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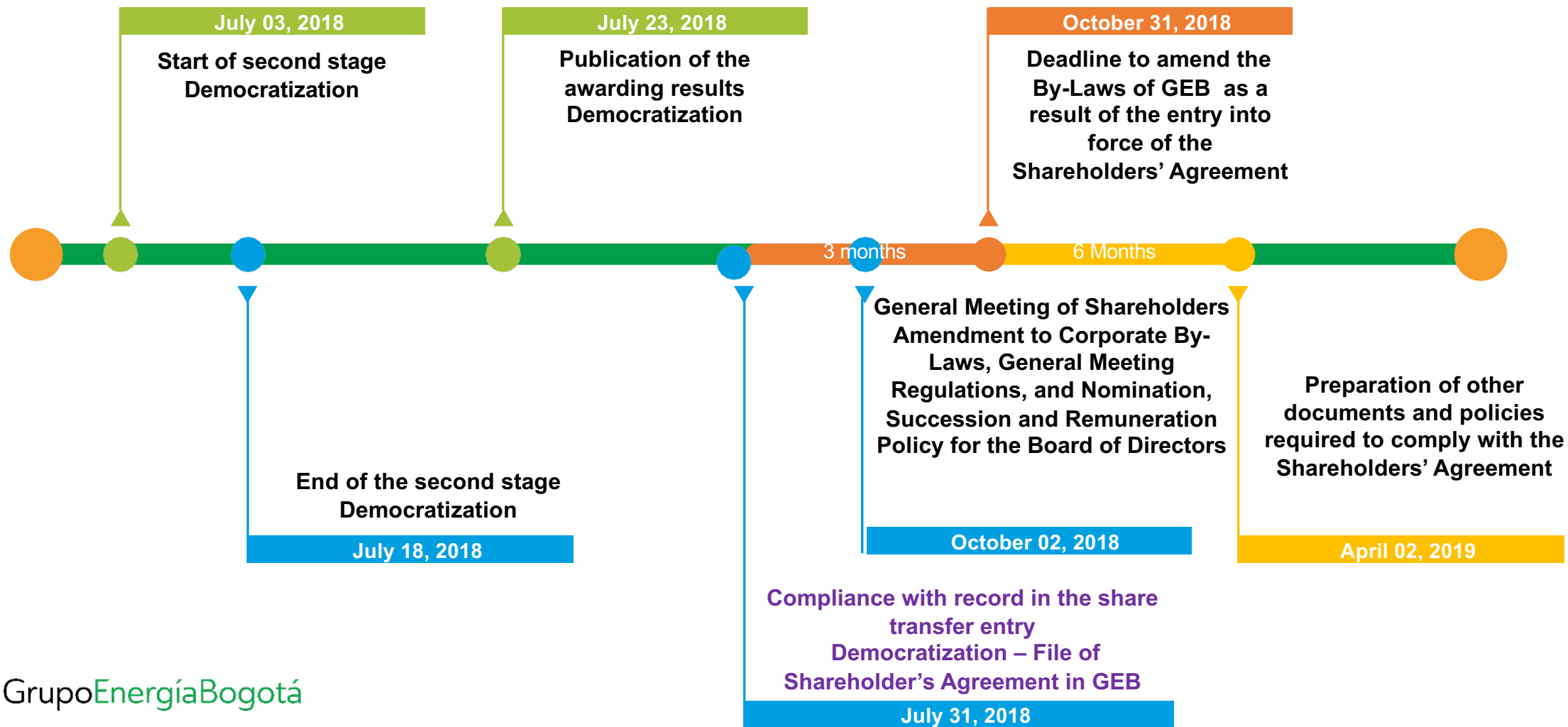
## Consideration: Reform of Corporate By-laws



Grupo Energía Bogotá

# 6 Timeline

## Democratization Process Starting at the Second Stage





## 6. Consideration: Reform of Corporate By-Laws

1. Reform of By-Laws in order to adopt the provisions of the Shareholders' Agreement
2. Reform of By-Laws- to in order to adopt the Self-Regulation Measures in terms of Corporate Governance



# 6.1 Reform of By-Laws – Article 19



Original Version	Proposed Version	Justification
<p><b>Article 19. Share Placement:</b></p> <p><del>With the exception of the issue of non-voting preferred shares,</del> the Board of Directors of the Company shall issue the subscription regulations for issuing and placing shares in reserve, as well as for those subsequently issued by the Company.</p>	<p><b>Article 19. Share Placement:</b></p> <p>The Board of Directors of the Company shall issue the subscription regulations for issuing and placing shares in reserve, as well as for those subsequently issued by the company. <u>The price set by the share subscription regulations shall be the result of an assessment made in conformity with technically recognized procedures, as set by Article 41 of the Law 964 of 2005 and by an independent investment bank.</u></p>	<p>Subject to the provisions of section 4.01(a) of the Shareholders' Agreement, the article is amended and a reference is included stipulating that the price must be set based on an assessment made according to technically recognized procedures.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p>Article IV. Decisions by the General Meeting requiring special majority</p> <p>Section 4.01            The District may vote in the meetings of shareholders of the Company to approve or disapprove any of the decisions listed as follows, but it may vote to approve them only if, including its vote, the total number of votes favorable to the respective decision is equal or greater than seventy percent (70%) of the GEB subscribed capital.</p> <p>(a) Reforms of the Company's capital including the issue of any type of shares (including any issue to pay share dividends), as well as the issue of securities convertible into shares, with the exception of capital increases set in Article 19.4 of the law 142 of 1994. <b><u>For the purposes of the foregoing, the price set by the respective regulations on share subscription must be the result of an assessment made in conformity with technically recognized procedures, as set forth in Article 41 of the Law 964 of 2005 and by an independent investment bank.</u></b></p> <p>(...)"</p>

# 6.1 Reform of By-Laws – Article 24

Original Version	Proposed Version	Justification
<p><b>Article 24. Capitalization:</b></p> <p>The Company may increase the authorized capital and/or capitalize special reserves constituted according to the provisions of the law and these By-Laws; it may also capitalize realized net profits, as well as the bonus resulting from the sale of subscribed and paid shares, converting them into new shares or increasing the value of those already issued; it may likewise release reserved shares.</p> <p>To increase the authorized capital, order the issue of bonuses or approve any plan to capitalize the reserves of the Company, a majority of shares representing the seventy percent (70%) of subscribed and paid shares must approve it and the corresponding formalities must be fulfilled.</p>	<p><b>Article 24. Capitalization:</b></p> <p>The Company may increase the authorized capital and/or capitalize special reserves constituted according to the provisions of the law and these By-Laws; it may also capitalize realized net profits, as well as the bonus resulting from the sale of subscribed and paid shares, converting them into shares or increasing the value of those already issued; it may likewise release reserved shares.</p> <p>To increase the authorized capital, order the issue of bonuses or approve any plan to capitalize the reserves of the Company, a majority of shares representing the seventy percent (70%) of subscribed and paid shares must approve it and the corresponding formalities must be fulfilled.</p> <p><u>For the purposes of the foregoing, the price set by the Share Subscription Regulations shall be the result of an assessment made in conformity with technically recognized procedures, as set by Article 41 of the Law 964 of 2005 and by an independent investment bank.</u></p> <p>-</p>	<p>Subject to the provisions of section 4.01(a) of the Shareholders' Agreement regarding the price setting, the article is amended, which shall be set based on an assessment made according to technically recognized procedures.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p><b>Article IV. Decisions by the General Meeting requiring a special majority</b></p> <p>Section 4.01            The District may vote in the meetings of shareholders of the Company to approve or disapprove any of the decisions listed as follows, but it may vote to approve them only if, including its vote, the total number of votes favorable to the respective decision is equal or greater than seventy percent (70%) of the GEB subscribed capital.</p> <p>(a) Reforms of the Company's capital including the issue of any type of shares (including any issue to pay share dividends), as well as the issue of securities convertible into shares, with the exception of capital increases set in Article 19.4 of the law 142 of 1994. <b><u>For the purposes of the foregoing, the price set by the respective regulations on share subscription must be the result of an assessment made in conformity with technically recognized procedures, as set forth in Article 41 of the Law 964 of 2005 and by an independent investment bank.</u></b></p> <p>(...)</p>

# 6.1 Reform of By-Laws – Article 45



Original Version	Proposed Version	Justification
<p><b>Article 45. Types of Meetings:</b></p> <p>(...)</p> <p>Extraordinary meetings shall be verified through notice by the Board of Directors, the President or the Statutory Auditor of the Company. In addition, any of the aforementioned authorities shall call a General Meeting of Shareholders when required by a number of shareholders representing at least <del>a quarter</del> of the subscribed capital</p> <p>(...)</p>	<p><b>Article 45. Types of Meetings:</b></p> <p>(...)</p> <p>Extraordinary meetings shall be verified through notice by the Board of Directors, the President or the Statutory Auditor of the Company. In addition, any of the aforementioned authorities shall call a General Meeting of Shareholders when required by a plural number of shareholders representing at least <u>ten percent (10%)</u> of the subscribed capital</p> <p>(...)</p>	<p>As the Shareholders' Agreement sets forth the authority to directly call the general meeting of shareholders by a plural number of shareholders representing at least ten percent (10%) of the subscribed capital of GEB, which constitutes an additional guarantee for minority shareholders through the reduction of the threshold to 10% from 25%, the second subparagraph of Article 45 is amended.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p>Article III. GEB General Meeting of Shareholders called by minority shareholders</p> <p>Section 3.01 The Capital District undertakes to propose the meeting of shareholders, and to approve by vote, an amendment to the By-Laws in order to allow a plural number of shareholders representing <u>ten percent (10%)</u> of the subscribed shares of GEB to request the Board of Directors, the President or the Statutory Auditor of the Company to call extraordinary meetings of shareholders. In that regard, the text to be submitted for the consideration of the meeting of shareholders in order to amend the second subparagraph of Article 45 of the by-laws shall be the following:</p> <p>“Extraordinary meetings shall be held through notice by the Board of Directors, the President or the Statutory Auditor of the Company. In addition, any of the aforementioned authorities shall call a Meeting when required by a plural number of shareholders representing at least ten percent (10%) of the subscribed capital”</p>

# 6.1 Reform of By-Laws – New Article 55

Original Version	Proposed Version	Justification
<p>New Article. The numbering of the whole document is modified accordingly.</p>	<p><b><u>Article 55. Right to Withdraw:</u></b></p> <p><u>In the event of being exercised the right to withdraw set forth in Article 12 et seq of Law 222 of 1995, as modified, added, clarified or repealed by a number of shareholders representing at least five percent (5%) of the Company's outstanding shares, and when reaching an agreement on the price of shares owned by shareholders exercising the right to withdraw according to the law is not possible, the corresponding acquisition value or refund of shares shall be determined in the following manner, without prejudice to the right of such shareholder to choose the procedure set by the law for such purpose: by an investment bank with renowned experience in the domestic and international market, appointed by the Chamber of Commerce corresponding to the Company's registered office. The valuation of the investment firm shall be final and binding to the parties and costs of such valuation shall be assumed by the Company.</u></p>	<p>A new article is included to regulate the provisions set by the Shareholders' Agreement regarding the valuation mechanism of the acquisition price or refund price with respect to the right to withdraw exercised according to the business law by an investment bank with renowned experience in domestic and international market appointed by the Chamber of Commerce corresponding to the GEB's registered office, unless the shareholder exercising the legal right to withdraw prefers the valuation method set by the law.</p> <p>It is necessary and advisable to include this provision in the By-Laws, to the extent that the Company undertakes to perform the repurchase of shares in case the right to withdraw is exercised, as well as to comply with the valuation according to the methodology agreed-upon in the Shareholders' Agreement</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p>Article VII. Right to Withdraw</p> <p>Section 7.01 In the event of being exercised the right to withdraw set forth in Article 12 et seq of Law 222 of 1995 by a number of shareholders representing at least five percent (5%) of the outstanding shares, and when reaching an agreement on the price of Shares is not possible, the Capital District shall propose to the Company's Meeting of Shareholders and vote in such a way that the corresponding acquisition value or refund of shares is determined in the following manner, without prejudice to the right of such shareholder to choose the procedure set by the law for such purpose: by an investment bank with renowned experience in the domestic and international market, appointed by the Chamber of Commerce corresponding to the GEB's registered office. The valuation of the investment firm shall be final and binding to the parties and costs of such valuation shall be assumed by the Company. The right to withdraw shall operate according to the provisions of the law.</p>

# 6.1 Reform of By-Laws – Article 59

Original Version	Proposed Version	Justification
<p><b>Article 58. Duties of the General Meeting:</b></p> <p>The duties of the General Meeting of Shareholders are: (...)</p> <p>2. Freely appoint and remove members of the Board of Directors, the Statutory Auditor, establish their respective roles, upon the previous recommendation by the Board of Directors and the assessment by the respective committee, and approve succession <del>and</del> nomination policy for the Board of Directors.</p> <p>(...)</p>	<p><b>Article 59. Duties of the General Meeting:</b></p> <p>The duties of the General Meeting of Shareholders are :</p> <p>(...)</p> <p>2. Freely appoint and remove members of the Board of Directors, the Statutory Auditor, establish their respective roles, upon the previous recommendation by the Board of Directors and the assessment by the respective committee, and approve the <a href="#">Nomination, Succession and Remuneration</a> policy for the Board of Directors.</p> <p>(...)</p>	<p>The Nomination, Succession and Remuneration Policy for the Board of Directors according to the provisions set forth in sections 5.03 and 10.01 of the Shareholders' Agreement is included.</p> <p>Section 2: The term "remuneration" is included according to measure 23.1 of Notice 028 of 2014 by the Financial Superintendency of Colombia (SFC in Spanish), which states: "The Company has a Remuneration Policy of the Board of Directors, approved by the Meeting of Shareholders." (corresponding to Section 2)</p>



# 6.1 Reform of By-Laws – Article 59

Original Version	Proposed Version	Justification
<p>7. <del>Decide</del> on the capital stock increase, without prejudice to the Board's power to increase the authorized capital in cases set by the Law 142 of 1994. Article 19, section 19.4</p> <p>13. Approve the regulations on the issue and placement of <del>non-voting preferred</del> shares, the registration method thereof, decide on the issue of bonds convertible into shares and the exemptions to the preemptive right when placing shares.</p> <p>New Section 21.</p>	<p>7. <u>Reforms of the capital stock including the issue of any type of shares, as well as the payment of share dividends and the issue of securities convertible into shares and</u> decide on the capital stock increase, without prejudice to the Board of <u>Directors'</u> power to increase the authorized capital in cases set by the Law 142 of 1994. Article 19, section 19.4</p> <p>13. Approve the regulations on the issue and placement of <u>privileged</u> shares, the registration method thereof, decide on the issue of bonds convertible into shares and the exemptions to the preemptive right when placing shares.</p> <p>21. <u>Approve the sale, for any consideration, upon previous approval by the Board of Directors, in one or several related transactions, of assets owned by the Company equal or greater than fifteen percent (15%) of the stock market capitalization of the Company (this being understood as the result of multiplying the number of outstanding common shares of the Company by the average value of such share in the Colombian Stock Exchange during the latest ten (10) stock market working days prior to the adoption of the decision, with the exception of the transfer or contribution of assets to a trust property or another vehicle in order to structure the execution of projects where it does not lose control.</u></p>	<p>The text of the regulation in the Shareholders' Agreement is as follows: Article IV. Decisions by the General Meeting requiring a Special Majority</p> <p>Section 4.01           The District may vote in the meetings of shareholders of the Company to approve or disapprove any of the decisions listed as follows, but it may vote to approve them only if, including its vote, the total number of votes favorable to the respective decision is equal or greater than seventy percent (70%) of the GEB subscribed capital.</p> <p>(a) Reforms of the Company's capital including the issue of any type of shares (including any issue to pay share dividends), as well as the issue of securities convertible into shares, with the exception of capital increases set in Article 19.4 of the law 142 of 1994. For the purposes of the foregoing, the price set by the respective regulations on share subscription must be the result of an assessment made in conformity with technically recognized procedures, as set forth in Article 41 of the Law 964 of 2005 and by an independent investment bank. (Corresponding to section 7)</p> <p>(b) The sale, for any consideration, in one or several related transactions, of assets owned by the Company equal or greater than fifteen percent (15%) of the stock market capitalization of the Company, with the exception of the transfer or contribution of assets to a trust property or another vehicle in order to structure the execution of projects where it does not lose control. (Corresponding to section 21)</p> <p>Article 1. Definitions: "Stock Market Capitalization" is the result of multiplying the number of GEB outstanding common shares by the average value of such share in the Bolsa de Valores de Colombia S.A. (Colombian Stock Exchange) the latest ten stock market working days prior to the adoption of such decision by the Meeting of Shareholders or the Board of Directors. (Corresponding to section 21)</p>

# 6.1 Reform of By-Laws – Article 59

Original Version	Proposed Version	Justification
<p>New section 22.</p> <p><b>First Paragraph:</b> The meeting of shareholders shall be exclusively responsible for the following duties and these shall not be delegated:</p> <ol style="list-style-type: none"> <li>1. Duties set forth in sections 2 and 18 of this Article.</li> <li>2. The acquisition, sale or encumbrance of strategic assets that, in the opinion of the Board of Directors, result essential for the development of the Company's activity or when the respective transactions or operations may derive in the effective modification of the corporate purpose.</li> </ol>	<p><u>22. Approve, provided the favorable decision of the Board of Directors, investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses which amounts exceed fifteen percent (15%) of the stock market capitalizations of the Company.</u></p> <p><b>First Paragraph:</b> The General Meeting of Shareholders shall be exclusively responsible for the following duties and these shall not be delegated:</p> <ol style="list-style-type: none"> <li>1. Duties set forth in sections 2, <u>7</u>, 18, <u>21 and 22</u> of this Article.</li> <li>2. The acquisition, sale or encumbrance of strategic assets that, in the opinion of the Board of Directors, result essential for the development of the Company's activity or when the respective transactions or operations may derive in the effective modification of the corporate purpose.</li> </ol>	<p>Annex 2 A The Program Second Stage Regulations state:</p> <p>4.1. In compliance with Article V "Board of Directors", section 5.06(c) of the Bid, the District shall propose to the Meeting of Shareholders the adoption of an amendment to Article 66 "Duties" and Article 67 "Quorum and Special Majorities" of GEB's By-Laws, reflecting the following:</p> <p>4.1.1. Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses shall be approved by the following corporate bodies, according to the amount: (...)</p> <p>d. Board of Directors with qualified majority (a quorum of seven members and the favorable vote of at least 6 present members) and the Meeting of Shareholders : when the amount of the transaction exceeds fifteen percent (15%) of the stock market Capitalization of GEB. (corresponding to section 22)</p> <p>(c) Those reforms of the By-Laws referring to (i) changes in the main corporate purpose of the Company, this being understood according to the terms of the first subparagraph of Article 5 of the Company's By-Laws as "the generation, transmission, distribution and commercialization of energies, including gas and liquid fuels, in any of their forms. Likewise, it may be part of other utility companies as partner or shareholder, whether directly or by becoming partner of another entity. In the same way, it may develop and participate, whether directly or indirectly in engineering and infrastructure projects and invest in this field, including the provision of services and related activities;" (ii) the early dissolution; and (iii) the amendment of aspects included in the Company's By-Laws as a result of the provisions of this Shareholders' Agreement. (The measure does not include that reforms of the By-Laws and the early dissolution are contained in sections 1 and 18 of article 58 of the by-laws in force)</p>

# 6.1 Reform of By-Laws – Article 60

Original Version	Proposed Version	Justification
<p><b>Article 59. Composition:</b></p> <p>The Company shall have a Board of Directors composed by nine (9) main members with their respective personal alternates, appointed by the General Meeting of Shareholders through an electoral quotient system, <del>25%</del> of which must be independent according to the law and the Company's Corporate Governance Code.</p> <p>(...)</p> <p><b>Second Paragraph:</b> In any case, a number of persons related to the Company in terms of work, who may conform a decision-making majority among them when gathered in session and in exercise of their powers as members of such authority, shall not be appointed as main or alternate members of the Board.</p>	<p><b>Article 60. Composition:</b></p> <p>The Company shall have a Board of Directors composed by nine (9) main members with their respective personal alternates, appointed by the general Meeting of Shareholders through an electoral quotient system, <u>four (4)</u> of whom must be independent according to the law and the Company's Corporate Governance Code.</p> <p>(...)</p> <p><b>Second Paragraph:</b> In any case, a number of persons related to the Company in terms of work, who may conform a decision-making majority among them when gathered in session and in exercise of their powers as members of such authority, shall not be appointed as main or alternate members of the Board.</p>	<p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p>Article V. Board of Directors</p> <p>Section 5.01 The Company shall have a Board of Directors composed by nine (9) main members with their respective personal alternates, appointed by the General Meeting of Shareholders through an electoral quotient system, four (4) of whom must be independent according to the law and the Company's Corporate Governance Code.</p>

# 6.1 Reform of By-Laws – Article 61

Original Version	Proposed Version	Justification
<p><b>Article <del>60</del>. Responsibilities of Board Members:</b></p> <p>Board Members, by accepting the appointment, expressly state their expertise in the development of the entrusted business management, undertaking their limitless joint liability through actions and omissions causing damages to the Company, shareholders and third parties including also ordinary negligence.</p>	<p><b>Article <u>61</u>. Responsibilities of Board Members :</b></p> <p>Board Members, by accepting the appointment, expressly state their expertise in the development of the entrusted business management, undertaking their limitless joint liability through actions and omissions causing damages to the Company, shareholders and third parties including also ordinary negligence. <u>The unfulfillment of their trust duties with respect to the Company, including unjustified absences to sessions of the Board of Directors causing the hindrance to or blocking of deliberations or decision-making, shall give rise to the exercise of corporate responsibility actions under the Law.</u></p>	<p>The Shareholders' Agreement aims to avoid the systemic unjustified blocking of decisions in the Board, by virtue of which the unfulfillment of trust duties by members of the Board, including unjustified absences to sessions of the Board causing the hindrance to or blocking of deliberations or decision-making, shall give rise to the exercise of corporate responsibility actions under the Law against the board member incurring in such conducts.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p><b>Article V. Board of Directors</b></p> <p>(...)</p> <p><b>Section 5.07</b> The unfulfillment of trust duties by members of the Board with respect to the Company, including unjustified absences to sessions of the Board causing the hindrance to or blocking of deliberations or decision-making, shall give rise to the exercise of corporate responsibility actions under the Law against the board member incurring in such conducts.</p>

# 6.1 Reform of By-Laws – Article 64



Original Version	Proposed Version	Justification
<p><b>Article 63. Presidency and Vice Presidency:</b></p> <p>The Board of Directors shall appoint two of its members as President and Vice President.</p> <p>(...)</p>	<p><b>Article 64. Presidency and Vice Presidency :</b></p> <p>The Board of Directors shall appoint two of its members as President and Vice President. <u>The President of the Board of Directors shall be one of the independent members and in order to be elected, this shall have at least three (3) votes from independent members and one (1) vote from a member appointed by the Capital District, from those being present at the meeting. This procedure shall be reflected in Board Regulations.</u></p> <p>(...)</p>	<p>The Shareholders' Agreement sets that the president must be an independent member and be chosen among the independent members, making GEB a pioneer in terms of corporate governance with respect to similar companies in the region. The election of the president of the Board shall require at least three votes from independent members.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p><b>Article V. Board of Directors</b></p> <p>(...)</p> <p><b>Section 5.02</b> The president of the Board shall be one of the independent members proposed by any shareholder, and in order to be elected, he/she shall have at least three (3) votes from independent members and one (1) vote from a member appointed by the District from those being present at the meeting. The term independent shall be understood as any member of the Board of Directors complying with requirements set forth in article 44 of the Law 964 of 2005 and section 5.01 of this Shareholders' Agreement.</p>

# 6.1 Reform of By-Laws – Article 67

Original Version	Proposed Version	Justification
<p><b>Article 66. Duties:</b> The Board of Directors shall have the following powers and duties :</p> <ol style="list-style-type: none"><li>1. Prepare its own regulations.</li><li>2. Freely appoint and remove the President of the Company, and his/her alternates, as well as set his/her remuneration and approve the Senior Management Succession Policy.</li><li>3. Call the General Meeting when deemed pertinent or when required by a number of shareholders representing <del>a quarter part</del> of subscribed shares.</li><li>4. Set administration and management policies of corporate businesses as Grupo Energia Bogota S.A ESP., <del>such as the approval of investment, disinvestment or all type of transactions that may be described as strategic or that do not exceed amounts set forth in Article 71 of these By-Laws or that affect strategic assets or liabilities of the Company</del>, as well as administration and management policies of corporate businesses as parent company of its Business Group.</li></ol>	<p><b>Article 67. Duties:</b> The Board of Directors shall have the following powers and duties :</p> <ol style="list-style-type: none"><li>1. Prepare and <u>amend</u> its own regulations.</li><li>2. Freely appoint and remove the President of the Company <u>according to the election procedure set forth in these By-Laws and Board Regulations</u>, and his/her alternates, as well as set his/her remuneration and approve the Senior Management Succession Policy, <u>which must include the President and Vice Presidents</u>.</li><li>3. Call the General Meeting when deemed pertinent or when required by a <u>plural</u> number of shareholders representing <u>ten percent (10%) of subscribed shares</u>.</li><li>4. Set administration and management policies of corporate businesses as Grupo Energia Bogota S.A ESP., as well as administration and management policies of corporate businesses as parent company of its Business Group.</li></ol>	<p>The Article on Duties of the Board of Directors is amended to include new powers and adjust some of the existing ones.</p> <p>The text of the regulation in the Shareholders' Agreement is as follows:</p> <p><b>Section 10.01</b> In every moment, GEB shall have a succession policy to ensure that persons appointed to hold a position as member of the Board of Directors, including alternates, the president and vice presidents of GEB, are the most suitable based on the analysis of their profiles, skills and experience. <b>(Corresponding to section 2)</b></p> <p><b>Section 3.01</b> The District undertakes to propose the meeting of shareholders, and to approve by vote, an amendment to the By-Laws in order to allow a plural number of shareholders representing ten percent (10%) of the subscribed shares of GEB to request the Board of Directors, the President or the Statutory Auditor of the Company to call extraordinary meetings of shareholders. <b>(Corresponding to section 3)</b></p> <p><b>Section 5.05</b> (...) (e) The approval or amendment of the Board of Directors internal regulations. <b>(Corresponding to section 1)</b></p>

# 6.1 Reform of By-Laws – Article 67

Original Version	Proposed Version	Justification
<p>6. Approve and adopt regulations on the issue, subscription and placement of shares.</p> <p>11. Approve and monitor the Company's strategic plan, business plan, management objectives and guidelines for their implementation.</p> <p>12. Approve the annual budget of the Company <del>and</del> its investment, maintenance and expenditure programs, and in general, approve financial and investment guidelines and policies of the Company, as well as review the Company's financial forecasts.</p>	<p>6. Approve and adopt regulations on the issue, subscription and placement of shares, <u>except for the issue of privileged shares</u>.</p> <p>11. Approve, <u>amend</u> and monitor the Company's strategic plan, business plan, management objectives and guidelines for their implementation.</p> <p>12. <u>Approve the investment policy of the Company upon prior recommendation of the Company's Finance and Investment Committee</u>, approve the annual budget of the Company, its investment, maintenance and expenditure programs, and in general, approve financial and investment guidelines and policies of the Company, as well as review the Company's financial forecasts.</p>	<p>In conformity with section 13 of Article 59 of the By-Laws <b>(corresponding to section 6)</b></p> <p>Section 5.05</p> <p>(...)</p> <p>(d) The amendment of any Company's strategic plan approved by the Board of Directors, and business plans, management objectives and guidelines for their implementation.</p> <p>Annex 2 A The Program Second Stage Regulations state: 2.1. In compliance with Article V "Board of Directors", section 5.06(d) of the Bid, the District shall propose to the Meeting of Shareholders the adoption of an amendment to Article 66 "Duties", section 11 of GEB's By-Laws, so that the Board of Directors has the power to amend and approve GEB's strategic plan, and business plans, management objectives and guidelines for their implementation. <b>(Corresponding to section 11)</b></p> <p>Section 11.02 The Finance and Investment Committee of the GEB Board of Directors shall be responsible for recommending to the Board of Directors the adoption or updating of the investment policy adopted by the Board and shall monitor the observance thereof through annual reports to be submitted to the Board. <b>(Corresponding to section 12)</b></p>

# 6.1 Reform of By-Laws – Article 67



Original Version	Proposed Version	Justification
<p>32. Submit the <del>Remuneration, Succession and Nomination</del> policy of the Board of Directors for the consideration of the the General Meeting of Shareholders.</p> <p>34. Be aware and approve transactions made by the Company with <del>binding shareholders and persons related thereto, as well as companies of the conglomerate belonging thereto (according to the definition of related parties adopted by the Corporate Governance Code.)</del></p> <p>35. Authorize the President to enter into contracts, acts and legal businesses which amount exceeds the equivalent in local currency to seventy thousand (70,000) legal monthly minimum wage in force</p>	<p>32. Submit the <u>Nomination, Succession and Remuneration</u> policy of the Board of Directors for the consideration of the General Meeting of Shareholders.</p> <p>34. Be aware and approve transactions made by the Company <u>with related parties as defined by the International Accounting Standards – IAS, exceeding the amount set by Board Regulations. The transaction shall require the additional approval by the Meeting of Shareholders when occurring the circumstances set forth in section 17 of Article 59 of the By-Laws, under the conditions set by the Board Regulations, when being pertinent and when the following circumstances are not satisfied: a) market prices fixed in a general manner by the person acting as the supplier of involved goods or services are realized and b) when it comes to transactions within the regular course of business of the Company</u></p> <p><u>35. Notwithstanding the powers granted by these by-laws to the General Meeting of Shareholders</u>, authorize the President to enter into contracts, acts and legal business which amount exceeds the equivalent in local currency to seventy thousand (70,000) legal monthly minimum wage in force</p>	<p>The Nomination, Succession and Remuneration Policy of the Board of Directors is included in accordance with the provisions of sections 5.03 and 10.01 of the Shareholders' Agreement</p> <p>Denomination of the policy is adjusted in accordance with the provisions of measures 8.1 and 23.1. of Notice 028 of 2014 issued by the SFC. <b>(corresponding to section 32)</b></p> <p>Annex 2 A The Program Second Stage Regulations state: 1. According to the definition of "Affiliates" contained in the Bid, the proposal to be submitted by the District to the Meeting of Shareholders for the purpose of amending Article 66 "Duties", section 34, and Article 67 "Quorum and Special Majorities" of GEB's By-Laws, in order to reflect the provisions of Article V "Board of Directors", section 5.06, subsection (b) of the bid, shall contain the following:</p> <ul style="list-style-type: none"> <li>• Over the amount set by the Board Regulations           <ul style="list-style-type: none"> <li>✓ If circumstances set forth in Article 58 section 17 of GEB's By-Laws do not combine: the approval by the Board of Directors with a qualified majority (the approving vote of 6 board members in a meeting with a quorum of 7 members) and the subsequent approval by the Meeting of Shareholders.</li> <li>✓ If circumstances set forth in Article 58 section 17 of GEB's By-Laws do combine: the approval by the Board of Directors with a qualified majority (the approving vote of 6 board members in a meeting with a quorum of 7 members)</li> </ul> </li> <li>• Below the amount set by the Board Regulations           <ul style="list-style-type: none"> <li>✓ If circumstances set forth in Article 58 section 17 of GEB's By-Laws do not combine: The approval by the Meeting of Shareholders.</li> <li>✓ If circumstances set forth in Article 58 section 17 of GEB's By-Laws do combine               <ul style="list-style-type: none"> <li>❖ Over seventy thousand (70,000) legal monthly minimum wage in force: approval by the Board of Directors with simple majority</li> <li>❖ Below seventy thousand (70,000) legal monthly minimum wage in force: at the management's discretion <b>(corresponding to section 34)</b></li> </ul> </li> </ul> </li> </ul>



# 6.1 Reform of By-Laws – Article 67

Original Version	Proposed Version	Justification
<p>New section 41.</p> <p>New section 42.</p>	<p><u>41. Approve Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses which amounts exceed seventy thousand (70,000) legal monthly minimum wage in force.</u></p> <p><u>42. Approve the sale, transfer or alienation for any consideration, in one or several related transactions, of assets owned by the Company which amount is greater than five percent (5%) or lower than fifteen percent (15%) of the stock market capitalization of the Company and submit for the consideration of the General Meeting of Shareholders the sale for any consideration, upon previous approval by the Board of Directors, in one or several related transactions, of assets owned by the Company equal or greater than fifteen percent (15%) of the stock market capitalization of the Company.</u></p>	<p>Section 5.06. Board Majorities</p> <p>(a) Without prejudice to the powers granted to the Board of Directors set forth in Article 66, section 35 of the Corporate By-Laws, the sale, transfer or alienation for any consideration, in one or several related transactions, of assets owned by the Company for an amount greater than five percent (5%) and lower than fifteen percent (15%) of the stock market capitalization of the Company, with the exception of the transfer of assets to trust property or other vehicles for the purpose of structuring the execution of projects where it does not lose control; (corresponding to section 42)</p> <p>(b) Perform transactions with Affiliates exceeding the amount set forth in the Board of Directors internal regulations. (corresponding to section 34)</p> <p>(c) Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses which amount is greater than five percent (5%) or lower than fifteen percent (15%) of the stock market capitalization of the Company. (corresponding to section 41)</p> <p>Annex 2 A The Program Second Stage Regulations state:</p> <p>Approval of investment or disinvestment (corresponding to Section 41)</p> <p>4.1.1. Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses shall be approved by the following corporate bodies, according to the amount:</p> <p>a. GEB management without previous authorization: when the amount of the transaction does not exceed the seventy thousand (70,000) legal monthly minimum wage in force.</p> <p>b. Board of Directors with simple majority: when the amount of the transaction is within the value equivalent to seventy thousand (70,000) legal monthly minimum wage in force and the five percent (5%) of the Stock Market Capitalization of GEB.</p> <p>c. Board of Directors with qualified majority (a quorum of seven members and the favorable vote of at least 6 present members) when the amount of the transaction exceeds the five percent (5%) of the stock Market Capitalization of GEB.</p> <p>d. Board of Directors with qualified majority (a quorum of seven members and the favorable vote of at least 6 present members) and the Meeting of Shareholders : when the amount of the transaction exceeds fifteen percent (15%) of the stock market Capitalization of GEB. .</p>

# 6.1 Reform of By-Laws – Article 67



Original Version	Proposed Version	Justification
<p><b>First Paragraph:</b> Notwithstanding the possibility that the Board of Directors may be supported by the committees to comply with its duties, this may not delegate duties set forth in the following sections of this Article: 1, 2, 4, 6, 8, 9, 10, 11, 12, 22, 25, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39 and 40, to the management.</p>	<p><b>First Paragraph:</b> Notwithstanding the possibility that the Board of Directors may be supported by the committees to comply with its duties, this may not delegate duties set forth in the following sections of this Article: 1, 2, 4, 6, 8, 9, 10, 11, 12, 22, 25, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, <a href="#">41 and 42</a>, to the management.</p>	

# 6.1 Reform of By-laws – Article 68



Original Version	Proposed Version	Justification
<p><b>Article 67. Decision-Making Quorum:</b></p> <p>The Board shall deliberate with the presence of five (5) members and make a decision with the vote of the majority of the attendees in the respective session</p>	<p><b>Article 68. <u>Decision-Making Quorum and Special Majorities:</u></b></p> <p>The Board shall deliberate with the presence of five (5) members and make a decision with the vote of the majority of the attendees in the respective session.</p> <p><u>The following decisions shall only be adopted in sessions of the Board of Directors where at least seven (7) members are present and the approval shall require the approving vote of at least six (6) present members.</u></p> <p><u>1. The sale, transfer or alienation for any consideration, in one or several related transactions, of assets owned by the Company for an amount greater than five percent (5%) and lower than fifteen percent (15%) of the stock market capitalization of the Company, with the exception of the transfer of assets to trust property or other vehicles for the purpose of structuring the execution of projects where it does not lose control.</u></p> <p><u>2. Transactions made by the Company with related parties as defined by the International Accounting Standards – IAS, exceeding the amount set by Board Regulations.</u></p>	<p>The Shareholders' Agreement sets that, due to their significance for the Company, certain decisions by the Board of Directors require a deliberation quorum of seven members and approval with the vote of at least 6 directors.</p> <p>Section 5.06 The District, according to its equity interest in GEB, shall propose to the Meeting of Shareholders and vote approving the amendment of the By-Laws in such a way that decisions listed below must be deliberated by the Board with at least seven (7) members, and decided through the approving vote of at least six (6) present members:</p> <ul style="list-style-type: none"><li>(a) Without prejudice to the powers granted to the Board of Directors set forth in Article 66, section 35 of the Corporate By-Laws, the sale, transfer or alienation for any consideration, in one or several related transactions, of assets owned by the Company for an amount greater than five percent (5%) and lower than fifteen percent (15%) of the stock market capitalization of the Company, with the exception of the transfer of assets to trust property or other vehicles for the purpose of structuring the execution of projects where it does not lose control; (corresponding to section 1)</li><li>(b) The execution of transactions with Affiliates exceeding the amount set by the Board of Directors internal regulations. (corresponding to section 2)</li></ul>

# 6.1 Reform of By-Laws – Article 68



Original Version	Proposed Version	Justification
	<p><u>3. Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses which amounts exceed the five percent (5%) of the stock market capitalizations of the Company.</u></p> <p><u>4. The approval and amendment of the Company's strategic plan, business plan, management objectives and guidelines for their implementation</u></p> <p><u>5. The approval and amendment of Board Regulations.</u></p>	<p>(c) Investment proposals, redefinition of existing investment, mergers, creation and/or modification of investment vehicles, winning of strategic partners and associates, and structured financing of new businesses which amounts are greater than the five percent (5%) and lower than the fifteen percent (15%) of the stock market capitalizations of the Company. (corresponding to section 3)</p> <p>(d) The amendment of any Company's strategic plan approved by the Board of Directors, and the business plans, management objectives and guidelines for their implementation. (corresponding to section 4)</p> <p>(e) The approval and amendment of the Board of Directors internal regulations. (corresponding to section 6)</p>

# 6.1 Reform of By-Laws – Article 70

## Original Version

### Article ~~69~~. Appointment ~~and Term~~:

~~The term in office of the President shall be two years as of his/her election, but he/she may be reelected indefinitely or freely removed from his/her position before the due date, when the Board does not elect a president in the corresponding opportunities, the previous president shall continue to hold the position until a new president is elected. The election of the president shall be performed according to the criteria of suitability, knowledge, experience and leadership.~~

(...)

## Proposed Version

### Article 70. Appointment and Removal:

The President of the Company shall be responsible for the management of the Administration and Legal Representation of the Company, who shall be elected by the Board of Directors

(...)

Fourth Paragraph: The President of the Company shall be elected through a selection and appointment process as follows:

1. In the event the position is vacant or the Board decides to replace the President, an *ad hoc* committee of the Board of Directors shall be created comprising three (3) independent members supported by an international recognized executive selection company (head hunter) with experience in recruiting executives for companies listed on the stock exchange, which shall present to the *ad hoc* committee a list of at least seven (7) candidates complying with the requirements and conditions on years of experience in the pertinent sector, in similar positions and with the academic profile defined by the *ad hoc* committee;

## Justification

The Shareholders' Agreement stipulates an election process for the president of the Company, where independent members of the Board of Directors are involved, who shall be supported by an executive selection company (head hunter) that shall provide a list of at least 7 candidates complying with the requirements and conditions on years of experience; subsequently, the *ad hoc* committee shall choose at least three candidates from the list presented, who shall be submitted for the consideration of the Board of Directors in order to elect the president.

The text of the regulation in the Shareholders' Agreement is as follows:

Article IX. Appointment of the GEB President

Section 9.01 The GEB President shall be elected by simple majority of the Members present at the session through the following selection and appointment process, divided in three (3) stages:(corresponding to paragraph 4)

(a) An *ad-hoc* committee shall be created by the Board of Directors comprising three (3) independent members supported by an international recognized executive selection company (head hunter) with experience in recruiting executives for companies listed on the stock exchange, which shall present the *ad hoc* committee a list of at least seven (7) (corresponding to section 1)

# 6.1 Reform of By-Laws – Article 70



Original Version	Proposed Version	Justification
	<p><u>2. With the favorable vote of the simple majority of its members, the <i>ad-hoc</i> committee shall choose at least three (3) candidates from the list presented by the head hunter to be submitted for the consideration of the Board of Directors; and</u></p> <p><u>3. The Company's President shall be elected from candidates proposed by the <i>ad-hoc</i> committee according to the procedure and terms established in the Board Regulations.</u></p>	<p>candidates complying with the requirements and conditions on years of experience in the pertinent sector, in similar positions and with the academic profile defined by the <i>ad hoc</i> committee;</p> <p>(b) The <i>ad-hoc</i> committee shall choose at least three (3) candidates from the list presented by the head hunter to be submitted for the consideration of the Board of Directors; and</p> <p>(c) The GEB President shall be elected by the Board of Directors from candidates proposed by the <i>ad-hoc</i> committee.</p>

## 6.1 Request to the Meeting of Shareholders



According to the request made by the Capital District by means of notice dated July 31, 2018 whereby the Shareholders' Agreement was filed in the GEB, the recommendation provided by the Corporate Governance Committee, the Board of Directors and the provisions set forth in Section 1, Article 58 of the Corporate By-Laws, the Meeting of Shareholders is requested to:

- ✓ Approve the amendment to Articles 19, 24, 45, 59, 60, 61, 64, 67, 68 and 70 of the Corporate By-Laws according to the expressed considerations.
- ✓ Approve the inclusion of a new Article 55 in the By-laws according to the expressed considerations
- ✓ Authorize the Legal Representative of the Company to record the corresponding amendment as a public document and integrate all articles in force of the By-Laws in a single public document