

Policy

Control Architecture



TGI
GrupoEnergíaBogotá



BACKGROUND

According to the TGI Chairman's Committee No. 25 of August 8, 2023, the update of the Control Architecture Policy was recommended, for the recommendation of the Audit and Risk Committee to the Board of Directors, as it is considered appropriate for the Organization, taking into account that it is a corporate policy approved by the GEB Board of Directors.

This policy has been updated based on the "Internal Control Policy", approved in November 2011 and the "Anti-Fraud and Anti-Corruption Policy" of October 2012. In September 2017, these policies were consolidated in a single document called "Internal Control Policy and Prevention of Fraud and Corruption", however, from the GEB, headquarters of the Business Group in 2023, the decision was made to separate them again, in order to focus the efforts and resources of the Organization, through the definition of specific frameworks for action with regard to ethical aspects. fraud prevention and control.

Taking into account the above, TGI will have two policies:

i. The Business Ethics, Anti-Corruption, and Anti-Bribery Policy approved by the Board of Directors on December 5, 2022, and ii. This "Control Architecture Policy".

The new Control Architecture Policy was approved on September twenty-seven (27), 2023, at the 239th ordinary session of the TGI Board of Directors.

CONTEXT

The "Control Architecture Policy" consists of a set of guidelines and procedures that are established to ensure that an entity can design, develop, and maintain an effective Internal Control System - ICS. This policy focuses on the structure and organization of the internal control system, including the definition of roles and responsibilities for its operation.

The origin of this policy is based on the Integrated Internal Control Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Three-Line Model of the Internal Control System of the European Confederation of Institutes of Internal Auditing (ECIIA), which establishes the roles and responsibilities of the Internal Control System for the fulfillment of the corporate strategy and organizational objectives.

OBJECTIVE

Establish the necessary control structure to maintain and strengthen the Internal Control System (ICS), through a reference model that defines general guidelines, roles and responsibilities necessary for the operation of the ICS of Transportadora de Gas internacional S.A. ESP as a subsidiary of Grupo de Energía de Bogotá S.A. E.S.P.



SCOPE

This policy applies to all employees and administrators of Transportadora de Gas Internacional S.A. ESP.

DECLARATION OF COMMITMENTS

1. Maintain an Internal Control System that reasonably guarantees a transparent, ethical and efficient performance of the processes.
2. Comply with the controls established by the Organization to reasonably guarantee the achievement of the objectives, maintaining its performance in accordance with the corporate values.
3. Propose controls or improvements in the processes under their responsibility, based on a risk assessment, thus guaranteeing the efficiency of the processes.

FUNDAMENTAL ASPECTS FOR ITS IMPLEMENTATION FRAMEWORK OF ACTION

In order to achieve compliance with the commitments established in the Control Architecture Policy, the companies of Grupo Energía Bogotá, including Transportadora de Gas Internacional S.A. ESP, must apply as a conceptual framework of the Internal Control System, the COSO model (2013), issued by the Committee Of Sponsoring Organizations of the Treadway Commission (COSO).

The COSO document (2013) defines internal control as "a process carried out by the Board of Directors, Management, and other personnel of the organization, designed to provide reasonable assurance on the achievement of objectives related to operations, reporting, and compliance."

The model proposed by COSO (2013) is presented below, with a brief description of each of its five (5) components and the 17 related principles:



Control Environment

This policy applies to all employees and administrators of Transportadora de Gas Internacional S.A. ESP.



It refers to the set of policies, procedures, structures and activities that are carried out within an organization and that provide the basis for carrying out internal control.

This control environment is designed to help reasonably ensure that the Organization's operations are carried out efficiently and effectively, applicable laws and regulations are complied with, and stated objectives are achieved.

The control environment is composed of the following principles:

1. Demonstrate commitment to integrity and ethical values.
2. Demonstrate commitment to attract, develop and retain competent collaborators that are aligned with the strategic objectives of the organization.
3. Demonstrate independence from Senior Management by the Board of Directors and its committees, in the supervision of the development and performance of the Internal Control System.
4. To establish, by Senior Management and under the supervision of the Board of Directors, appropriate structures, reporting lines and levels of authority and responsibility, in pursuit of the achievement of objectives.
5. To establish those responsible for internal control activities, in the pursuit of the achievement of objectives.

Risk Assessment

It corresponds to the identification, evaluation and response to the relevant risks faced by TGI in order to promote the achievement of objectives and mitigate the materialization of risks.

The risk assessment component is composed of the following commitments:

6. Specify objectives with sufficient clarity to allow for the identification and assessment of risks that may affect the achievement of objectives.
7. Identify the risks that threaten the achievement of objectives in all processes and analyze them to determine how they should be managed.
8. Consider the potential for fraud when assessing risks.
9. Identify and evaluate changes that may significantly impact the Internal Control System.

Control Activities

It refers to the actions established in the policies, procedures and by each person responsible for the process and control, to mitigate the risks that could affect the fulfillment of the objectives.

Control activities are carried out at all levels of the Organization, including the different processes, the technology that supports the processes and the third parties that perform work for TGI.

The Control Activities component is composed of the following commitments:

10. Identify and develop control activities that contribute to the mitigation of risks to the achievement of objectives, at acceptable levels.



11. Identify and develop control activities regarding technology, to support the achievement of objectives.
12. Deploy control activities through the dissemination of policies and procedures that activate those policies.

Information and Communication

It corresponds to the activities to obtain and communicate the necessary information to enable the exercise of the organization responsibilities and controls in line with the objectives set. Likewise, this component includes the controls associated with information systems.

The Information and Communication component is composed of the following commitments:

13. Obtain, generate, and use quality information to support the operation of internal control.
14. Communicate information internally, including internal control objectives and responsibilities.
15. Communicate with external parties in relation to matters that affect the operation of internal control.

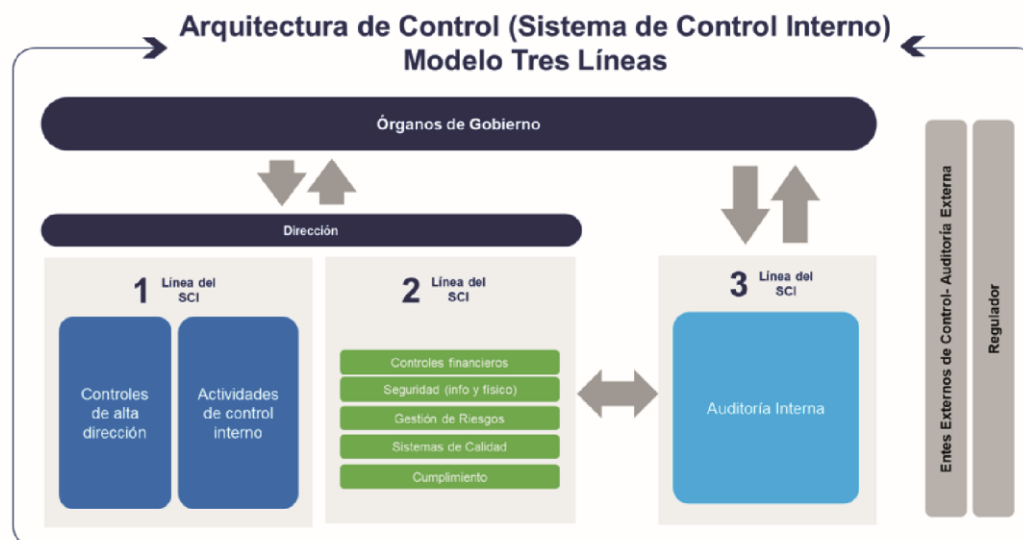
Supervision and Monitoring

Process that verifies that the proper functioning of the internal control system is maintained over time. This is achieved through continuous monitoring by process managers, separate periodic evaluations, carried out by people with no responsibility for the processes, or a combination of both.

TGI has an independent and objective function in charge of the Audit Management that evaluates the Internal Control System and reports functionally to the Audit and Risk Committee of the Board of Directors. The Supervision and Monitoring component is composed of the following commitments:

16. Select, develop and carry out permanent and/or independent evaluations to check if the components of internal control are present and functioning.
17. Assess and communicate internal control deficiencies in a timely manner to those responsible for taking corrective actions, including senior management and the Board of Directors, as appropriate.

TGI has also adopted the three-line model by applying the following scheme of roles and responsibilities to manage the control architecture.



Modelo adaptado del referente impulsado por el ECCIA – European Confederation of Institutes of Internal Auditing y aceptado por el Instituto de Auditores Internos Global

Governing Bodies and Senior Management

Although the Governing Bodies and Senior Management are not considered as part of any of the three lines of defense, they do have the responsibility to establish the objectives of the Organization, define the high-level strategies to achieve those objectives and establish the governance structures for the proper management of the processes, its risks and controls.

Within this framework, the TGI Board of Directors undertakes to:

1. Supervise the effectiveness of the Internal Control System, in accordance with the provisions of the company's bylaws.
2. Supervise the definition of the standards of conduct and evaluate their level of application through the report presented by the Compliance Department.
3. Define expectations about control mechanisms, integrity and ethical values.
4. To approve strategic decisions and policies related to risk and control management.
5. Consider external and internal factors that may pose relevant risks to the achievement of objectives.
6. Ensure accountability through the implementation of reporting and supervision mechanisms to monitor the performance (financial and operational) of the Organization, in accordance with the provisions of the bylaws.
7. Establish the relevant lines of communication with Senior Management.
8. Follow up on the actions carried out by Senior Management to mitigate risks.

Similarly, TGI's Audit and Risk Committee undertakes to:

1. Supervise risk management through the reports presented by the area responsible for Risk Management.

2. Obtain, review and discuss from risk management reports the potential impact on the fulfillment of the Organization's objectives.
3. To approve the annual work plans of the areas of internal audit, compliance and risks, as well as to know the respective report of results obtained in the execution of said work plans.
4. Be available at the call of any of the company's internal or external control bodies in the event of a report of an unusual situation.
5. To follow up on the improvements identified and request information from Senior Management on their implementation, through the report presented by the company's internal and external control areas.
6. Verify compliance with the responsibilities of Senior Management, through the reports presented by the administration and control areas.
7. To ensure the proper functioning of the ICS, in accordance with the provisions of the functions of the Audit and Risk Committee, established in its regulations.

Likewise, TGI's Senior Management (President, Vice President and Managers) is committed to:

1. Ensure that each of the relevant components and principles of internal control are present and functioning, in order to have an effective system of internal control, fostering a culture of self-control.
2. Align the Organization's strategy with processes, people, and technology, to meet TGI's objectives.
3. Promote risk management in the Organization.
4. Ensure the proper management of the different processes within the Organization.
5. Lead and promote the development of control activities within the company.
6. Evaluate the control deficiencies that affect the effectiveness of the internal control system, in accordance with the evaluation of the system presented by the person responsible for the internal or external control areas.

Frontline (self-control, self-regulation and self-management)

It corresponds to the activities carried out by each of TGI's employees, including those responsible for processes and controls, through the definition and execution of controls through policies, procedures, methodological frameworks, among others.

The first line of the Internal Control System is based on three key principles: self-control, self-regulation and self-management, which promotes the strengthening of the Internal Control System.

This Policy promotes these three principles from the controls of Senior Management and internal control activities, as follows:

- Self-control, where each employee evaluates and controls their own work, detecting and correcting any deviation in the fulfillment of their functions.
- Self-regulation, developing methods, standards and internal procedures that continuously improve our Internal Control System.
- Self-management, coordinating, executing and evaluating effectively and efficiently the operation of the Internal Control System.

Taking into account the above, employees undertake to:

1. Assume responsibility for the management and administration of risks within the scope of their competence, ensuring that the risks associated with their processes and activities are identified, evaluated, and prevented or mitigated appropriately and in a timely manner.
2. Define and execute the controls established in the processes and activities under its responsibility, guaranteeing their effectiveness and efficiency in the prevention and mitigation of risks, in order to strengthen the Organization's Internal Control System
3. Promote and foster a culture of internal control in its area, sensitizing its employees to the importance of risk management and the implementation of controls that prevent or mitigate the occurrence of risks.
4. Inform those responsible for the second line of defence in a timely manner about any incident or situation that could affect the integrity of the processes and activities within their competence, as well as any violation of TGI's ethical and/or legal framework.
5. Actively participate in the periodic evaluations and reviews of the established controls, providing relevant information and documentation for the performance of these activities, as well as filling out the evidence of the controls in their charge, in accordance with the risk matrices implemented in the organization.
6. Abide by the policies, standards, and procedures established by the Organization in matters of internal control, as well as comply with the ethical and conduct standards established in the organization, supervised and evaluated by the Board of Directors.
7. Ensure the effectiveness of the controls in charge, through adequate identification and evaluation of the risks of the processes involved, in order to strengthen the Organization's Internal Control System.

Second Line (alignment, supervision and monitoring)

It supports Senior Management in the definition of methodological frameworks and controls transversal to TGI, performs supervision and monitoring functions of processes, helping to effectively manage them.

In this regard, those responsible for the second line undertake to:

1. Effectively implement the methodological frameworks and cross-cutting controls established by Senior Management.
2. Develop risk identification and assessment activities in the different processes, establishing with the first line, the control measures that contribute to their prevention or mitigation.
3. Conduct supervision and monitoring activities on the implementation of the established controls, identifying and reporting in a timely manner the weaknesses or non-compliances identified.

4. Promote the culture of internal control in the different areas, encouraging collaboration and coordination between the different areas of the company to achieve comprehensive risk management.

In particular, the function responsible for risk management is committed by considering the corporate guidelines:

1. Advise on the identification of current and emerging risks.
2. Accompany the areas in the development of processes to manage relevant risks.
3. Provide education in terms of risk management in TGI.
4. Evaluate and report on the effectiveness of risk management.
5. Report on the management of significant risks to the Audit and Risk Committee.

In the same way, the function responsible for internal control considering the corporate guidelines is committed to:

6. Accompany the areas in the identification and definition of relevant controls for risk mitigation.
7. Provide education in terms of the Internal Control System, through talks or other mechanisms, in conjunction with the Internal Audit area.
8. Evaluate and report the effectiveness of the ICS to the Audit and Risk Committee.
9. Coordinate with the Internal Audit Management the scope of the work to be carried out during the period and create synergies, with the aim of:
 - a. Provide an evaluation of the effectiveness of the Internal Control System and report to Senior Management and the Audit and Risk Committee, and
 - b. Propose improvements in the different processes of the Organization.

Third Line (independent and objective assurance)

This line provides an independent and objective review of the internal controls in place and their effectiveness.

This function is carried out by the Internal Audit Management and is established to provide independent assurance, evaluate and report to Senior Management and the Audit and Risk Committee on the effectiveness and efficiency of the internal control system defined by management.

In this sense, the Internal Audit Management, considering the corporate guidelines, undertakes to:

1. Determine, based on an Annual Audit Plan, whether TGI's processes, risk management, control and corporate governance are adequate and functioning, taking into account that:
 - a. The Comprehensive Risk Management System is properly applied.
 - b. There is appropriate interaction between the different management groups as appropriate.
 - c. Significant financial, management, and operational information is accurate, reliable, and timely.
 - d. Employee actions comply with applicable policies, rules, principles, procedures, laws, and regulations.
 - e. Resources are acquired economically, used efficiently and adequately protected.

- f. TGI's programmes, plans and objectives are met.
- g. Laws or regulations that affect or may materially affect TGI are known and properly applied.
- h. The policies, principles, models and methodologies regarding the internal control function and their compliance in accordance with the guidelines established for this purpose are established, accepted and complied with.

The Third Line is not designed to perform operational or managerial functions, which entails ensuring their independence and objectivity required for an effective and impartial evaluation.

In this regard, those responsible for the first and second lines undertake to:

2. Collaborate with the Internal Audit function, providing the information, documents and/or support necessary to carry out their work effectively and efficiently.
3. Comply with the action plans established by those responsible for the processes, as a result of the results of the audits, to keep the Organization's Internal Control System strengthened.

RESPONSIBLE

The Board of Directors, its Committees, Senior Management and each of the collaborators is responsible for compliance with this policy.

The Board of Directors, its Committees and Senior Management are responsible for the development, supervision and evaluation of the Internal Control System, establishing and monitoring strategies to manage risks.

The Audit and Risk Committee is responsible for the annual evaluation of this policy, in order to establish its relevance and functionality, making the necessary adjustments if required.

Process and control managers should enact and enforce this policy.

The communications area, in coordination with the head of Internal Control and Internal Audit, is responsible for communicating and disseminating this policy, through available means so that it is known by all employees.