

# Corporate Compensation Policy



Grupo Energía Bogotá

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## CORPORATE COMPENSATION POLICY

### GRUPO ENERGÍA BOGOTÁ

#### PURPOSE

The Grupo Energía Bogotá Corporate Compensation Policy aims to:

1. Achieve consistency with the scope of the position and the responsibilities taken on by the employee.
2. Attract and retain employees with high potential and performance, which implies having total remuneration packages that are competitive compared to those offered by companies in the relevant market.
3. Remunerate employees according to their effort and based on outstanding performance.
4. Maintain and increase the employee's motivation and commitment.

#### SCOPE

This policy will cover all employees of Grupo Energía Bogotá, formerly Empresa de Energía de Bogotá, bound by a fixed and indefinite term contract.

This policy will be deployed to the subsidiaries per the particularities of each one and the legal regime of the country in which they operate.



## DECLARATION OF COMMITMENTS

### GUIDING PRINCIPLES

1. We remunerate according to the level of responsibility and complexity of the position (internal equality).
2. We reward based on the reference market (external competitiveness).
3. We reward the results, performance, and skills of each employee.
4. We seek to retain the best talent through an appropriate compensation scheme.
5. We abide by and fully comply with the legislation of the countries where we operate.
6. We honor what is agreed in the Collective Bargaining Agreements, collective accords or any other existing collective arrangement.
7. The compensation structure will be defined based on the proposed plan for each existing position profile. The strategy is to position compensation (fixed + variable + benefits) in proximity to the market median.

### COMPENSATION COMPOSITION

Compensation is comprised of the following elements:

- a) **Fixed compensation:** Is the fixed annual gross compensation in cash received by the employee. The fixed compensation policy in Grupo Energía Bogotá will be based on the following:
  - Recognition per the complexity and/or responsibility of the assigned functions. The availability of salary bands to administer fixed compensation.

- Approval by the Board of Directors of annual increases, when applicable, in accordance with market indicators and company results.
- Periodic review, based on a salary survey of benchmark companies to ascertain the relative remuneration level of the positions vis-a-vis the market median.

**b) Variable compensation:** Is the economic compensation associated with achieving certain results. It is not fixed; it is received based on performance, skills, and outstanding results. Its purpose is to:

- Reward outstanding Company results, achieved by the outstanding performance of the entire team of employees.
- Compensate for outstanding achievements and performance at an individual level.
- Encourage the Group to create value.
- Motivate people to achieve better Company performance.
- Encourage teamwork.
- It is a mechanism to leverage fulfillment of CSP objectives.

The variable compensation policy is based mainly on the achievement of objectives and performance by the Company and its areas.

Its definition and evaluation will be carried out annually, or when required, per Company needs.

The relative weight of the variable compensation, as a percentage of the fixed or total compensation, will be defined and updated per Company policies and adhering to market practices.

In managing variable compensation, the following principles must be taken into account:

- It must be linked to clear, simple, and strategy-related results.
- It should not reward efforts expected for fixed compensation, but the additional efforts that translate into improved results.

Variable compensation in Grupo Energía Bogotá will be divided into:

**Short-term compensation:** It seeks to measure and recognize the fulfillment of the objectives on an annual (calendar year) basis.

**Long-term compensation:** Is awarded for meeting the Company's objectives and for completed service. The inclusion of this component will be evaluated per the circumstances of each company. It will not apply to employees on a fixed-term contract.

**c) Benefits:** Grupo Energía Bogotá will have a set of monetary and / or non-monetary benefits available to its employees, which aim to satisfy a series of complementary and important needs for them and their families.

The Portfolio of Benefits that is adopted must adhere to the following guidelines:

- Strive to raise the standard of living and well-being of all employees and their families.
- Be based on equity, market conditions, and per the role and level of the position in the organization.
- Align with the organizational structure and the business strategy contained in the Corporate Strategic Plan (CSP).
- Attract and retain employees.
- Achieve the objective of GEB being one of the most attractive places to work.



## **PARTIES RESPONSIBLE FOR THIS POLICY**

The Human Management Directorate of Grupo Energía Bogotá is responsible for the application, administration, follow-up, monitoring, control, and improvement of this policy.

The Human Management areas, or their proxies, of each Group company are responsible for implementing and complying with this policy.

**VALIDITY:** This policy is effective as of November 1, 2017.

*This policy replaces any previous GEB policies or provisions pertaining to this matter.*