

Annual Report of Compliance with Corporate Governance Practices



Audit and Risk Committee Nr. 151

INTRODUCTION

According to the Bylaws, the responsibilities of the Board of Directors include approving Corporate Governance practices and to submit for the consideration of the Annual General Shareholders Meeting the report of compliance with Corporate Governance practices of the Company. Additionally, Audit and Risk Committee Charter establishes as one of the functions of the Audit and Risk Committee to support the Board of Directors in the review of the report

This report also complies with Superintendence of Finance (SF), External Circular 029/2014 V, I, Part III, regarding to the implementation of the Corporate Governance Practices survey and External Circular 012/2022

Below we outline the assessment of Isagen's Corporate Governance practices for the period January 1 to December 31, 2022

I. 2022 REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

CORPORATE COMPLIANCE

- Activities were performed in accordance with the stated purpose of the Company and pursuant to applicable laws
- The Company complied with the requirements of Laws 142/1994 and 143/1194 and, all applicable regulation

FRAMEWORK FOR ACTION

- Dissemination and training activities were developed for workers and third parties on the Company's Code of Ethics, and the Anti-bribery, Anti-corruption and Antifraud Policy (ABC Policy). Additionally, allegations received through the Ethics Channel were assessed and attended in a timely manner by the Ethics Committee and reported to the Audit and Risk Committee and the Board of Directors. The 2022 Compliance work plan was executed in accordance with the plan approved by the Audit and Risk Committee
- The Audit and Risk Committee approved the 2023 work plan Compliance

FAIR TREATMENT OF SHAREHOLDERS

- Investors and shareholders were provided with the necessary information that would allow them to make decisions on investment in a thorough and timely manner
- Shareholders participated in the deliberations of the Annual and Extraordinary General Shareholders meetings and they had the company books and papers available to them prior to the meetings pursuant to the provision set out in the Bylaws and Law

- 21 shareholders' and 50 investors requests were received through of service channels and 100% were attended, in accordance with the Corporate Governance Code, related to fair treatment to shareholders
- The new transactions with the related parties complied to internal regulation and it made in order market conditions. In accordance with Corporate Governance Code and policies for disclosure information with regard to related parties

THE COMPANY AND ITS GOVERNANCE

- The Annual General Shareholders Meeting and the Board of Directors complied with current regulations, Bylaws and policies. Their composition can be consulted in the following link: <https://www.isagen.com.co/es/nosotros/junta-directiva-y-equipo-de-gerencia>
- During the period there were no Board of Director's updated the composition
- The Board of Directors and its committee met every three months over the year, according with the Bylaws, as well as 2 additional sessions by successive communications for decision making the case of the Board of Directors, this instance comply with applicable Law provisions
- The percentage of attendance to the Board of Directors and the Audit and Risk Committee meetings over the year, by line, was 83%. The Chairmen and Secretaries fulfilled their functions and responsibilities in accordance with the provisions of the Bylaws and applicable Regulation. The compensation of the independents members of Board of Directors was made in accordance with the Compensation Policy, approved by the General Shareholders Meeting, which one was updated on 2022
- The information for decision-making was provided in a timely manner to the Board of Directors and Committee members
- The Audit and Risk Committee served in line with Law 964/2005 and in compliance of the committee Bylaws, regarding the committee's composition, responsibilities and operation
- A performance report on the Board of Directors, and its committee was made in accordance with Board of Directors Policy
- The CEO and senior management fulfilled the functions and responsibilities, the CEO performance assessment was made by the Board of Directors, as established in the Bylaws. Senior management performance assessment was made by CEO considering the performance commitments for the period
- In the selection and promotion processes for executives conducted over the year. It was applied the internal regulation related these matters
- The compensation structure for the CEO and senior management included fixed salary and variable incentives. The last one is based on accomplishment of the strategic goals defined for the period. The structure during the period was adjusted by internal procedures and the approved by the Board of Directors for the CEO

CONTROL MECHANISMS

- Isagen has kept the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) to improve its Internal Control System. According with internal and external audits, the system performed adequately
- An overview risk management strategy was presented to the Audit and Risk Committee
- Over the year, regulations issued by SF and Superintendence of Public Utilities, that are applicable to Isagen, were complied with and requests made by the authority were responded to
- The Statutory Auditor attended 100% of the Audit and Risk Committee meetings, in compliance with Law 964/2005 and complied with Statutory Auditor's legal responsibilities
- The Statutory Auditor certified that income from professional services provided of the Company and/or its economic associates did not representing twenty five percent (25%) or more of its annual revenue, during the period Statutory Auditor contract value approved by Board of Directors for the period was 416 MCOP
- The Audit and Risk Committee followed up on the established control mechanisms

TREATMENT OF CONFLICTS OF INTEREST

- Isagen has an effective procedure for handling situations linked to potential conflicts of interest and employees were comply it (Corporate Governance Code and Anti-bribery, Anti-corruption and Anti-fraud Policy)
- No disclosure of conflicts of interest were submitted by members of the Board of Directors and its Committee

INFORMATION DISCLOSURE

- Disclosed information corresponded to that required by regulation as relevant information that Isagen must present to the market
- The implementation report of Corporate Governance Practices survey will be published on Isagen's website

II. OVERALL CONCLUSIONS

Based the assessment made, it is evident that corporate governance practices defined in Isagen's Corporate Governance Code were accomplished and regarding to the implementation of the Corporate Governance Practices Survey issued by the SF, the measures adopted by Isagen were in compliance of the survey, the which one is available on Isagen's web site: <https://www.isagen.com.co/en/investors/corporate-governance>

Isagen's Board of Directors and employees complied with the corporate governance practices defined by the Company and established in Law