



## **AGREEMENT No. 128**

**April 26, 2022**

Regulating the Audit and Risk Committee of Interconexión Eléctrica S.A. E.S.P. (formerly Corporate Audit Committee).

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

### **WHEREAS:**

- A. By means of Agreement 99 of July 2015, the agreement regulating the Corporate Audit Committee was updated according to the bylaw reforms of March 2015, where several recommendations on corporate governance practices related to the Audit Committee contained in the 2014 Country Code, among others, were incorporated.
- B. Regarding risk control and management functions, ISA's Board of Directors assigned the Corporate Governance, Sustainability and Risk Committee and the Corporate Audit Committee advisory, supervision and guidance functions on these matters.
- C. The Corporate Governance, Sustainability and Risk Committee's functions include, besides those indicated in its name, supporting the Board of Directors in the areas of cybersecurity, information technology and innovation, among others. For this reason, the committee has been insufficient to address all the issues under its responsibility with the required depth.
- D. The Board of Directors, fulfilling its due diligence and care responsibilities, which include to permanently seek the best way to fully perform its functions, considers it appropriate to transfer to the Corporate Audit Committee the current functions of the Corporate Governance, Sustainability and Risk Committee regarding risk, as these matters are aligned with the functions of the Corporate Audit Committee.
- E. Since Ecopetrol S.A. purchased the ISA shares previously owned by the Nation, ISA is now part of the business group whose parent company is Ecopetrol S.A.
- F. ISA's General Shareholders' Meeting approved a bylaw reform with changes that reflect the new reality of ISA as part of the Ecopetrol business group, which establishes that ISA will be the company in charge of the strategic organization, supervision, and coordination of the companies in which it has a direct or indirect majority shareholding and in companies in which it has the capacity to influence management decisions (ISA and its Companies), disseminating or implementing, as the case may be, the general policies, strategies, guidelines, and instructions of the parent company of the group, taking into account the

characteristics and singularities of the countries and/or businesses in which such companies participate.

- G. Ecopetrol S.A. has provided ISA with certain control, risk and compliance guidelines that shall be reflected on the regulations of the Corporate Audit Committee.
- H. In view of the foregoing, it is necessary to update the Regulations of the Corporate Audit Committee to add new functions regarding risks, to change its name so that it is aligned with its new functions, to reflect the new role of ISA as a company of the Ecopetrol business group, and to incorporate the guidelines of the parent company in relevant aspects.

### **THEREFORE, IT AGREES:**

**ARTICLE ONE.** To change the name “Corporate Audit Committee” to “Audit and Risk Committee.”

**ARTICLE TWO. COMPOSITION:** This Committee shall be composed of at least three (3) members of the Board of Directors, most of them independents, for a period of one (1) year, appointment to be made by the Board of Directors. Individual substitutions may also be made at the time if they are so required.

Administrators of ISA or its Companies may not be appointed as members of the Committee. The CEO of the Company, the Statutory Auditor and the Corporate Auditor shall attend the Committee with the right to voice but without the right to vote. In addition, invitations may be made to third parties.

**ARTICLE THREE. FUNCTIONS:** ISA's Audit and Risk Committee is in charge of overseeing the management and effectiveness of internal control in ISA and its Companies and of the following functions, without prejudice to the provisions of the Law and the Company's Bylaws:

**Internal control:**

1. Approve guidelines, policies, principles, models, procedures and methodologies to be applied in corporate control matters.
2. Ensure that ISA and its Companies have an effective corporate control system in place.
3. Facilitate the implementation of good risk and control governance practices for ISA and its Companies, ensuring that the controls are properly balanced.
4. Supervise the execution of all activities that are part of rules of procedure, agreements, bylaws, regulations and laws, to the extent that the Committee or the Board deems necessary or appropriate.
5. Contribute to the oversight of compliance with the Code of Good Governance assigned to the Corporate Governance, Sustainability, Technology and Innovation Committee of ISA's Board of Directors.
6. Recommend to the CEO the selection or dismissal of the person that will perform the internal audit function, who in turn shall appoint and determine his/her compensation according to internal procedures for the management of human talent.
7. Analyze material business transactions between ISA and its related parties and submit to the Board of Directors recommendations regarding their approval.
8. Be aware of the Corporate Audit reports on Non-Material transactions between ISA and its related parties.

**Internal Audit:**

9. Ensure that Corporate Audit and external audit (statutory audit) are performed in an environment of independence and transparency, and that the necessary resources are available for this purpose, informing the Board of Directors of any situation that may jeopardize compliance.
10. Oversee the adoption of appropriate audit practices.
11. Evaluate and follow up on the management of Corporate Audit by ISA and its Companies.
12. Approve the Corporate Audit annual work plan and follow up on its compliance.
13. Be aware of and make decisions based on the findings made by Corporate Audit and other oversight and control entities, ensure that they are incorporated into improvement plans, and follow up on their implementation.
14. Inform the Board of Directors and the General Shareholders' Meeting of any findings or risk situations that may arise.

**External Audit:**

15. Guide and supervise the external financial auditor or statutory auditor selection process and submit to the Board of Directors the recommendation for the General Shareholders' Meeting.
16. Review and evaluate the statutory auditor (external audit) performance.
17. Review and define any major disagreement between administrators and Corporate Audit or external audit (statutory audit), regarding processes improvements.

**Financial Reporting:**

18. Assess the financial statements to be presented to the Board of Directors and to the General Shareholders' Meeting and ensure the adoption and enforcement of appropriate accounting practices.
19. Ensure that the preparation, presentation and disclosure of financial information complies with the provisions of the law.
20. Supervise the adoption of and compliance with appropriate accounting and financial disclosure practices.
21. Know, study, analyze and decide on possible irregularities in accounting or financial information.

**Compliance:**

22. Recommend to the Board of Directors the approval and later modifications of the Code of Ethics and Conduct, the Manual for the Integral System for the Prevention of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, and the codes, manuals or documents that shall be approved by the Board of Directors pursuant to the law or the guidelines of the corporate group's parent company.
23. Supervise the effectiveness of the corporate governance practices implemented, as well as the level of compliance with the ethical and conduct standards adopted by the Company.

24. Request special investigations or work if required, and/or the required corrective measures with respect to ethical misconduct.
25. Follow up and make recommendations on the effectiveness of systems for the prevention of corruption, bribery, fraud and money laundering, financing of terrorism and proliferation of weapons of mass destruction, and verify the adequate disclosure of information about them.
26. Supervise the effectiveness of the compliance management to prevent and control fraud, corruption, bribery, money laundering and financing of terrorism and proliferation of weapons of mass destruction, and be aware of the Compliance Officer's reports.
27. Help prepare the report to be submitted by the Board of Directors to the General Shareholders' Meeting on internal control, which shall include, among other aspects:
  - a. General policies established for the implementation of internal control in the entity.
  - b. The process used to review the effectiveness of internal control, with specific mention of risk management aspects.
  - c. The most relevant activities carried out by the Audit and Risk Committee.
  - d. The material weaknesses identified, the recommendations made and measures taken, including inter alia those that could affect the financial statements and the management report.
  - e. The comments made by the supervision bodies and penalties imposed, as the case may be.
  - f. Present the evaluation of Corporate Audit's work, including inter alia the scope of the work performed, the independence of the role and the resources allocated to them.
28. Assess and report to the Board of Directors the situations of conflict of interest, temporary or permanent, in which a Significant Shareholder, members of the Board of Directors and Senior Management may be involved, directly or indirectly or through a related party, making the necessary proposals to address the situation.
29. Assess and report to the Board of Directors the potential conflicts of interest between ISA and its Companies or between ISA and its parent company or its parent company's subordinate companies, or with its Administrators and related parties, making the necessary proposals to address the situation.

#### **Risks:**

30. Support the Board of Directors in the fulfillment of its supervision responsibilities regarding risk management and matters raised by shareholders in this area.
31. Inform the Board of Directors on the effective implementation of the comprehensive risk management model, so that the main risks are properly identified, managed, and reported to the Board.
32. Review and assess the integrity and sufficiency of the risk management function, assigning responsibilities according to the integrity and sufficiency of the risk management function within ISA and its Companies, as appropriate.
33. Approve the strategy, guidelines, and regulations (manual) for the Company's risk management function, assessing them on a regular basis, and proposing the corresponding updates.
34. Approve the comprehensive risk management policy for ISA and its Companies.
35. Approve the Company's comprehensive risk management model; determine in a standardized, systematic manner the comprehensive risk management methodology of the ISA companies; and review it on a regular basis.

36. Identify and assess emerging risks and any other risk that may affect the medium and long-term business validity (such as the results of technological, climate, and social changes), as well as the existing alert mechanisms, evaluating their effectiveness on a regular basis.
37. Promote relations with the audit and compliance sector of ISA and its companies, so that functions are performed taking into account the risk-based approach.
38. Monitor the information on the risk management function that is reported to the stakeholders, so that it is consistent with the expectations of such groups and the comprehensive risk management model.
39. Analyze and evaluate the Company's risk control systems and tools.
40. Approve the Company's risk profile (risk map) and establish indicators to monitor said profile.
41. Monitor ISA and its Companies' main risks according to the comprehensive risk management model and their governance.
42. Review prioritization levels (risk limits) and follow-up on risk reports and work plans, making appropriate recommendations to the Board of Directors, other board committees and/or the Administration.
43. Analyze and assess the ordinary management of risk in the Company in terms of prioritization (limits) and risk profile (risk maps), especially reviewing the context, assessment, treatment, and communication of the risks, and management measures thereof.
44. Recommend additional management measures on the occasion of ex-post analysis of risks and inform the Board of Directors.
45. Develop the improvement initiatives deemed necessary for infrastructure and internal control systems and risk management.
46. Consider guidelines or recommendations made by supervision authorities, control entities or authorities in general related to the Company's risk management.
47. Promote the development of the comprehensive risk management model in ISA and its Companies, which allows establishing a risk profile (risk map) according to the strategic objectives and follow-up on the degree of suitability of the risks assumed in this profile.
48. Promote a culture where risk is a relevant factor for all decisions at all levels; for example, through the disclosure of and training on the comprehensive risk management model in ISA and its Companies.
49. If deemed appropriate, summon each business unit leader of ISA and its Companies so that they report the trends of their corresponding business units and the risks related to them, without prejudice to the shareholder structure and the corporate governance, under which each company shall directly and effectively manage the risks of their business units.
50. Ensure that the management of crises arising from the materialization of risks in ISA and its Companies is made pursuant to the comprehensive risk management model; for example, continuity plans, contingency plans, and emergency plans, among others.

**Other functions:**

51. Other functions assigned by the Board of Directors.

**ARTICLE FOUR. MEETINGS:** Ordinary monthly meetings shall be held. The Committee may not meet and deliberate without the presence of at least two (2) members. Decisions shall be made by simple majority. Similarly, it may hold extraordinary meetings, when required, exclusively to discuss issues for which the meeting has been summoned.

**ARTICLE FIVE. COMMITTEE CHAIRMAN:** This Committee shall be chaired by the person appointed by its members, who will be chosen among independent members.

The Chairman, in addition to chairing meetings, shall be responsible for presenting to the Board of Directors, after analysis and review, the periodic reports of the matter under consideration, with the relevant recommendation.

**ARTICLE SIX. SECRETARY AND MINUTES:** The Secretary shall be the Corporate Auditor, who shall have the following responsibilities:

- Summon the meetings at least three (3) business days in advance.
- Promote the periodic review of the Committee's activities and suggest modifications and the adoption of best practices.
- Keep a planned agenda for meetings, detailing all activities required by the Committee, for the fulfilment of the tasks and responsibilities assumed.
- Facilitate the distribution of material required by the members of the Committee.
- Recommend any educational meeting or presentation or information that could be useful to the Committee for the performance of its functions.
- Prepare the minutes of meetings, to be approved by the Committee and signed by the Chairman and the Secretary. The consecutive number, date of meeting, attending members and guests, summary of the topics, fees of contracted consultants, and decisions or recommendations adopted with their respective justification shall be recorded in the minutes of the meeting.

The Minutes shall be confidential and kept under the custody of the Secretary, and copies shall only be provided to the relevant authorities, control entities, external auditors or statutory auditors, or to those authorized by the Board of Directors.

The Secretary shall issue the certificates requested, respecting the applicable provisions and the confidentiality of such documents.

**ARTICLE SEVEN. RELATIONS:** To fulfil these responsibilities, it is required that the Audit and Risk Committee maintains the following interactions:

- Corporate Audit.
- Statutory Auditor (External Auditor).
- Chief Corporate Finance Officer.
- Corporate Risk Management.
- Internal and external control entities.
- Support advisors hired (if required).

**ARTICLE EIGHT. CONFLICTS OF INTEREST:** In Committee meetings, after reading the agenda, the Chairman shall ask the attendees if they have any conflict of interest with respect to the issues addressed in the Committee, which shall be recorded in the corresponding minutes.

- If, during the course of the meeting, it is authorized to discuss an item not included in the agenda, the Chairman shall ask at the beginning of the presentation of the item whether there is any possible conflict of interest with respect thereto.
- If the existence of a conflict of interest is declared, the member of the Committee involved in the conflict shall refrain from engaging in activities related to the matter giving rise to it, thus applying the procedure provided in the Bylaws and the law.

**ARTICLE NINE. DUTIES AND RESPONSIBILITIES:** In addition to the duties and responsibilities applicable to them as ISA administrators, Committee members shall attend meetings, prepare the topics to be addressed in them, maintain the confidentiality of the discussions and decisions of the Committee, and refrain from intervening in the deliberations and decisions of issues that may lead to a conflict of interest.

Due to the responsibilities of the members of the Audit and Risk Committee, a self-evaluation shall be performed annually to measure performance.

**ARTICLE TEN. REPORTS:** Before the end of its term, the Audit and Risk Committee shall issue a report to the Board of Directors that includes:

- Its activities, conclusions, and recommendations made during the year.
- The agenda to be addressed in the next period.
- An opinion on the adequate presentation and disclosure of the financial statements.

The foregoing does not exempt the Audit and Risk Committee from submitting periodic reports to the Board, according to the activities performed during the year.

When highly important are detected, a special report shall be submitted to the Board of Directors and the legal representative.

**ARTICLE ELEVEN. TERM AND DEROGATIONS:** This agreement is effective as of the date of its issuance and repeals all internal general or particular regulations of ISA that are contrary to it, especially Agreement 99 of July 31, 2015.

Issued in Bogotá, D.C., on April 26, 2022.

**CHAIRMAN**

**SECRETARY**

**SANTIAGO MONTENEGRO TRUJILLO**

**SONIA M. ABUCHAR ALEMÁN**