



## **AGREEMENT No. 93**

**(Friday, April 25, 2014)**

Which regulates the Corporate Audit Committee of Interconexión Eléctrica S.A. E.S.P.

The Board of Directors of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P., in exercise of its statutory powers, and

### **WHEREAS:**

- A. Agreement 53 of September 30, 2005 regulates ISA's Corporate Audit Committee. This agreement was replaced by Agreement 59 of August 3, 2006.
- B. Agreement 91 of April 25, 2014, regulates the operation of ISA's Board of Directors and also established a special chapter that regulates in general terms the operations of the Board Committees.
- C. Considering the provisions of Agreement 91 of April 25, 2014, as well as ISA's key strategic definitions of its corporate role, it is necessary to update the Corporate Audit Committee's regulation in order to establish through this Agreement all that pertaining to the responsibilities and operations of said Committee.
- D. The Board of Directors shall procure the existence and management of an effective Internal Corporate Control system that contributes to:
  - Achieving effectiveness, efficiency and economy in the operations of ISA and its Corporate Group.
  - Protecting assets by seeking their proper administration.
  - Ensuring timeliness and reliability of information.
  - Ensuring that management is properly evaluated and monitored.
  - Ensuring compliance with legislation and regulations, and internal policies, rules and procedures.
- E. That for the Corporate Group, being able to exercise control in an environment of independence and transparency is of the utmost importance.

### **AGREES:**



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**ARTICLE ONE. COMPOSITION:** This Committee shall be comprised of five (5) members of the Board of Directors, including all the independent members, for a one-year period. The designation shall be made by the Board of Directors immediately following its election by the General Shareholders' Assembly. However, substitutions may be made when the Board deems such appropriate.

Individuals who are part of ISA's administration or Group companies may not be named as members of the Committee. The Company CEO, the Statutory Auditor and Corporate Controller shall attend the Committee with voice but without a vote. Third parties may also be invited to attend.

**ARTICLE TWO. FUNCTIONS:** ISA's Corporate Audit Committee is responsible for supervising the operation and effectiveness of the Corporate Group's internal control system, and is in charge of the following functions, without prejudice to the provisions of the Law and the Corporate Bylaws:

1. Approve the guidelines, policies, principles, models, procedures and methodologies to be applied in matters of corporate control.
2. Ensure compliance with the ISA Corporate Group's Control Policy.
3. Make sure that the ISA Corporate Group has an effective corporate control system.
4. Ensure that the administration has put in place policies that guarantee identification of risks and that controls are adequate, valid, and function effectively.
5. Facilitate control activities inside the ISA Corporate Group.
6. Supervise compliance with the Code of Ethics in all of the ISA Corporate Group.
7. Ensure that exercise of the Corporate Controller and External Audit (Statutory Auditor) is carried out in a setting of independence and transparency, and that the resources needed for such effect are available.
8. Supervise the adequate balance of controls.
9. Watch over adoption of adequate audit practices.



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10. Review the Financial Statements to be presented to the Board of Directors and the General Shareholders' Meeting, and ensure the adoption and compliance of proper accounting practices.
11. Evaluate and monitor the endeavors of the ISA Corporate Group's Corporate Controller.
12. Approve the Corporate Controller's Annual Work Plan and monitor its compliance.
13. Be familiar with and decide upon the findings of the Corporate Controller and other inspection and control entities. Ensure their inclusion in improvement plans and monitor their implementation.
14. Notify the Board of Directors and General Shareholders' Assembly regarding findings or situations of risk, as appropriate.
15. Review and evaluate the actions of the Statutory Auditor (External Audit).
16. Define the process to elect the Statutory or External Auditor (re-election, bid requests), supervise its proper application and submit to the Board of Directors the recommendation for the General Shareholders' Assembly.
17. Make sure there are procedures in place to receive and handle complaints and to follow up on them.
18. Request investigations or special tasks as needed.
19. Review and define any notable disagreement arising between the administration and the Corporate Controller or the External Auditor (Statutory Auditor) with regard to process improvement.
20. Carry out all those activities included in the current regulations, agreements, statutes and laws, inasmuch as the Committee or the Board deems such necessary or appropriate.
21. Assist in the function of supervising compliance with the Corporate Governance Code assigned to the Board and the Corporate Governance Committee of ISA's Board of Directors.
22. Ensure that the preparation, presentation and disclosure of financial information is in line with legal provisions.



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23. Prepare the report to be submitted by the Board of Directors to the General Shareholders' Assembly regarding internal control operations, which shall include the following aspects:
- a. General policies established to implement institutional internal control.
  - b. The process used to review the effectiveness of the internal control, with the express mention of aspects related to risk management.
  - c. The most relevant activities carried out by the Audit Committee.
  - d. Any material deficiencies discovered, recommendations made, and measures adopted, including topics that could affect the financial statements and the management report.
  - e. Observations made by supervising bodies, and fines imposed, as the case may be.
  - f. Presentation of an evaluation of the work accomplished by the Corporate Controller, including the scope of the work carried out, the independence of the function and the resources assigned.
24. Comply with all other functions assigned by the Board of Directors.

**ARTICLE THREE. MEETINGS:** At least six (6) ordinary meetings per year must be held in accordance with the schedule approved by members, without exceeding the term limit of 3 months between meetings. The Committee may not meet and deliberate without the presence of at least three (3) of its members. Decisions are adopted by a simple majority. In addition, it may meet extraordinarily when required, so as to exclusively deal with the matter called for by said meeting.

**ARTICLE FOUR. COMMITTEE CHAIR:** This Committee shall be presided over by the person designated by the members, who shall be elected from among the independent members.

In addition to presiding over meetings, the Chair shall be responsible for presenting the Board of Directors with prior analyses and revisions, periodic reports of the matter submitted for consideration, as well any pertinent recommendations.

**ARTICLE FIVE. COMMITTEE SECRETARY AND MINUTES:** The Committee Secretary shall be the Corporate Controller, who will have the following responsibilities:

- Summon Committee meetings with at least three (3) working days of anticipation.
- Promote periodic revision of the Committee's activities, and recommend modifications and the adoption of best practices.



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- Maintain a planned agenda for meetings of the Corporate Audit Committee which describes all activities required so as to comply with the tasks and responsibilities undertaken.
- Facilitate distribution of the material required by the members of the Corporate Audit Committee.
- Recommend any meetings or educational and informative presentations that may be useful to the Corporate Audit Committee in the execution of its functions.
- Prepare the meeting minutes which are to be approved by the Committee and which are to be signed by the Chair and the Secretary. The minutes shall include the consecutive number, meeting date, members and guests in attendance, a summary of the issues discussed, opinions of the consultants hired for the purpose and the decisions or recommendations adopted with their respective motivation.

The minutes of the Committees are confidential and will be kept in the custody of the Secretary. A copy of the minutes may be given only to the competent authorities and to those parties authorized by the Board of Directors.

The Committee Secretary shall issue certifications as requested, abiding by the applicable provisions and the confidentiality and reserve of said documents.

**ARTICLE SIX. RELATIONS:** In order to comply with these responsibilities, it is imperative that the Corporate Audit Committee maintain the following levels of interaction:

- Corporate Controller.
- Statutory Auditor (External Auditor).
- Vice President of Corporate Finance.
- External and Internal Control Bodies.
- Supporting Consultants (hired as needed).

**ARTICLE SEVEN. CONFLICTS OF INTEREST:** Once the agenda is read at Committee meetings, the Chair of said Committee shall ask attendees if they have any conflicts of interest with regard to any of the topics to be discussed at the Board, of which note shall be taken in the respective minutes.



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- If a topic not included in the agenda is authorized for discussion at a Committee meeting, the Chair shall ask at the beginning of the topic presentation regarding the possible existence of conflicts of interest regarding said topic.
- If a conflict of interests is found, the Committee member involved must abstain from participating in activities related to the matter giving rise to said conflict, thereby applying to the procedure described in the Corporate Bylaws and legislation.

**ARTICLE EIGHT. DUTIES AND RESPONSIBILITIES:** In addition to the duties and responsibilities held as ISA administrators, the persons comprising the Committee must attend meetings, prepare the topics to be discussed, maintain the confidentiality of the Committee's discussions and decisions, and abstain from intervening in the deliberations and discussions of topics that may imply conflicts of interest.

Given the responsibilities of the members of the Corporate Audit Committee, an annual self-evaluation shall be carried out to measure their performance.

**ARTICLE NINE. REPORTS:** Before finishing its term, the Corporate Audit Committee shall issue a report for the Board of Directors which includes:

- Its activities, conclusions and recommendations presented during the year.
- The agenda to be addressed in the following term.
- A statement its opinion regarding the adequate presentation and disclosure of financial statements.

The aforementioned does not exempt the Corporate Audit Committee from presenting periodic reports to the Board, depending upon the activities carried out during the year.

When situations are detected that are of particular significance to the Company, a special report should be sent to the Board of Directors and to the legal representative.

**ARTICLE TEN. VALIDITY AND ANNULMENTS:** This Agreement shall take effect from its date of issuance, and will override all of ISA's internal regulations of a general or particular nature contrary to the same, in particular Agreement 59 of Thursday, August 03, 2006.

Given in Bogotá, on the twenty-fifth (25) of April of 2014.

**THE CHAIR**

**THE SECRETARY**



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**SANTIAGO MONTENEGRO T.**

**SONIA M. ABUCHAR A.**