

## **CORPORATE GOVERNANCE REPORT – Fiscal Period 2007**

In accordance with the provisions of the Good Governance Code, we present the following Corporate Governance Report 2007 for the consideration of the General Meeting of Shareholders.

### **1.1. MODIFICATIONS TO THE GOOD GOVERNANCE CODE.**

On June 1, 2007 ECOPETROL S.A.'s Board of Directors approved the full text of the Good Governance Code as modified to meet the requirements of the company's capitalization process and the need to adjust the Code to the company's new legal status. Further modifications were later made and approved in the meetings of the Board of Directors on July 26 and December 7, in response to recommendations from the Superintendency of Finance to include reforms to the bylaws and the changes made necessary by Law 1150 of July 16, 2007 (modifying Law 80 of 1993).

Ecopetrol's Good Governance Code regulates the best practices of Corporate Governance and is in line with the company's commercial activity. It serves as a self-regulatory framework, guaranteeing to current and potential shareholders and investors a high degree of transparency, objectivity, and competitiveness in the company's business dealings.

### **1.1. MAIN ADJUSTMENTS TO THE GOOD GOVERNANCE CODE<sup>1</sup>:**

The following are the most relevant changes in the Code currently in effect:

**1.1.1. SHAREHOLDERS' RIGHTS:** The corporate bylaws grant the shareholders additional rights and guarantees based on the minimum guarantees protected by law, so that the company might treat all shareholders fairly and equally.

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<sup>1</sup> See [http://www.ecopetrol.com.co/documentos/40371\\_Good\\_Governance\\_Code\\_-\\_aprobado\\_07-12-07.pdf](http://www.ecopetrol.com.co/documentos/40371_Good_Governance_Code_-_aprobado_07-12-07.pdf) for the complete version of the Code with the mentioned modifications.

Some of those rights are:

- a) **CALL TO MEETING BY THE SHAREHOLDERS:** The official entity that exercises control over ECOPETROL S.A. may call for or may order the President or the Independent Auditor to call for a special General Meeting of Shareholders when so requested by a group of shareholders representing at least five percent (5%) of the total of all shares issued.
- b) **PROPOSALS TO THE BOARD OF DIRECTORS:** A group of shareholders representing at least five percent (5%) of the shares issued may present a proposal to the Board of Directors relative to the good functioning of the company.
- c) **SPECIAL AUDITS REQUESTED BY SHAREHOLDERS OR INVESTORS**  
A group of shareholders representing at least five percent (5%) of the shares of ECOPETROL S.A. may ask the President of ECOPETROL S.A. to carry out a special audit, at their own cost and under their own responsibility. Investors may also request special audits in conformance with the nature of their investment, taking into account the abovementioned rules, as long as they possess, individually or jointly, ten percent (10%) or more of the corresponding shares issued. These audits will be at the cost and under the responsibility of those who request them.

**1.1.2. SHAREHOLDER OBLIGATIONS TO ECOPETROL S.A.:** Shareholders must act out of loyalty to the company, abstaining from participation in actions or behavior that might put the company's interests at risk or disseminate confidential information.

**1.1.3. FINANCIAL RELATIONS WITH SHAREHOLDERS:** ECOPETROL S.A.'s financial relations with its shareholders, including the majority shareholder, and with its subordinates will take place within the limitations and conditions established by current legislation and the regulations on the prevention, handling, and resolution of conflicts of interest established in the Code of Good Governance.

Any relationship of this type will be disclosed in the notes to the company's financial statements.

#### 1.1.4. BOARD OF DIRECTORS

- a) COMPOSITION: The Board of Directors is made up of nine (9) members without alternates, who will be elected by the General Meeting of Shareholders. At least three (3) of the members will be independent as per Law 964 of 2005. The members of the Board of Directors who are elected as independents will accept the position in writing, and must remain independent during their entire term. If for any reason one of them loses independent status, he or she must resign from the position and the company President must call a special meeting of the General Meeting of Shareholders in order to replace that person. It is important to note that the members of the Board of Directors of ECOPETROL – Publicly-held Corporation – and their respective alternates will continue to serve as members until other persons are designated in the General Meeting of Shareholders during the first quarter of 2008.
  
- b) QUALIFICATIONS: The members of the Board of Directors must be committed to the company's corporate vision and must meet the following minimum prerequisites:
  - (i) they must have knowledge and experience in fields related to the company's corporate purpose and/or have knowledge and experience in industrial and/or commercial, financial, stock market, managerial, legal, or other similar activities,
  - (ii) they must have a good reputation and recognition based on professional aptness and integrity, and,
  - (iii) they must not belong simultaneously to more than five (5) Boards of Directors including the board of directors of ECOPETROL S.A.
  
- c) COMMITTEES: The Board's internal committees are made up of three (3) members of the Board of Directors, who will be designated by the Board. At least one (1) of the three (3) members must be independent, and in the case of the Audit Committee, all of its members must be independent.

**1.1.5. PRINCIPLES FOR ACTIONS BY THE MEMBERS OF THE BOARD OF DIRECTORS:** The internal regulations of the Board of Directors describe the principles the Directors will follow in their actions, promoting equal treatment, transparency, objectivity, and accountability.

**1.1.6. HIRING OUTSIDE CONSULTANTS:** Experts may be hired to provide consulting services in order to help fulfill the functions of Board members or as a support to its committees.

**1.1.7. CONFLICTS OF INTEREST:** The President, the members of the Board of Directors, and all ECOPETROL S.A. employees must abstain from conduct that constitutes a conflict of interest.

**1.1.8. MECHANISMS FOR RESOLVING CONTROVERSIES:** THE mechanisms adopted to resolve controversies between the company and its shareholders are, in first instance through a direct settlement, in second instance through *amiable compositeurs*, and in the third instance through the intervention of conciliators at the Center for Conciliation and Arbitration at the Chamber of Commerce in Bogotá D.C. Once these three (3) instances have been pursued as fully as possible, the interested party may choose to have the controversy resolved through the legal jurisdiction or through a Court of Arbitration.

**1.1.9. CONTROL STRUCTURE:** Two substantial modifications were made in this area: a) the Internal Control System was adjusted to the international COSO standards and b) the system now focuses on strategic issues, with the Board of Director's Audit Committee imparting guidelines and directives to the Corporate Audit Department.

## **2. COMPLIANCE WITH THE GOOD GOVERNANCE CODE**

### **2.1. GENERAL MEETING OF SHAREHOLDERS**

**a) FUNCTIONING:** During the course of the year the General Meeting of Shareholders met on the following dates. The meetings followed the set agenda and decisions were made with a group of shareholders according to the corporate bylaws and the current internal regulations:

<b>No. Official Minutes</b>	<b>Date of the meeting</b>	<b>Type of meeting</b>
012	March 26	Ordinary, in person
013	May 11	Extraordinary, teleconference
014	June 12	Extraordinary, in person
015	July 18 and 19	Extraordinary, teleconference
016	July 24	General Meeting
017	August 14	Extraordinary, in person
018	September 13	Extraordinary, teleconference
019	November 6	Extraordinary, in person

The agenda for each meeting included verification of quorum, legal quorum was constituted at each Shareholders' Meeting, and each meeting dealt with the matters on the agenda.

The official minutes on file in the office of the Secretary General were signed by the President and the Secretary of the Meeting, describing the matters discussed and the decisions made by the Shareholders.

**b) MOST RELEVANT MATTERS COVERED:** The following matters were considered and resolved during the ordinary meeting held on March 26: (i) approval of the Board's Report and the company President's Report to the Shareholders for fiscal year 2006, (ii) presentation of the Report by the Independent Auditor on the financial statements as of December 31, 2006, (iii) reading and approval of the financial statements 2006, (iv) presentation and approval of the earnings distribution for the year 2006, (v) election of the Independent Auditor for the period from April 2007 to April 2008, and (vi) designation of the members of the Board of Directors.

Extraordinary Meetings of the Shareholders were held for the capitalization process, during which the following matters were approved: (i) authorization of the issue of ECOPETROL S.A. shares, (ii) Setting of the percentage limit applicable to legal entities for the acquisition of Ecopetrol stock during the first two rounds, (iii) Approval of the stock split, (iv) Determination of the share price, (v) Authorization for members of the Board of Directors to buy Ecopetrol shares, (vi) Approval of the comprehensive revision of corporate bylaws, and (vii) Modification of the internal regulations for Shareholders' Meetings.

In addition, other extraordinary meetings were held to approve larger dividends to fund subsidies to the Nation, and to approve the additional scope of the contract with the Independent Auditor.

## **2.2. BOARD OF DIRECTORS**

The ECOPETROL S.A. Board of Directors was elected for a two-year period during the ordinary meeting of shareholders on March 26. It is made up of seven members and their respective personal alternates, elected from a slate proposed by the Ministry of Finance and Public Credit. All of the members elected accepted the position in writing.

In an extraordinary meeting held on May 11, and in response to the resignation presented by Cecilia María Vélez, Gustavo Gaviria Ángel was designated as the fifth Board member and, in turn, Andrés Escobar Arango was named as his alternate.

During the extraordinary meeting via teleconference on September 13, 2007, the resignation of Dr. Gustavo Gaviria Ángel was accepted and his position is still vacant at the current time.

Please see the separate report on the functioning of the Board of Directors, which includes a list of the meetings held, a record of the Directors' attendance, and the Board's self-evaluation.

### **2.3. CHIEF EXECUTIVE OFFICER AND OTHER OFFICERS**

In conformance with the corporate bylaws, ECOPETROL S.A.'s management includes the President, the Vice Presidents, the Managers, and the Directors. All of them contribute to achieving the business objectives through strategic leadership of their respective areas and through their different activities.

Based on an analysis of the company's results and the performance agreement signed between the President of the Board of Directors and the President of the company, the Board of Directors evaluated the President's performance relative to the most demanding indicators in ECOPETROL S.A.'s Balanced Scorecard system. In addition, major milestones for the development of corporate strategy were established as goals.

In 2007, the financial indicators performed better than expected, especially in terms of EBITDA, Net Earnings, and the EVA, for which all goals were met and surpassed. The indicators related to clients and market goals showed important growth in sales volume and a high level of satisfaction among our clients. The noteworthy results among the operations performance indicators were the results for improved operations for the Refining and Transportation businesses, and the overall accidents and environmental performance.

Although the indicators for crude exports, oil equivalent reserves owned by Ecopetrol, execution of the main projects in the portfolio, environmental incidents, and personnel turnover did not reach target levels, opportunities for improvements have been detected that are being implemented in 2008.

The Vice Presidents, Managers, Directors, and other employees are evaluated according to indicators established by the Balanced Scorecard system by area and according to the terms established in performance agreements signed with supervisors. The company's operational results for each area can be seen in the

results listed on the Balanced Scorecard published in the annual report.

During the second half of 2007, Ecopetrol began to restructure the organization to face the challenges outlined in its business plan and to shoulder responsibilities toward its shareholders and other stakeholders. The new structure is believed to be more in line with the strategy, more competitive, and more reliable.

## **2.4. SHAREHOLDER RELATIONS.**

### **2.4.1. RELATIONS WITH THE MAJORITY SHAREHOLDER**

ECOPETROL S.A. signed agreements with the Ministries of Finance, Defense, Education, and Agriculture. Some of them are mentioned below:

- An agreement with the Ministry of Finance and Public Credit (MHCP) and Ecogás to regulate delivery to the MHCP of the resources for which Ecogás must pay the Company according to the payment schedule established via Decree 958 of 1998.
- Agreement 139 with the Ministry of the Environment to build a master plan for the first stage of a sanitary sewage system in Talaigua Nuevo in the Department of Bolívar.
- Agreement 165 with the National Ministry of Education and FUNDESMAG to promote the use of new information and communication technologies and means.
- Agreement 136 with the Ministry of Agriculture, the Office of the Governor of Santander, the Mayor of Barrancabermeja, the Mayor of Cimitarra, Petrosantander, Fundesmag, and commercial allies and producers to strengthen agricultural production by planting, processing, and commercializing yuca through a productive alliance in the framework of the poultry chain, for a Productive Santander, as an agrarian development action that will create jobs in ECOPETROL S.A.'s zone of influence.

### **2.4.2. RELATIONS WITH MINORITY SHAREHOLDERS**

ECOPETROL S.A.'s Office for Attention to Shareholders and Investors is located in the city of Bogotá at Calle 13 No. 8<sup>a</sup>-30, 8<sup>th</sup> floor, to receive and resolve shareholders' questions stemming from their relations with the company.

The Company hired a Shares Consortium, made up of Fiduciaria Bogotá and Fiduciaria de Occidente, to run, manage, coordinate, and supervise the logistics of that office. The Consortium carries out comprehensive administration of the program to issue and sell shares.

There are several ways to access the office for proper administration of shareholders' requests and needs: The telephone number 307-7075 at the call center in Bogotá, the national phone number 01-800-011-3434, the e-mail address [shareholders@ecopetrol.com.co](mailto:shareholders@ecopetrol.com.co), and physical personalized attention at the office. ECOPETROL S.A. offices also have mechanisms for attending to shareholder relations. The following are a few statistics to summarize and give a feel for the level of attention provided:

- a) **PERSONALIZED ATTENTION:** From the time the office opened on November 19 and until December 31, 2007 a total of 1,759 people were attended. A network of Banco de Bogotá offices was also made available for reprinting communications about sales to shareholders, which they did in 7,503 cases. In the days preceeding the payment of the first dividend, additional personnel were assigned to give attention through the Citizen Participation Office, attending 883 people.
- b) **SHAREHOLDER CALL CENTER:** Two telephone lines were established, from November 13 until December 31, 307-7075 in Bogotá and 01-800-011-3434 for calls from all over the nation. Those two lines received 512,087 calls, of which 245,027 were attended. Of those calls, 100,874 were handled within the established service parameters; in other words, 41.17% of the calls were answered by an agent within 30 seconds.

This level of attention can be explained by the high number of calls received daily, reaching a maximum of 59,763 calls on November 29, 2007.

c) E-MAILS: As of December 31, 2007, 38,914 e-mails had been received at the address [shareholders@ecopetrol.com.co](mailto:shareholders@ecopetrol.com.co) requesting updates on shareholder information, corrections on the information published on sales, and other matters. Of the e-mails received, 33,914 were answered by December 31 and the remaining 5,000 were answered before January 6, 2008.

d) REQUESTS FOR INFORMATION RELATIVE TO THE CAPITALIZATION PROCESS: One hundred and twenty-eight petitions for access to information were received, processed, and given a complete response by the Citizen Participation Office and the Office for Attention to Shareholders.

e) **WEB PAGE:** The web page for Ecopetrol associates served as a direct communication channel with the company's potential shareholders. Colombians received complete, timely, and updated information during the three phases in the process to issue and sell the shares. This button received close to 826,000 hits.

In the pre-sale phase, legal documents were published, such as the ECOPETROL S.A. prospectus. The prospectus provided in-depth information about the Company and explained the participation conditions for Colombians. The frequent questions module was installed, providing answers to the most common questions about the process, based on the questions received through the company's different communication channels.

In the selling phase, and for the first time in a process to issue shares, Colombians were able to present their offer to buy using an electronic form. Thirty-two percent of the forms presented, 165,534, were presented using this method.

When sales began on August 27, the page received 40,994 visits, and on September 25, the day the offer closed, 49,619 users entered. During the phase to issue the shares and send notification letters for the stocks issued, online consultation was enabled for the 482,941 Colombians who were notified that they were now shareholders of ECOPETROL S.A., including information related to the stocks purchased, payment mode, and personal information. Weeks later a download was enabled for the payment voucher to pay the first installment for those who made their purchase in installments and for the sole payment voucher for those paying in a single payment. An explanation was also provided of how and where to make payments according to the payment mode and the place of purchase.

#### **2.4.3. RELATING TO INSTITUTIONAL INVESTORS**

During the public offering, ECOPETROL S.A. organized multiple private and public meetings and presentations with brokerages, pension funds, severance pay funds, and other private institutional investors to inform those investors about the hydrocarbons sector and the Company. After the shares were placed, continuous communication was maintained with market analysts at national and international institutions who constantly requested information for the stock market. Some of those analysts have produced study documents on ECOPETROL S.A. and the hydrocarbons sector that have been published and distributed to their investors.

#### **2.5. COMPLIANCE WITH THE DIVIDENDS POLICY:**

In fulfillment of the law and corporate bylaws, the General Meeting of Shareholders decreed an earnings distribution during 2007, as follows:

a) Ordinary: During the ordinary meeting on March 26, 2007, a \$70,671.68 dividend per share was declared, to distribute total earnings for 2006 of 4,475,399,120,304.

- b) Extraordinary: In an extraordinary meeting on June 12, 2007, dividends were decreed on retained earnings held in reserve from prior periods in the total amount of \$602,157,378,979, resulting in a dividend per share of \$6,619.88.

## **2.6. STAKEHOLDERS**

The Good Governance Code recognizes the company's stakeholders and describes its commitments to each one of them. A management and notification system was implemented to this effect. The attached document presents the Corporate Social Responsibility report on the fulfillment of those commitments.

### **2.6.1. FOLLOW UP ON THE CORPORATE SOCIAL RESPONSIBILITY MODEL**

Commitments to stakeholders have been built into a Corporate Social Responsibility Model that uses indicators and precise goals to follow-up on those commitments.

### **2.6.2. NOTIFICATION TO STAKEHOLDERS - ACCOUNTABILITY**

During the first semester of 2007 two accountability events were held for the public. The first was held on April 23 in the Logycal auditorium in the city of Bogotá. The invitation to this first event was made via direct invitation, a notice on the web page, and the press. One thousand seven hundred people attended, 183 of whom were delegates from the different stakeholders. In addition, the event was broadcast live on the institutional channel to the entire country so that a great number of Colombians might have access to the information shared.

The second event was held in the Middle Magdalena Valley, in the city of Barrancabermeja, on May 30. One thousand thirty-five people were invited to this event through direct correspondence and dissemination through the press and radio. Seventeen questions were dealt with on the company's web page,

and 86 were answered in person during the audience. The event was attended by 463 delegates from stakeholders, representing 44.7% of those invited.

During the events the President of ECOPETROL S.A. and his team presented the business results for 2006 and the main challenges for 2007. The topics that generated the most interest among the audience were: the capitalization of ECOPETROL S.A., alternative fuels, the development of heavy crudes, the company's relationship with local and regional providers, and labor issues.

## **2.7. CONTROL**

ECOPETROL S.A.'s internal control structure is used for constant follow-up by management, the Board of Directors, and the Board of Directors' Audit Committee, in order to take any corrective measures and make any improvements deemed necessary. The controls are exercised by external and internal bodies.

### **2.7.1. EXTERNAL CONTROLS**

These controls are exercised by the Independent Auditor, the Superintendency of Domiciliary Public Services, the Superintendency of Finance, the Superintendency of Corporations, and the General Controller's Office. Also falling in this category are the risk rating agencies and any audits requested by shareholders.

The company responded with efficiency and timeliness to all requests for information and/or documents from regulatory agencies, facilitating their work and obtaining ratings from authorized firms.

- a) **INDEPENDENT AUDITOR:** The results from market analysis AMUG0107 were presented to the Shareholders for approval in the ordinary meeting on March 26 to subsequently hire the Independent Auditor for ECOPETROL

S.A. for the April 2007 – 2008 period. This was done after an evaluation of offers by the Evaluating Committee and analysis by the Board of Director's Audit Committee, who recommended to the General Meeting of Shareholders the hiring of the firm Ernst and Young Colombia.

The Shareholders, after analyzing the proposal presented, designated Ernst and Young Colombia to provide Independent Audit services to ECOPETROL S.A. for the April 2007 – 2008 period, as recommended by the Audit Committee. In addition, on November 6, 2007, the General Meeting of Shareholders approved an addition to the contract to cover the new services required by the company relative to the independent audit of the financial statements 2006 and 2007 reconciled under the US GAAP standards. The approval was based on the quotation presented by the same firm as part of market analysis AMUG-0107.

Upon audit of ECOPETROL S.A.'s financial statements, the Independent Auditor decreed that the statements as of December 31, 2006 were correct in all their important aspects, in conformance with the generally accepted accounting principles promulgated by the General Accounting Office. This report was published on the web page to inform the interested public.

ECOPETROL S.A has hired no services other than Independent Auditor services from the firm that currently provides that service, as per the Good Governance Code.

**b) GENERAL CONTROLLER'S OFFICE OF THE REPUBLIC:** The results from the Comprehensive Fiscal Control 2005 by the General Controller's Office (CGR), were incorporated into the company's improvement plans. The Internal Control Coordination Committee and the Board of Directors' Audit Committee conducted control and follow-up on those plans. In 2007, ECOPETROL S.A. complied 99% with the improvement plans signed with the General Controller's Office.

This fiscal control body has declared the accounts of ECOPETROL S.A. to be in order for the last four fiscal periods, meaning that the company's operations and official documents have been correct and proper from a fiscal point of view. This means the regulatory agency was able to issue a favorable opinion on the accounting information, and on the management, handling, and yield of the public funds, assets, and resources assigned to the company to meet its goals.

- c) **CREDIT RATING AGENCIES:** The firm Duff & Phelps de Colombia once again gave the national rating of AAA to Ecopetrol's corporate debt, and the firm Fitch Ratings granted the international rating of BB+ and BBB- for foreign currency and local currency respectively.

### **2.7.2. INTERNAL CONTROLS**

The guidelines and methodology established by the national government's Advisor in Internal Control were used to evaluate the internal control system for fiscal year 2007, in order to maintain the integrity of the evaluation and make it possible to compare it to prior years. Future evaluations will be done using the COSO standards and methodology.<sup>2</sup>

The evaluation declared Internal Control to have a HIGH level of development (97.4%), consistent with the information obtained for 2006 and presented to the shareholders in the prospectus in the following terms: "Ecopetrol's internal control system was evaluated using the guidelines from the Administrative Department of the Public Function (DAFP), which established that Ecopetrol has a "high" level of development in its internal control system."<sup>3</sup>

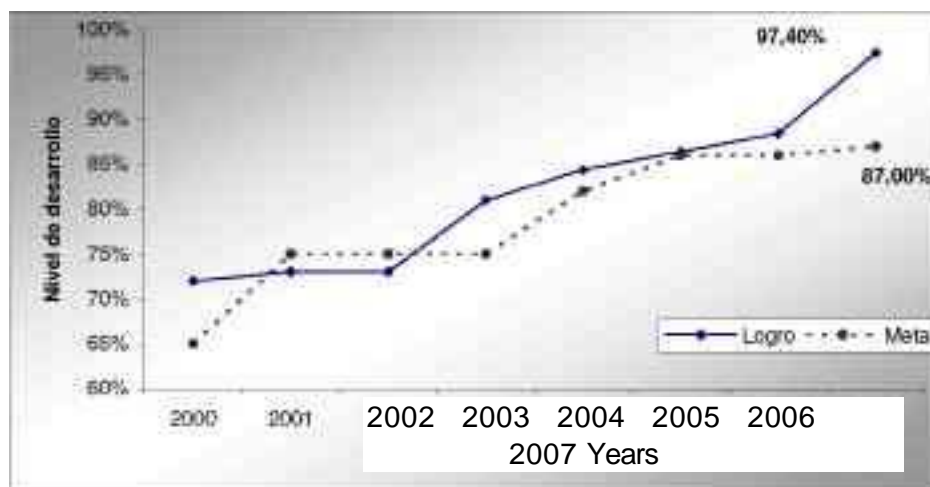
These results show a continued trend toward continuous improvement in recent years in the official results reported for the goals and

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<sup>2</sup> Committee of Sponsoring Organizations of the Treadway Commission

<sup>3</sup> Prospectus on Ecopetrol's Program for Issuing and Selling Shares 2007 – First Round

achievements of the internal control system, as can be seen in the following graph:



### ***Level of Development***

#### **2.7.2.2. TELEPHONE NUMBER FOR CONTACTING THE AUDIT COMMITTEE:**

The good Governance Code establishes that the Audit Committee must set up a phone line and an e-mail for confidential use by ECOPETROL S.A. employees and shareholders, so that they might give warning or notification of possible infractions in the company with regard to conflicts of interest and accounting or financial irregularities. This mechanism will be implemented in the first half of 2008.

### **2.8. RISKS**

As a result of the process to implement a Comprehensive Risk Management System, the company developed risk maps in the first half of 2007 for each macro process and for the corporation as a whole. ECOPETROL S.A.'s prospectus offering its shares disclosed the most relevant risks affecting the company.

With the risks prioritized, the company is now dealing with the identified risks in order to diminish any potential impact. The process is reviewed systematically to ensure that mitigation and prevention measures operate efficiently.

## **2.9. SYSTEM FOR THE PREVENTION OF ASSET LAUNDERING**

With the stock issue, and in order to prevent risks to reputation from asset laundering or financing of terrorism in that process to sell shares, on March 2, 2007 ECOPETROL S.A.'s Board of Directors approved the General Policy for the Prevention and Control of Asset Laundering based on the recommendations made in External Memorandum 062 of 2007 issued by the Superintendency of Finance.

Procedures and manuals have been developed to apply the asset laundering prevention system. Those documents define control activities to be undertaken both by ECOPETROL S.A through its distribution network made up of different credit establishments, and the network of placements agents in both the financial sector (brokers tied to the Colombian stock market) and non-financial placement agents, including the National Businessmen's Federation - FENALCO, Coopetrol, and Cavipetrol. All the institutions involved in selling shares implemented the controls established by the policy.

Moreover as part of the strategy for knowledge of third parties involved with Ecopetrol, the forms used to register providers and clients were modified, and a voluntary declaration of the origin of funds was established to guarantee that the resources used by third parties to finance operations with the company originate in legal economic activities.

A complementary document presents the Comprehensive Report from the Compliance Office, which is in charge of managing the asset laundering prevention system.

## **2.10. INFORMATION PROVIDED TO THE PUBLIC**

### **2.10.1. WEB PAGE**

Users found the following information on ECOPETROL S.A.'s web page in 2007: the company's quarterly reports, the structure of and information about Corporate Governance practices, news about ECOPETROL S.A.'s main projects, new businesses, changes in the organizational structure, and general information about the company.

ECOPETROL S.A.'s potential providers were given a better tool for online consultation of contract processes, with an improved presentation and structure to facilitate information searches.

The company enabled a market intelligence application to analyze the market for goods and services associated with the company's strategic lines. Information about those processes was better disseminated to ensure greater participation by those interested in providing services to ECOPETROL S.A.

The main documents included in the company's contract system were published. ECOPETROL S.A. also published the criteria it uses to evaluate its providers, according to the type of contract.

For clients, ECOPETROL S.A. provided a new online publication, Direct Contact, which every two months posted

current information, advances in the company's projects, and market news. The publication also gave them the opportunity to share their opinions or suggestions on matters of interest.

The application for online natural gas requests was also modified. Its presentation and design was adjusted to make the tool more user friendly, and to make navigating, querying, and searching for information easier.

The 'Shareholders' button was also activated, which gives access to financial and stock market information, information on Corporate Governance, publications of interest, services, financial tools to calculate earnings, comparisons with other companies, and charts on the stock's performance over determined periods of time.

#### 2.10.2. RELEVANT INFORMATION

ECOPETROL S.A., as a stock issuer, must report all relevant information to the Superintendency of Finance. To that effect, the Vice President of Finances acts as the Compliance Officer. The company also reports the accounting and financial information required from stock issuers to that Superintendence on a quarterly basis.

#### 2.10.3. CITIZEN PARTICIPATION OFFICE

Any information that does not appear on the company's web page may be requested from the Citizen Participation Office, which coordinates this type of request with the respective areas of the Company.

### 3. PERMISSION FOR MANAGERS TO BUY SHARES.

Pursuant to article 404 of the Commerce Code, the Board of Directors authorized company managers to buy shares.

#### 4. CONFLICTS OF INTEREST

ECOPETROL S.A. established concrete mechanisms for the prevention, handling, and disclosure of conflicts of interest that may arise for shareholders (majority and minority) and managers and functionaries in general, between their own interests and those of the company.

In this sense, in order to avoid a conflict of interest the Minister of Mines, Hernán Martínez Torres, abstained from participating in decisions related to the National Hydrocarbons Agency during 2007, since he continues to be the President of the Steering Committee of that entity<sup>4</sup>.

ECOPETROL S.A. is currently in the process of developing an instructional pamphlet on Conflicts of Interest. Its purpose is to develop a concrete vision of the rules in this area, fomenting knowledge and understanding, and promoting consideration by all the company's employees or the people authorized to act in their name or representation.

#### 5. CLAIMS RELATIVE TO COMPLIANCE WITH THE GOOD GOVERNANCE CODE.

During this period no claims were reported relative to compliance with the Good Governance Code either via telephone lines or the e-mail address made available to shareholders and the general public.

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<sup>4</sup> Letter on October 30, 2006 addressed to the Board of Directors of Ecopetrol S.A.

After verifying this document, the Corporate Audit Department confirms that its contents correspond to Ecopetrol S.A.'s official information.