Related Parties, and which depending on their nature are formalized by means of contracts or agreements, regardless of the amount. The following transactions, among others, are within the scope of this Policy:

i. provision and reception of services; **ii.** purchases or sales of goods; **iii.** leases; **iv.** inter-company loans; **v.** charge-free contracts; and **vi.** security or collateral granting

The principles and rules of this Policy are aimed at ensuring transparency in Transactions, under conditions of equality and impartiality, in order to protect the rights of all our shareholders, and to establish adequate review, approval and disclosure mechanisms to ensure they do not run counter to the financial interests of GEB.

This Policy uses as reference and is aligned with the Code of Best Corporate Practices (Código País C.E. 028/2014) issued by the Financial Superintendence of Colombia; tax and accounting provisions, particularly those of International Accounting Standard No. 24 - Related Party Disclosures (IAS 24); and International Financial Reporting Standard No. 10 - Consolidated Financial Statements (IFRS 10), and corporate law.

2. SCOPE

This Policy applies to Transactions between GEB and GEB Subsidiaries and their respective Related Parties, regardless of their domicile.

Exceptions to this Policy are the management and control activities performed by GEB in its capacity of parent company of the corporate group, aimed at achieving unity of purpose and direction, as well as transactions and activities carried out between Subsidiaries or with GEB aimed at generating synergies or joint developments.

The following are defined as Related Parties of GEB, according to the provisions of IAS 24: i. Companies in which GEB holds a controlling interest or joint control, directly or indirectly, as well as Fundación Grupo Energía de Bogotá; ii. Companies in which GEB directly or indirectly holds and equity interest of more than 20%¹ of social capital, i.e., in which it has significant influence², even though it does not have control; iii. The Shareholders who directly or indirectly hold more than 20% of the social capital of GEB, as well as companies in which they have corporate control. In the case of Bogotá, Capital District, it includes the entities defined in Annex 1. – Definitions - of this Policy; iv. Management of GEB and GEB Subsidiaries, as well as their close relatives³, and companies in which any of the above holds a controlling interest or joint control.

The following are Related Parties of GEB Subsidiaries, according to the provisions of IAS 24: i. GEB in its capacity of majority or controlling shareholder, other GEB Subsidiaries and Grupo Energía de Bogotá Foundation; ii. other shareholders, who directly or indirectly, hold more than 20% of the social capital of the Subsidiary, as well as companies in which they hold corporate control; iii. GEB shareholders, who directly or indirectly, hold more than 20% of the social capital of GEB, as well as subsidiaries in which they have corporate control, including Bogotá, Capital District⁴. iv. Management of the Subsidiary, as well as their close relatives⁵ and companies in which any of them hold a controlling interest or joint control; v. companies in which the Subsidiary, directly or indirectly, holds a controlling interest or joint control; and companies in which other GEB companies, directly or indirectly, hold an interest of more than 20% of the social capital.

Transactions made by the Branches of Grupo Energía Bogotá shall be subject to the same approval procedures set forth in this Policy for GEB.

Transactions with Related Parties shall abide by the regime of ineligibilities, incompatibilities and conflicts of interest that applies to GEB and its Subsidiaries.

¹ According to the provisions of External Circular Letter No. 028/2014 issued by the Financial Superintendence of Colombia and International Accounting Standard 27 (IAS 27).

² See Annex 1 – Definitions

³ In accordance with the provisions of Annex 1 – Definitions – of this policy based on the provisions of IAS 24

⁴ See Annex 1 – Definitions

⁵ In accordance with the provisions of Annex 1 – Definitions – of this policy based on the provisions of IAS 24



3. STATEMENT OF COMMITMENT

GEB and its Subsidiaries are committed to engaging in Transactions based on the following commitments:

- i. The transactions between GEB and its Subsidiaries con their Related Parties shall abide by the regulatory framework currently in effect, the Corporate Group Agreement, the Corporate Bylaws, the Rules of the Board of Directors, the Corporate Governance Code, the provisions of the Contracting Manual of GEB and its Subsidiaries, and the corporate governance commitments. Such Transactions shall abide by the principle of transparency, take into consideration the Group's best interests, and comply with tax, corporate and accounting provisions.
- ii. Best efforts will be made to ensure that the Transactions are made on an arm's length basis, based on objective criteria⁶ appropriate to the nature of each Transaction, which will enable GEB and its Subsidiaries duly reflect them in their financial statements, while avoiding any financial impairment or running counter to the value of GEB and/or its Subsidiaries.
- iii. All Transactions shall be documented and shall include all the supporting documents for the transfer prices methodology required by the tax authorities, ensuring that all related parties have access to such documentation.

4. CLASSIFICATION OF TRANSACTIONS WITH RELATED PARTIES

Transactions with Related Parties are classified as Relevant and Non-Relevant.

Relevant Transactions. Are the following:

- i. All Transactions entered into by GEB and its Subsidiaries with: (i) Bogotá, Capital District and other shareholders who hold more than 20% of the social capital of GEB and more than two hundred (200) Legally Valid Monthly Minimum Wages currently in effect in Colombia; (ii) Management of GEB and its Subsidiaries, as well as their close relatives and companies in which any of them have a controlling interest or joint control, and more than two hundred (200⁷) Legally Valid Monthly Minimum Colombian Wages.

⁶ Pursuant to Articles 260-2, 260-3 and 260 of the Tax Statute and other applicable regulations in Colombia and in the countries in which the Subsidiaries are based.

⁷ It is the amount established in the Contracting Manuals of GEB, TGI and Fundación Grupo Energía de Bogotá to Request Direct Offers. In the event the Transaction is made in a currency other than the Colombian peso, the transaction amount shall be determined based on the Market Exchange Rate as of the date of the Transaction.



ii. Transactions between GEB and its Subsidiaries and other Related Parties in amounts greater than the established threshold for the CEO of the Company, as defined in the respective Corporate Bylaws (See Annex 2).

Non-Relevant Transactions: Are transactions: (i) whose amount is less than the defined threshold for Relevant Transactions or (ii) are entered into in the context of adhesion contracts or framework contracts of a general nature, whose terms and conditions are standard or massively applied.

5. PROCEDURE TO IDENTIFY, APPROVE AND DISCLOSE TRANSACTIONS WITH RELATED PARTIES:

A. Prior verification of the Transactions

i. Contractual Transactions

Any area that intends to engage in a Transaction with a Related Party shall directly verify the following:

a. That the transaction is at Market Prices. This verification will be performed with support from the Sourcing and Services Department - Sourcing Department or whichever area fulfills such role

b. That the Transaction is within the Ordinary Course of Business. This verification will be performed with support from the Corporate Affairs Department or whichever area fulfills such role.

c. That the Transaction complies with relevant legal and regulatory provisions. This verification will be performed with support from the Legal and Compliance Vice President's Office or whichever area fulfills such role.

d. That there are no ineligibilities, incompatibilities or impediments¹⁰. This verification will be performed with support from the Corporate Compliance Department and the Legal Office of the Transmission Branch or whichever area fulfills such role.

Contractual Transactions will be managed by the corresponding Contracting Operating and Executive Committees, as specified in the Contracting Manuals and rules.

⁸ See Annex 1 – Definitions

⁹ Idem

¹⁰ To this end, all those involved in a Transaction with a Related Party must declare any situation that may represent a conflict of interest of a personal nature. In such cases, the provisions of the Policy on Managing of Conflicts of Interest and applicable regulations shall apply.

Based on the preliminary information and validation provided by the requesting area, any doubts that may arise regarding fulfillment of requirements for a transaction to be considered a Transaction with a Related Party will be resolved by the Sourcing and Services Department - Sourcing Department of GEB, in coordination with the Accounting and Taxes Department or the equivalent area at the Subsidiaries, pursuant to the provisions of this Policy, applicable regulations, and particularly financial and accounting standards¹¹.

The provisions of this section do not apply to regulated contracts for supply of public utility services or legal procedures arising from an order issued by a legal authority. In the case of public utility services, appropriate verifications shall be performed by the Regulatory Department or its equivalent area, as appropriate.

ii. Financial and Investment Transactions

Any area that intends to engage in a Transaction with a Related Party shall directly verify the following:

- a. That the transaction is at Market Prices¹². This verification will be performed with support from the Financial Vice-Presidency or whichever area fulfills such role.
- b. That the Transaction is within the Ordinary Course of Business¹³. This verification will be performed with support from the Legal and Compliance Vice President's Office or whichever area fulfills such role.
- c. That the Transaction complies with relevant legal and regulatory provisions, and That there are no ineligibilities, incompatibilities or impediments¹⁴. This verification will be performed with support from the Corporate Compliance Department and the Legal Office of the Transmission Branch or whichever area fulfills such role.

Financial and Investment Transactions will be managed by the appropriate Financial and Investment Committees of GEB and of GEB Subsidiaries, in accordance with their respective rules.

¹¹ At present, the applicable provisions are International Accounting Standard 24 and International Accounting Standard 10; or any amendments or supplements thereof.

¹² Idem

¹³ See Annex 1 – Definitions

¹⁴ To this end, all those involved in a Transaction with a Related Party must declare any situation that may represent a conflict of interest of a personal nature. In such cases, the provisions of the Policy on Managing of Conflicts of Interest and applicable regulations shall apply.

¹⁵ Pursuant to the provisions of the Shareholder Agreement, such Transactions must be approved with the vote in favor by 6 members of the Board of Directors at a meeting with quorum of at least 7 members



B. Approval of Transactions with Related Parties

i. Approval of Non-Relevant Transactions

Non-Relevant Transactions that: (i) are part of the Ordinary Course of Business and (ii) are performed at Market Prices shall be approved by the Registered Agent of GEB or of the Subsidiaries, as appropriate.

In the event any of the above requirements is not fulfilled, the Transactions shall be approved by the Board of Directors of GEB or of the Subsidiaries, based on the recommendation of the respective Audit and Risk Committee. Approval by a qualified majority of the Board of Directors of GEB is required for Transactions with Bogotá, Capital District¹⁵.

ii. Approval of Relevant Transactions

Relevant Transactions that: (i) are part of the Ordinary Course of Business and (ii) are performed at Market Prices shall be approved by the Board of Directors of GEB or of the Subsidiaries, based on the recommendation of their respective Audit and Risk Committees. Approval by a qualified majority of the Board of Directors of GEB is required for Transactions with Bogotá, Capital District¹⁶.

If the Transaction does not fulfill any of the above requirements, in addition to approval by the Board of Directors, such Transactions will require approval by the General Meeting of Shareholders, as specified in the [Corporate bylaws](#)¹⁷. In the case of GEB, such approval shall exclude the participation of the interested party, pursuant to the provisions of the Policy on Conflicts of Interest.

C. Controls and Reports on Transactions with Related Parties

i. Once the Transaction has been performed, the area that processed it shall inform the Financial Vice-President's Office – Accounting and Taxes Department of GEB, or the equivalent area at the Subsidiaries, in order to maintain records on such Transactions. Similarly, the area responsible for maintaining such records at the Subsidiaries will submit a quarterly report to the Accounting and Taxes Department of GEB, in order to control the corporate group's Transactions.

ii. The Financial Vice-Presidency of GEB will submit a quarterly report to the Audit and Risk Committee of GEB on the Transactions made by GEB with its Related Parties. Said Vice President's Office will also prepare an annual consolidated report¹⁸ based on the information reported to said Committee on the transactions carried out during the period.

- iii.** Similarly, the equivalent area of the Accounting and Taxes Department at the Subsidiaries will submit an annual report to the Audit and Risk Committee of the respective Company, pursuant to each Subsidiary's applicable law¹⁹.
- iv.** Such Transactions must be disclosed in the notes to the financial statements of GEB and its Subsidiaries, in accordance with the applicable standards. Similarly, the Relevant Transactions will be included in the respective Corporate Governance Annual Reports.
- v.** Management of GEB and its Subsidiaries will submit a special report to the General Meeting of Shareholders on existing economic relationships between the corporate group Companies, pursuant to the provisions of Article 29 of Law 222/1995 and applicable regulations in the countries of domicile of the Subsidiaries.

6. PARTIES RESPONSIBLE FOR THIS POLICY

- i.** The Board of Directors of GEB and of the Subsidiaries shall approve this Policy subject to recommendation by their respective Audit and Risk and Corporate Governance Committees, as appropriate.
- ii.** The Audit and Risk Committees of GEB and its Subsidiaries are responsible for verifying the effective implementation of this Policy based on annual reviews of its validity and relevance.
- iii.** The Legal and Compliance Vice President's Office, through the Corporate Affairs Department of GEB, is responsible for managing the efforts required to ensure this Policy is adopted by the Companies.
- iv.** The Processes Office of the Strategic Planning Department, in coordination with the Sourcing and Services Department – Sourcing Department, the areas responsible for Financial and Investment Transactions and the Financial Vice-President's Office of GEB, is responsible for drafting the procedure for the implementation of this Policy. Any processes that produce synergies for the corporate group shall be documented to such effect.

¹⁹ Idem

7. GENERAL PROVISIONS

- i. Once it has been approved by the Board of Directors, this Policy shall be published on the Group's website www.grupoenergiabogota.com.
- ii. This Policy will become effective in twelve (12) months from the date of its approval, and during such period a procedure for its implementation must be drafted.

ANNEX 1. DEFINITIONS

GEB Shareholder Agreement: whereby Bogotá, Capital District acquires certain obligations towards investors who acquire GEB shares in the framework of the democratization process, derived from the shares disposal program contained in District Decree 706 of December 20, 2017.

Management: According to the provisions of Article 22 of Law 222/1995, Management includes the Registered Agent, the liquidator, representatives, members of the board of directors or management councils, or whoever performs such duties according to the bylaws.

Shareholders' Meeting: They are meetings or assemblies of shareholders or partners of GEB or GEB Subsidiaries.

Bogotá, Capital District: It is Bogotá, Capital District, including:

- **Central Sector²⁰:** It is comprised by the entities defined in District Resolution 257/2006 issued by the Council of Bogotá D.C. and any provisions that regulate, amend or supplement it;
- **Decentralized Sector²¹:** It is comprised by the entities defined in District Resolution 257/2006 issued by the Council of Bogotá D.C. and any provisions that regulate, amend or supplement it.

20 District Resolution 257 / 2006, Article 22. The city's Central Sector administration is comprised by the following bodies: (i) The Office of the Governing Mayor. (ii) The Higher Councils of the City's Administration; (iii) The Secretariats of the Office of the Mayor, (iv) The Administrative Departments, and (v) The Special Administrative Units that have not been legally registered.

21 District Resolution 257 / 2006, Article 26. The Functionally Decentralized Sector or by Services is comprised by the following entities:
(i) Public Establishments; (ii) Legally Registered Special Administrative Units; (iii) Government-owned Industrial and Trading Companies; (iv) Government-owned Social Companies; (v) Official Household Public Utilities Companies; (vi) Public-Private Companies; (vii) Public Entity Joint Ventures; (viii) Decentralized Indirect Entities, and (ix) Autonomous University Entities.

22 District Resolution 257 / 2006, Article 30. The Localities Sector is comprised by the Local Administrative Boards and the locality mayors.

- **Localities²²:** They are the entities defined in District Resolution 257 / 2006 issued by the Council of Bogotá D.C. and any provisions that regulate, amend or supplement it.

Conflict of Interest: A situation in which the independent and impartial judgment of a manager or employee is compromised 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.

Control: According to International Accounting Standard 24, it is the power to direct the financial and usage policies of an entity in order to benefit from its activities.

Joint Control: It is the contractually-defined distribution of control among shareholders, whereby unanimous consent is required for certain decisions.

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

Close Relatives: According to IAS 24, they are relatives in the first degree or affinity and/or consanguinity (parents, sons and daughters, spouses and persons with equivalent affective relationships).

Ordinary Course of Business: It is the set of acts and transactions performed habitually, normally, or on a day-to-day basis by GEB in performing its corporate purpose.

Significant Influence: It is the power to intervene in financial and management policies of the entity, although without having control over the entity. It may be obtained either through ownership of equity interest, through legal or by-law provisions, or through agreement.

Board of Directors: It includes Directorates, Administrative Councils, Directive Councils and Boards of Directors of GEB or GEB Subsidiaries.

Registered Agent: Executives assigned in the bylaws with binding powers for GEB or its Subsidiaries.

²³ According to the Colombian tax regime, the arm's length principle is defined as a Transaction between related parties that fulfills the conditions that would have been used in comparable transactions with or between independent parties.

Synergy: Any process, procedure or guideline that generates efficiencies for the business group and maximize the development of the corporate strategy.

Market Prices: It is the economic value that would be charged in transactions with non-related parties, based on the arm's length principle²³, and in compliance with regulatory and tax provisions.

CEO: It is the Chief Executive, President, General Manager, or General Director of GEB or its Subsidiaries.

ANEXO 2 POWERS OF GEB COMPANY CEOs

COMPANY	CONTRACTING STATUTE	AMOUNT ²⁴
GEB	Article 66, section 35 and Article 71	70,000 Colombian monthly minimum wages
TGI	Art. 52, section 26	70,000 Colombian monthly minimum wages
GRUPO ENERGÍA DE BOGOTÁ FOUNDATION	Article 23, item p	1500 Colombian monthly minimum wages
CÁLIDDA	Article 62, item rr)	USD 8,000,000
CONTUGAS	Article 29, section 36	USD 2,500,000
TRECSA	Clause 28, section 23	5,000 monthly minimum wages of Guatemala
EEBIS GUATEMALA	Clause 27, section 23	5,000 monthly minimum wages of Guatemala
GEBBRAS	Clause 8, items a and d	BRL 10,000
EEB GAS S.A.S.	Article 36, item i	30 Colombian monthly minimum wages
EEB ENERGY RE	Section 14 Contracting Statute	USD 50,000
EEB PERÚ HOLDINGS LTD.		All transactions

²⁴ If a Transaction is denominated in a currency other than that established by the Corporate Bylaws of a GEB Company, its amount shall be established based on the Market Exchange Rate as of the date of the Transaction.