



AGREEMENT 108

DECEMBER 16, 2016

Which amends the Regulations for the Procurement of Good and Services. Its compilation is authorized.

The Board of Interconexión Eléctrica S.A. E.S.P., in exercise of its statutory powers, and

WHEREAS:

- A. Interconexión Eléctrica S.A. E.S.P., ISA, hereinafter referred to as the Company, is a Jointly Owned Utility Company, incorporated as a Joint Stock Company, of a commercial nature, subject to the regime established by the Residential Public Utilities Law (Law 142 of 1994).
- B. Laws 142 and 143 of 1994 stipulate that the contracting regime applicable to companies that provide residential public utilities and complementary activities is that of Private Law.
- C. As a Jointly Owned Utility Company, in the development of its contracting processes, the administrative function and fiscal management principles enshrined in the Political Constitution shall be applied, as well as the regime of disqualifications and incompatibilities legally established for state contracting processes.
- D. Agreement 88 of October 25, 2013 was issued as a result of the ISA 2020 strategic update and as a result of defining operational efficiency as one of the essential factors for improving the Company's profitability, where procurement management was identified as a key process that should be carried out based on the "Supply Chain Model," according to which the contracts for goods and services should be entered into according to the strategic analysis of the Company's needs and in a faster manner to achieve the operational efficiency goals defined in the Company's mission and vision. Agreement 88 of October 25, 2013 needs to be modified to achieve faster contracting processes, as required, for services which purpose is the analysis and structuring of investment or disinvestment businesses in Colombia or abroad, or arising as a consequence thereof.
- E. According to paragraph 27 of Article 34 of the Company's Bylaws, the Board of Directors has been assigned the function of adopting the Contracting Process Regulations, indicating the criteria, procedures, and powers to which they must be subject in contractual matters.

AGREES:

TITLE I: SUBJECT MATTER AND PRINCIPLES OF THE CONTRACTING PROCESS

ARTICLE 1: SUBJECT MATTER Regulate the procurement of goods and services in the Company.

ARTICLE 2: PRINCIPLES: During all the contracting processes for the Procurement of Goods and Services in the Company, the following principles shall be applied:

Transparency: Contracting processes will be carried out based on objective selection procedures that ensure quality, impartiality, and equal opportunities.

Equality: Contracting processes will be carried out based on criteria that ensure non-discriminatory treatment among natural or legal persons who are in identical conditions regarding the requirements established by the Company.

Morality: The sole purpose of the contracting processes shall be the development of the business purpose in strict compliance with the law and the Company's regulations.

Effectiveness: Contracting processes shall ensure compliance with the objectives proposed.

Cost efficiency: Contracting process will be carried out in such a manner that the proposal that best suits the Company's interests is selected, with due planning of the contracting process, and using the necessary technical, financial, and human resources.

Promptness: The Company will carry out its contracting processes in an efficient, timely manner.

Impartiality: Contracting processes will be neutral, based on previously established, objective, and clear rules.

Publicity: The Contracting Process Regulations and the Company's model procurement plan are public and available on its website.

Efficiency: Contracting processes will be carried out in such a manner that the maximum benefit can be obtained from available resources, without affecting the quality of goods and services.

Fairness: The Company will carry our contracting processes based on reasonable criteria that allow obtaining benefits for the parties.



Assessment of environmental costs: During contracting processes, the Company will comply with environmental commitments according to the law, and will ensure that suppliers also comply with these commitments when applicable.

Planning: The procurement of goods and services shall rely on proper planning, which takes into account the efficient use of resources.

Responsibility: The Company's employees shall ensure the proper execution of the good or service contracted and will protect the Company's rights, being accountable for their actions and omissions in accordance with their legal functions and duties.

TITLE II: CONTRACTS

CHAPTER 1: GENERAL PROVISIONS

ARTICLE 3: COMPANY'S CONTRACTING REGIME: Pursuant to provisions of paragraph of Article 8 and Article 76 of Law 143 of 1994, consistent with Articles 31 and 32 of Law 142 of 1994, the legal regime applicable to the Company's contracts is that of private law, which shall be regulated by the provisions of these Regulations, aligned with the Company's policies and the rules that apply to them.

PARAGRAPH: Contracts and agreements indicated below will not be regulated by provisions of these Regulations except as provided in article 2 thereof. In addition, disqualifications or incompatibilities provided by law for state contracting processes shall be applicable to them:

- a) Bond indentures and debt issuance with the purpose of financing operations of the Company and its affiliates, financial services, and associated guarantees as well as guarantees required in the new selection or call processes for new projects where ISA participates and which are executed by it.
- b) Liquidity surplus management operations, short-term passive cash management operations, and hedging operations that involve the Company's resources;
- c) Purchase, sale, and leasing of real estate;
- d) Purchases which payments are made through the Company's petty cash, which shall be regulated by the internal regulations issued for such purpose;

- e) Covenants between the Company and other public or private persons, entered into to promote or develop new mutually beneficial plans or actions or inter-party collaboration that do not involve the procurement of good or services by the Company.
- f) The procurement of goods offered in department stores, i.e., those which products are offered at undisputed prices and are of common use in the market.
- g) Technical, financial, and legal advisory contracts and in general the services required for the analysis and structuring of investment or disinvestment businesses in Colombia or abroad, or the contracting of services arising as a consequence thereof. For the purposes of this paragraph, business is understood as the direct or indirect participation of ISA in sales, merger, acquisition, tendering, calls, proposals, or similar processes related to the management of the Company's business portfolio.

ARTICLE 4: CONTRACTING PARTY OR CONTRACTOR: The Company may act as Contracting Party or as Contractor.

When it is a Contracting Party, it will comply with the provisions of these Regulations. When it is the Contractor, it will be subject to the rules of the Contracting Party.

The Company will be represented by the General Manager, their alternates, or an employee with the relevant authority.

ARTICLE 5: CAPACITY TO ENTER INTO CONTRACTS: The persons capable of entering into contracts with the Company are the ones considered as such by legal provisions in force, provided that they are not subject to inability or incompatibility causes legally established for state contracting processes.

PARAGRAPH: Pursuant to provisions of Article 26 of Law 80 of 1993, bidders and contractors shall disclose the existence of any disqualifications or incompatibilities that affect their capacity to enter into contracts with the Company, for which they are liable in the event of non-compliance with such obligation.

To carry out contracting processes with the Company, bidders shall express during verbal, phone, or email requests, or by means of a signed letter containing their proposal according to the type of request for proposal, under oath, the non-existence of disqualifications or incompatibilities that affect their capacity to enter into contracts. Such sworn statement shall enjoy the legal veracity presumption granted by the Constitution and the Law under the principle of good faith.



If the proposal is submitted by consortiums, temporary joint ventures, or other types of association, each and every one of its members shall submit written sworn statements stating that they are not affected by disqualification or incompatibility causes. Given the joint and several liability regime of consortiums, temporary joint ventures, and other forms of association, a disqualified or incompatible member will affect the proposal and/or contract of the consortium, temporary joint venture, or other form of association before the Company.

The procedure for the definition and treatment of disqualifications and incompatibilities that arise in the pre-contractual, contractual and post-contractual stages will be regulated by the internal regulations issued for such purpose, which shall guarantee the right of contradiction and the due process.

ARTICLE 6: AUTHORIZATIONS TO ENTER INTO CONTRACTS: The General Manager of the Company or their alternates are authorized to enter into any contract regardless of its amount, as Contracting Party or as Contractor, except for the limitations defined in the bylaws.

Likewise, in the case of goods and services acquired for the business group companies, regardless of their amount, they are authorized to act in the name and on behalf of these companies, as well as to be in charge of the precontractual stage of the contracting process up to the recommendation of award or award, as the case may be.

PARAGRAPH: When the amount does not exceed two hundred and twenty thousand Tax Value Units (220.000 UVT), the General Manager or his alternates may delegate, totally or partially, to the Vice Presidents, Area Managers, Procurement Director, team coordinators in the Procurement Department, and other managers, the following competences:

- a. Carrying out contracting processes for the Procurement of Goods and Services, enter into contracts, and authorize payments.
- b. Being in charge of the pre-contractual stage of the contracting processes for Business Group companies up to the recommendation of award or the award, as the case may be.

ARTICLE 7: CONTRACTING PLANNING: Before initiating a contracting process, an analysis shall be conducted to determine the need and appropriateness of the contract, as well as the conditions for the procurement of such goods and services. This requirement shall also be met for the execution of Additional Clauses that would modify the contracts.

The Company will create a reference procurement plan that establishes the Company's needs for goods and services, which will be published annually on its website and will be updated periodically when applicable.

ARTICLE 8: PROCUREMENT STRATEGY. For the procurement of goods and services required by the Company, the goods and services will be categorized and segmented, taking into account their criticality in the operation and functioning of the Company, the complexity of the market, and the financial resources required.

Based on the segmentation of categories of goods and services, the Procurement Committee will approve the procurement strategies to be applied to each category, which will be duly documented and will be reviewed or updated when necessary.

Procurement strategies shall be defined based on the Procurement Matrix and the Supply Chain Model according to the principles set forth in Article 2 of these Regulations.

ARTICLE 9: REGISTRATION AND PREQUALIFICATION OF SUPPLIERS: The Company will have a Supplier's Register, where all the people interested in supplying goods and services shall be registered. Any natural or legal person may register at any time, complying with the requirements and procedures defined by the Company for this purpose.

Based on the procurement strategy, the Company will establish criteria for legal, financial, technical, administrative, operating, and other capacities deemed relevant, so that registered suppliers are pre-qualified in the different categories of goods and services, which will be used as a source of information for requests for proposals according to procedures hereby established.

CHAPTER 2: PROCEDURES

ARTICLE 10: REQUEST FOR PROPOSAL PROCEDURES: The request for proposal procedure shall will be defined according to the procurement strategy established for the category of goods and services to be acquired, pursuant to provisions of article 8 of these Regulations.



The Company will select contractors by means of a request for proposals addressed at one or several individuals, according to the following procedures:

a) Single Request for Proposal: A proposal will be requested to one (1) prequalified supplier through a Single Request for Proposal document in the following cases:

1. When after carrying out any of the selection procedures described in this article there is no proposal, or none of the proposals submitted meets the Company's requirements, or the proposal is deemed inconvenient for the Company's interests.
2. When the contracts are connected to, complementary to, dependent on, or inherent to the subject matter of another contract.
3. Inter-company contracts, which are those entered into with public entities or with subordinate companies of the Company.
4. If, according to the information that can be obtained, there is only one person capable of supplying the goods or services or there is a technological dependency relationship.
5. If they are *intuito personae* contracts; that is, contracts entered into considering the contractor's personal qualities, whether it is a natural or legal person.

b) Simplified Request for Proposals. Proposals will be requested by any means from at least three (3) prequalified suppliers in the category to be contracted. A form signed by the relevant employee will be recorded.

c) Request for Proposals: Proposals will be requested from at least three (3) prequalified suppliers in the category to be contracted, through a Request for Proposals document.

d) Public Request for Proposals. In the event that there are no prequalified suppliers for the category of goods or services to be contracted or when the procurement strategy so determines, a call to submit proposals by means of a Public Request for Proposals document to participate in the contracting process will be published on the Company's website or in a widely circulated newspaper, when the process so requires.

e) Electronic Auction: For the procurement of standardizable categories of goods and services, reverse auctions may be carried out when the procurement strategy so defines, using secure, legally accepted technology.

FIRST PARAGRAPH: The Company may enter into strategic alliances with suppliers. The alliance may be entered into directly with the supplier, whether it is for the procurement of goods or services, or to participate as a Consortium, Temporary Joint Venture through a Shared Risk contract, or any other modality as a bidder or supplier of goods and services.

SECOND PARAGRAPH: Agreements, contracts, and other documents that the Company needs to sign to participate in, or that arise as a consequence of, its participation as bidder or contractor in the following shall not be subject to the contracting procedures set forth in this article: (i) selection processes or calls for bids opened by the Energy and Mining Planning Unit (UPME) of the entity acting in its stead for the construction, management, operation, and maintenance of the National Transmission System (STN) expansion projects; (ii) processes or businesses aimed at the execution of the following activities: provision of technical services in activities related to the business purpose of the Company and the experts required by the Business Group companies, developing activities related to the provision of energy services and telecommunications for third parties, within the framework of regulations in force; and directly or indirectly participating in activities, services, and investments related to engineering works; and (iii) processes or businesses that imply connection to the STN of own or third-party assets. These contracting processes will be carried out under market conditions, subject to the principles and other provisions of these Regulations and, in all matters not provided for herein, to the rules of private law.

THIRD PARAGRAPH: For the purposes of these Regulations, a qualified employee is understood as an employee expressly authorized to subscribe contracts by the company's General Manager or its alternates.

ARTICLE 11: CONTRACTING PROCESS FORMALITIES: Selection and contracting processes will be carried out in accordance with the following:

1. The appropriateness and opportuneness of the contracting process, as well as the preparation of analyses, studies, designs, plans, specifications, and documents that support the contracting conditions, will be defined based on the Company's needs and planning of the contracting process, and based on the categories of goods and services identified.
2. Requests for proposals will establish the general and specific requirements that will regulate the selection and contracting procedure, including proposal assessment and comparison criteria for an objective selection of the proposal that best suits the Company's needs.
3. The corresponding Request for Proposals will be carried out according to the applicable contracting procedure. For requests of multiple proposals, the Company will seek the highest number of prequalified suppliers to participate in the respective category of goods and services object of the contracting process.



4. Once the proposals have been received, they will be analyzed and assessed based on requirements and criteria established in the Request for Proposals. The evaluation of the proposals will be documented and reported to the participants.
5. All proposals may be rejected due to inconvenience, or the contracting process may be cancelled at any time by the Company; likewise, the contract may be awarded in whole or in part to one or several bidders when the object is divisible, or the contract may not be awarded when none of the bidders meet the requirements. Once the Company identifies the most convenient proposal, the contract will be awarded and signed.

FIRST PARAGRAPH: NEGOTIATION: Within the contracting process, in order to obtain a more convenient proposal, the Company may negotiate with the bidders that have submitted proposals, comply with the general and specific requirements defined in the Request for Proposals, and have obtained the best score in the assessment.

SECOND PARAGRAPH: During the periods established in the law that regulates electoral guarantees, all contracting processes will be carried out through the Public Request for Proposals procedure. The contracting processes that are in progress at the time of the enforcement of the electoral guarantees law, and where a plural number of bidders have been invited to submit proposals, will be terminated by the same procedure by which they were initiated. The foregoing will not apply to active Single Request for Proposal processes at whatever stage they may be, unless the contract has been awarded by that time.

ARTICLE 12: PROCEDURE DISENCUMBRANCE: If any of the requirements established in these Regulations or in the Request for Proposals document is found to be omitted or if a substantial error is found during the contracting procedure, the employee authorized to enter into the contract shall order its compliance or correction, if appropriate. Once the amendment has been made, the procedure will be resumed at the corresponding stage.

ARTICLE 13: CONTRACTING PROCESSES IN CASE OF EMERGENCY: For the purposes of the application of this article, emergency shall be understood as any situation that, due to terrorist attacks, force majeure, or unforeseeable circumstances, may impact electric power transformation, connection, and transmission or any other activity carried out by the Company and consequently its normal operation, or situations that, being foreseeable, may cause loss of human lives or serious damage to the Company's assets.

With the sole purpose of overcoming them, emergency situations will be dealt with as follows:

1. For amounts equal to or above twenty-two thousand Tax Value Units (22.000 UVT), one or more proposals may be requested to acquire the goods or services to address the emergency. The relevant contract will be signed by the Vice President or Manager of the area responsible for addressing the emergency.
2. For amounts below twenty-two thousand Tax Value Units (22.000 UVT), the employee authorized by the Vice President or Manager of the area responsible for addressing the emergency may enter into contracts verbally or in writing to acquire the goods or services to address the emergency. Within ten (10) business days after the contract has been entered into, the employee contracted, to support the contracting process, will notify the corresponding Vice President or Area Manager in writing that the contract has been entered into, as well as the circumstances and the actions taken to overcome the emergency.

For emergency contracting processes, the Supplier's Register shall be consulted and if a supplier for the emergency solution is not found, the Register may be overlooked and a contracting process may be carried out depending on availability; however, once the emergency has been dealt with, the supplier shall be registered in the Company's Suppliers' Register.

CHAPTER 3: MATTERS SPECIFIC TO CONTRACTS

ARTICLE 14: TYPES OF CONTRACTS: Pursuant to the rules of Private Law, the Company may make and enter into all types of contracts, typical or atypical.

ARTICLE 15: CONTRACT FORMS: According to their amount, the following contracts will be entered into:

- a) **DIRECT ORDER:** For amounts below two thousand two hundred Tax Value Units (2.200 UVT) including VAT, the contract will be signed by the relevant employee.
- b) **CONTRACT:** For amounts equal to or above two thousand two hundred Tax Value Units (2.200 UVT) and below seventy-seven thousand Tax Value Units (77.000 UVT) including VAT, the contract will be signed by the relevant employee. For amounts equal to or above seventy-seven thousand Tax Value Units (77.000 UVT) including VAT, the contract will be signed by both parties.



CHAPTER 4: FINAL PROVISIONS

ARTICLE 16: CONTRACT PERFORMANCE AND MODIFICATIONS: The contracts may only be performed once the performance requirements established therein have been met. All the provisions of the contract, while the contract is in force and without limitation as to its amount or term may be modified or removed, except the provision that determines the subject matter of the contract. Extensions or modifications will be set forth in additional clauses.

ARTICLE 17: CONTROL OF THE PERFORMANCE OF CONTRACTS: The Company will monitor the performance of the contracts to ensure proper compliance; likewise, the Company will evaluate the performance of its suppliers.

ARTICLE 18: ENFORCEABILITY: The rules contained in these Regulations are mandatory and will apply to all the employees of the Company.

ARTICLE 19: TRANSITORY PROVISION: All contracting processes that have been initiated, as well as contracts that have been entered into under Agreement 88 of October 25, 2013, will continue to be regulated by said provision until their termination, unless it is more convenient to adapt them and continue in accordance with these regulations.

ARTICLE 20: TERM AND DEROGATIONS: These Regulations are effective as of the date of issuance and repeal all the Company's internal general or specific regulations that are contrary to it, in particular Agreement 88 of October 25, 2013.

It is given in Medellín, on the sixteenth (16th) day of December 2016.

CEO

SECRETARY

**[SIGNED]
SANTIAGO MONTENEGRO T.**

**[SIGNED]
SONIA M. ABUCHAR A.**