

Policy for Investment Projects



GrupoEnergíaBogotá



POLICY FOR INVESTMENT PROJECTS

Purpose

The objective of this policy is to define the principles and guidelines to identify, analyze, evaluate, decide and monitor investment projects, seeking profitable growth and the generation of sustainable value in the long term in accordance with the Corporate Strategic Plan (CSP) and the other corporate documents of Grupo Energía Bogotá S.A. E.S.P. (hereinafter "GEB" or the "Company").

Scope

The scope of this policy encompasses the entire life cycle of investment projects, which, aligned with the Maturing and Value Creation Model of programs and projects, as applicable, seeks to ensure that:

- In the **identification stage**, its relevance and consistency ("fit") with the Corporate Strategic Plan (CSP) is presented.
- In the **analysis and evaluation stage** a comprehensive analysis is carried out, trying to have an adequate and complete understanding of the projects, a fact that must be reflected in the respective business cases.
- During the **decision stage**, the records and supports of the advanced analyses are left and that the respective instances of review and approval are supplied.
- In the **follow-up stage**, periodic monitoring of the business case is carried out and any variation to the value promise is regularly reported in such a way that a) corrective measures and / or action plans can be considered and b) lessons learned can be derived to improve the investment process of the corporate group.



Statement of commitment

General criteria

- **Ethics and transparency:** GEB actions in the identification, evaluation, decision, execution and monitoring of investments, are always based on ethical and transparency principles.
- **Value generation:** The main objective to enter an investment will be to generate value for shareholders and other stakeholders.
- Regarding the **shared value projects**, its analysis and evaluation will be carried out based on the social, economic and environmental benefits they generate.
- **Strategic alignment:** Development of investments and active intervention in existing assets, through the Strategic Business Groups (SBGs) and the Corporate, in accordance with the criteria and guidelines defined in the CSP.

Prioritization

- Investments will be prioritized according to their level of profitability and where the Group has control.
- In the case of new investments with minority shareholding, it will seek to have strategic interference and representation through voice and vote in the control bodies, as well as through shareholder agreements that protect the interests of the Group and allow the transfer of knowledge to GEB.
- The vice presidents of the SBGs and the managers of the companies that comprise them, will maintain a list of projects or potential investments classified in such a way as to ensure registration, prioritization and balance in a portfolio consistent with the Group's strategy.

For this purpose, during the business identification phase, the Investment Project Prioritization Matrix of the Investment Manual must be applied. This matrix can be adapted to the needs of the respective Strategic Business Group, in order to ensure alignment with its strategic framework.



Evaluation and decision

- All investments must be evaluated for their amounts, strategic characteristics and impacts on the Group's financial indicators in accordance with the provisions of the business intervention model defined in the Corporate Group Agreement, which defines the Group's decision rights, SBGs and the companies, in accordance with the guidelines established in the CSP.
- Every investment must be preceded by technical-financial feasibility studies, which include the analysis of at least the following aspects, as appropriate: strategic alignment, technical, environmental, regulatory, social, financial and legal feasibility, as well as the assessment and management of risks, based on the Maturing and Value Creation Model of programs and projects.
- It should also include the evaluation of the impacts on the financing structure, dividends, capital contribution commitments and guarantees of the GEB, framed within the limitations and commitments of the Group and its value generation in the GEB.
- In its different phases, the main risks, their probability of occurrence and impacts on the execution and operation of the investment project under analysis, as well as the necessary actions for their prevention, mitigation, management and control must be identified and assessed.
- The investments will aim for the evaluation and inclusion of the sustainability aspects and the creation of shared value that allow to irrigate positive externalities of an environmental, social and economic nature to the identified interest groups.
- Investments must be structured in such a way that they tend to maximize the capture of synergies between the different areas of GEB and/or its subsidiaries, which must be expressly formulated in the feasibility studies.
- This policy must be complied with in accordance with the particularities of each SBG and the companies that comprise them, based on the manuals, methodologies, procedures, functions and responsibilities established for the identification, analysis, evaluation, decision and monitoring of investments.



Monitoring

- Investments must be permanently evaluated during their execution and operation, in such a way that the results can be compared against the initially foreseen expectations and introduce, if necessary, the adjustments required to comply with the planned schedule concerning terms, quality of service, amounts, profitability, cash flow, dividends, etc.
- A timely monitoring and ex-post evaluation system must be implemented, which allows identifying and adjusting deviations with respect to the established goals, as well as extracting lessons learned that can be shared among the companies of the corporate group to improve the analysis process, evaluation, decision and monitoring of investments.

The procedures to carry out the follow-up activities will be established in the Investment Manual.

Parties responsible for this policy

The vice presidents of the SBGs will be responsible for ensuring compliance with the Investment Project Policy and coordinating its implementation with the corporate areas, as well as the identification, evaluation, follow-up, reporting and monitoring of the organization's investments. Investments are subject to the approval of the competent bodies in accordance with Company bylaws and internal regulations of the GEB and its companies in accordance with the business intervention model.

The vice presidents of the SBGs and the managers of the companies that comprise them, must evaluate and present the financial viability of the investments, and they are also in charge of evaluating and validating the suggestions made in the respective approval instances.

The Financial vice president's office will evaluate the impact of investments on the financing structure, financing cost, dividends and commitments of capital contributions and guarantees of the GEB.

In the same way, it will ensure the adequate allocation of capital between the SBGs and the investments they propose.

The Legal, Regulation and Compliance vice president's office will carry out the evaluations and controls required for the viability of investment projects and the corresponding risk analysis in accordance with its competence and will support the creation of specific purpose vehicles when required, in addition to all documentation required for the advancement and closing of transactions.

The Financial and Investment committees of the GEB administration and its Board of Directors, as well as their respective secretaries will have the functions and responsibilities assigned by means of the President's decision and the corresponding internal regulations.

Definitions

Investments: It includes investment project proposals, redefinition of existing investments, divestments, mergers, creation and/or modification of investment vehicles, structured financing of new businesses and special projects or operations of all kinds that can be classified as strategic.

They must conform to GEB's long-term strategic approach and are attributed the status of a source of sustainable competitive advantage through the generation of profits and superior returns relative to their risk.

Special projects: Special projects are investments in goods or services with amounts greater than 10,000 legal monthly minimum wages in force (SMMLV, for the Spanish original) that in principle are framed within the Supply Policy but that due to their strategic characteristics (amount, improvement in processes and management such as IT) must request approval from people or competent bodies in accordance with a special procedure, prior review of the Finance and Investment Committee of GEB Management.

Value generation: Permanent and sustained improvement of business results (financial, operational, commercial, social, etc.) derived from the proper application of management decisions. From the financial perspective, the generation of value corresponds to the increase in the equity value or flow of dividends that GEB shareholders have or receive from the company, obtaining a level of profitability higher than their respective cost of capital.