

	Manual for Money Laundering, Terrorist Financing and Proliferation Financing Self-Monitoring and Comprehensive Risk Management System		
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1 OBJECTIVE

Updating the Money Laundering, Terrorism Financing (LAFT) System to the Money Laundering, Terrorist Financing and Proliferation Financing (ML/TF/PF) Self-Monitoring and Comprehensive Risk Management System¹ for Ecopetrol S.A. (Ecopetrol) in compliance with the provisions of the legal system.

This document defines the general corporate policy and parameters for the identification, detection, prevention, reporting, monitoring and response to ML/TF/PF risks.

2 SCOPE

This document applies to the employees of Ecopetrol S.A., as well as to its administrators², partners (including JVs³), strategic allies, shareholders, contractors, subcontractors and, in general, to all its counterparts⁴ in the development of any business, contractual or legal relationship of any kind, in accordance with the legal framework on ML/TF/PF matters, as applicable.

This document incorporates the local and international⁵ norms and standards applicable to Ecopetrol, as well as the policies, standards and procedures that allow for the development and adequate implementation of the ML/TF/PF Self-Control and Comprehensive Risk Management System.

This Manual is a reference for the companies of the Business Group and may be complied with by their Boards of Directors, as appropriate, in accordance with local legislation.

3 POLICY FOR MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING (ML/TF/PF) RISK MANAGEMENT

This policy for ML/TF/PF risk management is framed within Ecopetrol's Integral Policy SGC-POL-001 or the document that adds or modifies it.

3.1 GUIDELINES

This policy has the following guidelines:

- a) Priority in the prevention and control of ML/TF/PF risks, under the current legal framework and in accordance with the international recommendations of the Financial Action Task Force.
 - FATF, GAFILAT and similar bodies.
- b) Promote a culture of ML/TF/PF risk management and administration at the institutional level.


¹ See Definitions in Annex 1

² Idem

³ Joint Ventures


⁴ See Definitions in Annex 1

⁵ Among them, the recommendations issued by FATF

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- c) The management and control bodies of Ecopetrol, its Compliance Officer, as well as all its employees, shall comply with the internal guidelines and other provisions related to the prevention of ML/TF/PF⁶ risks.
- d) Ecopetrol will ensure that the counterparts with which it establishes relationships or links have sound business practices and/or a code of ethics that include policies aimed at avoiding being used for criminal activities, particularly ML/TF/PF activities.
- e) Appropriate and sufficient due diligence controls shall be implemented for the engagement of all employees, direct and/or temporary (if any), as well as for all counterparts, in accordance with the requirements of the relevant regulations and the company's internal rules.
- f) Counterparts (natural or legal persons, domestic or foreign) which, because of their profile or the functions they perform, may expose the company to a greater degree to ML/TF/PF risks should be monitored in a more detailed and demanding manner than those operations which do not involve this type of counterparts.
- g) The information reported to the competent authorities, as well as the information used for the analysis of suspicious transactions, shall be kept confidential, in accordance with the provisions of Article 105 of the Organic Statute of the Financial System (EOSF) and the rules that regulate, modify or add to it.
- h) Shareholders, members of the Board of Directors, employees, customers, suppliers, contractors, strategic allies and other counterparts shall comply with ML/TF/PF risk management regulations, with the latter taking precedence over the achievement of business and financial goals.
- i) Ecopetrol employees will participate in training programs on ML/TF/PF risk prevention and control which will be conducted on a regular basis.
- j) No relationships shall be entered into with natural or legal persons for which there is not full identification and sufficient evidence of: their activities, operations, business or beneficiaries, based on the results of due diligence documents or activities. In addition, relationships shall not be entered into with counterparts when:
 - i. There are well-founded, reasonable elements or public information that warn about the possible illegality of its operations or resources.
 - ii. Are included in binding or restrictive lists.
 - iii. Any of the following persons of the counterparts is included in the above-mentioned Lists:
 - i) legal representatives, ii) members of the Board of Directors, iii) counterparts' shareholders, partners or associates holding 5% or more of the share capital, contribution, or participation.
 - iv. The counterparts, its legal representatives, Members of the Board of Directors, Shareholders of the mentioned counterparts, partners or associates who hold 5% or more of the share capital, contribution, or participation, have a criminal, disciplinary, fiscal or administrative record, related to ML/TF/PF or that generate a prohibition, disqualification or incompatibility to assume the corresponding relationship.
 - v. There are financial institutions involved that are not subject to supervision by the competent authority in each jurisdiction and/or do not have ML/TF/PF risk prevention and control mechanisms in place.

⁶ It should be understood that in terms of ML/TF/PF risk due diligence, when the legal system provides that such obligation falls on counterparties, on a third party other than Ecopetrol, for example, activities carried out through entities supervised by the Financial Superintendency, they will be the ones called upon to apply the ML/TF/PF risk prevention instructions provided for in the rules that regulate the matter.

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- vi. In case of identifying any situation related to ML/TF/PF risks, counterparty shareholders, members of the Board of Directors, employees, customers, suppliers, contractors, strategic allies, and other counterparties shall immediately report it through the Whistleblower Channels.

4 SELF-MONITORING AND INTEGRATED RISK MANAGEMENT SYSTEM

4.1 ELEMENTS OF MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING SELF-MONITORING AND COMPREHENSIVE RISK MANAGEMENT SYSTEM

The ML/TF/PF Self-Control and Comprehensive Risk Management System is composed of the following elements: i) Design and Approval, ii) Audit and Compliance, iii) Disclosure and Training, and translates into a rule of conduct that guides the actions of the company, its employees, managers, partners, strategic allies, shareholders, Board members, contractors, subcontractors and, in general, all counterparts in their relationship with Ecopetrol.

A. DESIGN AND APPROVAL

The design of the ML/TF/PF Risk Management and Self-Control System is the responsibility of Ecopetrol's Corporate Vice-Presidency of Compliance and considers the materiality, the characteristics of the company and its activity, as well as the identification of ML/TF/PF Risk Factors.

The Board of Directors and the Chairman shall ensure that the necessary operational, economic, physical, technological and resource measures are in place to enable the Compliance Officer⁷ to perform his or her duties adequately.


Ecopetrol's Board of Directors approves⁸ the ML/TF/PF Self-Control and Comprehensive Risk Management System, based on the proposal submitted jointly by the Chairman and the Compliance Officer.

Its updating shall follow the same procedure and shall in any case consider the following:

- Changes to normative references will be implemented immediately.
- The annexes to the Manual, which are procedural, may be updated directly by the Corporate Vice-Presidency for Compliance and will be reported to the Audit and Risk Committee of the Board of Directors in the half-yearly reports.

⁷ Ecopetrol's Compliance Officer is the Corporate Vice President of Compliance.

⁸ Approvals shall be made within the framework established by the company's Articles of Association and the rules of procedure of the Board of Directors and its Committees.

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B. AUDIT AND COMPLIANCE WITH THE MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING SELF-MONITORING AND COMPREHENSIVE RISK MANAGEMENT SYSTEM ⁹

The Compliance Officer, with the support of his or her management, shall evaluate the reports submitted by the statutory auditor or whoever audits the matter, in order to adopt the necessary measures.

For its part, the Board of Directors - which may rely on the support of the Compliance Officer - shall decide on the reports submitted on the subject (if applicable) by the statutory auditor and the auditor and shall follow up on the observations or recommendations adopted, expressly recording them in the respective minutes.

Ecopetrol's ML/TF/PF Self-Control and Integral Risk Management System contemplates sanctions or consequences for workers, administrators, associates or third parties for non-compliance or non-observance of its provisions.

C. DISSEMINATION AND TRAINING ON THE MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING SELF-MONITORING AND COMPREHENSIVE RISK MANAGEMENT SYSTEM

The Corporate Vice-Presidency of Compliance shall design a general annual training and communication plan for internal and external counterparts, to disseminate the guidelines, risks, procedures, warning signs, mechanisms, instruments, controls, due diligence activities, binding, restrictive or control lists and to promote the channels of advice and reporting for the prevention of ML/TF/PF risks. In any case, such a plan should contain training aimed at strengthening the knowledge of the addressees¹⁰ of this Manual as regards suspicious and unusual transactions, as well as the way in which they are identified and reported, the means to do so and to whom.

All training activities shall be recorded, together with the names of those attending, the date and the subjects covered.

D. ASSIGNMENT OF FUNCTIONS TO THE RESPONSIBLE PERSONS AND OTHER GENERALITIES


The different subjects responsible for activities associated with the ML/TF/PF Self-control and Comprehensive Risk Management System shall be in charge of the following functions to ensure the proper functioning, compliance, and effectiveness of the system:

I. BOARD OF DIRECTORS:

- Establish and approve the ML/TF/PF Policy contained in this Handbook.
- Approve the ML/TF/PF Integral Risk Management and Self-Control System (mechanisms, instruments, elements, and stages) and its updates, presented jointly by the Chairman and the Compliance Officer.

⁹ In accordance with subparagraph D, paragraph IV.


¹⁰ See Definitions in Annex 1

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- Approve the Manual for the Integral ML/TF/PF Risk Management and Self-Control System and its updates.
- Select and appoint the Compliance Officer and his or her deputy.
- Analyze the reports on the functioning of the ML/TF/PF Risk Management System, and the proposals for corrective measures and updates submitted by the Compliance Officer, and decide on each of the points, expressly noting them in the minutes.
- Analyze the reports, requests, and alerts, if any, submitted by the Chairman on the ML/TF/PF Self-Control and Comprehensive Risk Management System.
- Order and guarantee the technical, logistical, and human resources necessary to implement and maintain the ML/TF/PF Integral Risk Management and Self-Control System, according to the requirements made by the Compliance Officer for this purpose.
- Establish the criteria for approving counterpart links when it is a Politically Exposed Person as set out in the ANNEX CONTRACTSHIP MANAGEMENT PROCEDURE.4.
- Establish guidelines and determine those responsible for conducting audits on the compliance and effectiveness of the ML/TF/PF Self-Control and Comprehensive Risk Management System in case it so determines.
- To rule on the reports submitted by the statutory auditors or audits related to the implementation and operation of the ML/TF/PF Self-Control and Comprehensive Risk Management System, and to follow up on the observations or recommendations issued. This follow-up and its periodic progress shall be based on the information submitted by the Compliance Officer and shall be expressly recorded in the minutes.
- Verify, through the reports submitted to them by the Compliance Officer, that the company, the Compliance Officer and the Chairman carry out the activities set out in the ML/TF/PF Self-Control and Comprehensive Risk Management System.

II. PRESIDENT (Legal Representative):

- Submit, with the Compliance Officer, for decision by the Board of Directors, the proposal for the ML/TF/PF Self-Control and Comprehensive Risk Management System, as well as the Manual for the ML/TF/PF Self-Control and Comprehensive Risk Management System, and its updates.
- Study the results of the ML/TF/PF risk assessment carried out by the Compliance Officer, and require the corresponding action plans from the relevant areas, through the Compliance Officer.
- Comply with and enforce the decisions of the Board of Directors on the technical, logistical, and human resources necessary to implement and maintain the ML/TF/PF Self-Control and Comprehensive Risk Management System.
- Provide effective, efficient, and timely support to the Compliance Officer in the design, direction, supervision and monitoring of the ML/TF/PF Self-Control and Comprehensive Risk Management System.

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- Submit to the Board of Directors the reports, requests, and alerts that it considers should be dealt with by such bodies and that are related to the ML/TF/PF Self-Control and Comprehensive Risk Management System, if applicable.
- Ensure that all activities resulting from the development of the ML/TF/PF Self-Control and Comprehensive Risk Management System are duly documented, thus allowing the information to respond to criteria of integrity, reliability, availability, compliance, effectiveness, efficiency and confidentiality; the above with the support and under the direction of the Corporate Vice-Presidency of Compliance.
- Certify to the authorities, when required, compliance with the provisions of the ML/TF/PF Self-Control and Comprehensive Risk Management System.
- Verify that the procedures of the ML/TF/PF Self-Control and Comprehensive Risk Management System develop the Policy approved by the Board of Directors; with the support and under the direction of the Corporate Vice-Presidency of Compliance.

III. ECOPETROL COMPLIANCE OFFICER:

The Compliance Officer will have decision-making capacity and will have the necessary time and resources to enable him/her to adequately perform his/her duties and will report to the Board of Directors through its Audit and Risk Committee.

The functions of the Compliance Officer, as well as those related to the identification of unusual or suspicious transactions, may not be contracted out to third parties.

• MINIMUM REQUIREMENTS FOR APPOINTMENT AS A COMPLIANCE OFFICER:


Be a natural person, have a professional degree and accredit experience of at least six (6) months in the performance of similar positions or positions aimed at the administration and management of ML/FT risks and accredit knowledge of ML/FT risk management or ML/TF/PF ¹¹ risk. Must:

- a. To have the support of a human and technical work team, in accordance with the ML/TF/PF risk and the size of the company.
- b. Not be a member of the management or corporate bodies, a member of the statutory auditors' office or an internal auditor.
- c. Be domicile in Colombia.

• FUNCTIONS OF THE COMPLIANCE OFFICER:

- Submit, with the Chairman, for decision by the Board of Directors, the proposal for the ML/TF/PF Self-Control and Comprehensive Risk Management System, as well as the Manual for ML/TF/PF Self-Control and Comprehensive Risk Management System, and its updates.

¹¹ Through specialization, courses, diploma courses, seminars, congresses or any other similar, including but not limited to any training program that is or will be offered by the UIAF to the actors of the national anti-money laundering and combating the financing of terrorism system.

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- Ensure effective, efficient, and timely compliance with the ML/TF/PF Self-Control and Comprehensive Risk Management System.
- Submit half-yearly reports to the Board of Directors. The reports shall contain at least an evaluation and analysis of the efficiency and effectiveness of the ML/TF/PF Risk Management and Self-Control System and, if necessary, propose the respective improvements. They must also report on the processes carried out, the results of monitoring, compliance with the requirements of the authorities, as well as the adjustments and modifications to the system approved by the Board of Directors. It must also indicate the results of the placement of shares each time the term of the respective public offering ends and must make a report in relation to ML/TF/PF control of transfers in the secondary market, if applicable¹².
- Coordinate the development of internal training programs.
- Promote the adoption of corrective measures and updates to the ML/TF/PF Self-Control and Comprehensive Risk Management System when circumstances so require and at least once every two (2) years. These shall be submitted to the Board of Directors for approval.
- Evaluate the reports submitted by the auditors and the statutory auditor and take reasonable¹³ measures in this regard. If the action to be taken does not fall within its competence, it shall bring it to the attention of the appropriate person.
- Certify to the competent authorities, when required, compliance with the provisions of the ML/TF/PF Self-Control and Comprehensive Risk Management System.
- Verify compliance with the Due Diligence and Enhanced Due Diligence procedures applicable to the Company.
- Ensure the proper filing of documentary supports and other information related to the management and prevention of ML/TF/PF risk.
- Design the methodologies for the classification, identification, measurement and control of ML/TF/PF risk that form part of the system.
- Carry out an assessment of the ML/TF/PF risk to which the Company is exposed.
- Make the Suspicious¹⁴ Transactions Report to the Financial Information and Analysis Unit (UIAF) and any other report or report required by the provisions in force¹⁵.
- Lead and coordinate the development of internal training and communication plans and ensure compliance with them.


IV. ADDITIONAL CONTROL BODIES AND FUNCTIONS:

¹² It is the issuer's responsibility to apply the instructions relating to MLFT prevention when it places directly in the financial system. If this is done through a supervised entity, it is up to the latter to apply the instructions relating to LAFT risk management. Notwithstanding the above, it is up to the issuer to determine the criteria for the selection of the intermediary that will allow compliance with ML/FT/ATF/ATF-MDD purposes. These can be found in ANNEX DUE7. DILIGENCE PRIMARY AND SECONDARY MARKET INVESTORS.

¹³ In the case of Counterparties or Recipients that are investors in the securities market, whether debt or equity, Ecopetrol shall proceed in accordance with the rules applicable to it as issuer. In addition, entities subject to inspection and surveillance by the Financial Superintendency of Colombia that carry out activities in the placement and/or trading of securities must comply with the rules applicable to them.

¹⁴ See Definitions in Annex 1

¹⁵ With the exception of cases in which the legal system stipulates that this obligation falls on a third party other than Ecopetrol, for example, activities carried out through entities supervised by the Superintendency of Finance and that by regulation it is up to these entities to apply the LAFT/FPADM risk prevention instructions.

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- **STATUTORY AUDITOR:**

The Statutory Auditor shall perform the functions assigned to it by the legal system in prevention and control of ML/TF/PF.

The functions of this body are expressly laid down in the law, in the article 207 of the Code of Commerce, which states the obligation to report suspicious transactions to the UIAF when they are detected in the ordinary course of their work, in accordance with the provisions of article 10, and to disclose information when so required by law.

A username and password must be obtained in the SIREL¹⁶ administered by the UIAF for the submission of Suspicious Transaction Reports (STRs).

In accordance with article 32 of Law 1778 of 2016 and article 67 of the Code of Criminal Procedure, he/she shall comply with the duty to report to the criminal, disciplinary and administrative authorities if he/she detects, in the exercise of his/her duties, a situation that so warrants¹⁷. He/she shall also bring the facts to the attention of the Board of Directors and the administration.

To fulfil his duty, the statutory auditor, in the analysis of accounting and financial information, should pay attention to indicators that may give rise to suspicion of an act related to a possible ML/TF/PF.

The statutory auditor should include his findings, in his reports to the Compliance Officer and/or the Board of Directors, of the process of assessing compliance with ML/TF/PF prevention and control rules.

- **SYSTEM AUDIT:**

To comply with international benchmarks on the subject, the System will be audited annually by a firm of recognized competence, which may be part of the scope of tests to management, so that opportunities for improvement, if any, can be identified. The outcome of the reviews conducted on the System shall be reported to the Board of Directors, the Chairman, and the Compliance Officer.


V. DISQUALIFICATIONS AND INCOMPATIBILITIES OF THE DIFFERENT CONTROL BODIES

The bodies and entities in charge of assessing compliance with and effectiveness of the ML/TF/PF Self-Control and Comprehensive Risk Management System shall consider conflicts of interest, ethical conflicts and the regime of incompatibilities and disqualifications applicable to each position, in accordance with internal regulations and the legal system.

4.2 STAGES OF THE MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING SELF-MONITORING AND COMPREHENSIVE RISK MANAGEMENT SYSTEM

¹⁶ SIREL Online Reporting System of the Financial Information and Analysis Unit (UIAF).

¹⁷ Article 7 Law 43 of 1990. Within 6 months of its knowledge.

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At Ecopetrol, the ML/TF/PF Self-Control and Comprehensive Risk Management System is based on the principles and processes established by Ecopetrol's Integrated Risk Management System (based on the ISO 31.000 standard) and on the management of the different types of risks of the Company.

The ML/TF/PF Self-Control and Comprehensive Risk Management System contemplates the stages of identification, assessment, control, monitoring and reporting in accordance with the provisions of the Integrated Risk Management Guide, developed in ANNEX 3. RISK IDENTIFICATION, MEASUREMENT OR ASSESSMENT AND MONITORING PROCEDURE of this Manual.

RISKS AND POSSIBLE CONSEQUENCES DUE TO EVENTS OF ML/TF/PF

These are the ¹⁸general risks to which companies may be exposed in relation to ML/TF/PF risk:

- Legal Risk ¹⁹
- Reputational Risk ²⁰
- Operational Risk ²¹
- Risk of Contagion²²
- Inherent Risk ²³
- Residual Risk ²⁴

Ecopetrol, through the matrix of business and process risks, whose assurance is the responsibility of the Corporate Risk Assurance and Internal Control Management, will identify, individualize, segment, classify, evaluate and control ML/TF/PF risks, detailing the objectives, risk factors, controls, actions, those responsible for management, frequency, among other elements.

As a result of the above risks, the following consequences, among others, may arise:

- Inclusion on international restrictive lists.
- Impact on the company's reputation and its commitment to combat ML/TF/PF.
- Loss of global credibility.
- Inability to access the financial system, its products, or services.
- Loss or weakening of acquired business relationships, or inability to initiate new ones.
- Imposition of financial or criminal penalties.

The sources or risk²⁵ factors of ML/TF/PF are related to:

- Customers
- Suppliers and Contractors
- Workers

¹⁸ See definitions in Annex 1

¹⁹ See definitions in Annex 1

²⁰ See definitions in Annex 1


²¹ See definitions in Annex 1

²² See definitions in Annex 1

²³ See definitions in Annex 1

²⁴ See definitions in Annex 1

²⁵ See Definitions in Annex 1

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- Shareholders (of both Ecopetrol and the Counterparts).
- Business partners
- Products / Services
- Jurisdictions
- Market segments

4.2.1 RISK IDENTIFICATION ML/TF/PF.

Risk identification comprises the following activities:

4.2.1.1 SEGMENTATION²⁶: INCLUDES ACTIVITIES RELATED TO THE ANALYSIS AND ASSESSMENT OF RISK FACTORS AND CRITERIA.

The purpose of segmentation is to identify and classify groups that share common attributes, qualities, and characteristics. Classification is based on the recognition of significant similarities and differences in the characteristics of the defined groups.

4.2.1.2 IDENTIFICATION OF ML/TF/PF RISK EVENTS.

Once all sources of ML/TF/PF risk have been identified and the potential risk factors have been segmented and analyzed, the inventory of risk events is established based on the warning signals that can be identified in relation to the fulfilment of Ecopetrol's corporate purpose.

This stage is based on the analysis of the internal and external context, analysis of emerging risks, threats and opportunities, uncertainties, verification of risk sources, vulnerabilities and capacities in terms of ML/TF/PF and its purpose is to establish the risks and events that may detract, positively or negatively, from the achievement of the company's objectives.


Risk identification, in a systematic and iterative manner, is carried out based on the views of those involved in managing the type of risk in question, using the best available information and additional research, as applicable.

4.2.1.3 RISK MEASUREMENT OR RISK ASSESSMENT ML/TF/PF

The risk measurement or assessment exercise is a semi-quantitative analysis that should be carried out to consider the causes and sources of risk, its consequences, and the probability of occurrence, providing a basis for assessing ML/TF/PF risk and making decisions on treatment.

Risks must be prioritized to achieve an effective distribution of available resources to deal with critical risks. This is achieved by estimating the probability of occurrence of the event and the impact of its consequences on resources (Contagion, Legal, Reputational, Operational, Economic, among others).

²⁶ See detailed source segmentation activities in the "Segmentation of sources and risk factors associated with fraud, corruption, money laundering and terrorist financing of Ecopetrol" instructions.

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4.2.1.4 RISK CONTROL ML/TF/PF.

In this stage, actions are selected and implemented to address the risks analyzed in the measurement and assessment stage, based on the level of inherent risk obtained. These actions should be aimed at preventing or reducing the probability of occurrence of the risk and reducing its potential impact. In the case of ML/TF/PF, actions such as due diligence or enhanced due diligence controls, monitoring controls on unusual transactions, monitoring of counterparties, reports to third parties, among others, are considered.

Based on the inherent risk assessment, the residual assessment is estimated, depending on the sufficiency and effectiveness of the set of mitigants associated with the risk (controls and treatment actions completed with proof of effectiveness, associated with the causes and controls, or other types of mitigants associated with the impacts).

The qualification of treatment actions is given by the conditions specified in the procedure for the management of controls and treatment actions, GEE-P-006.

4.2.2 ML/TF/PF RISK MONITORING.


The objective of this stage is to permanently monitor Ecopetrol's risk profile and, in general, the implementation and operation of the ML/TF/PF Self-Control and Comprehensive Risk Management System, as well as to report on the overall exposure to ML/TF/PF risks at the different levels of the organization.

Ecopetrol's Compliance Officer will oversee monitoring the System and its main purpose will be to ensure the application of the necessary corrective measures and adjustments to ensure effective risk management. During the monitoring stage, the Compliance Officer shall be responsible for assessing the effectiveness, efficiency and timeliness of the controls implemented to mitigate ML/TF/PF risks, carrying out field tests that shall be duly documented.

The review will include a follow-up and comparison of the inherent and residual risk of each risk factor and the associated risks, and if variations are detected with an increase in risk, the appropriate action plans will be implemented so that the residual risk returns to the levels defined by Ecopetrol (desired risk).

Likewise, the correct functioning of the controls implemented must be validated and that they cover all the risks detected in an effective and efficient manner.

In addition to the above, reports provided by internal or external control bodies and regulatory bodies will serve as a source of information for monitoring the system.

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4.3 DUE DILIGENCE ²⁷AND ENHANCED DUE DILIGENCE PROCEDURES²⁸

The due diligence procedure comprises the activities mentioned below, which are further elaborated in the ANNEX CONTRACT MANAGEMENT PROCEDURE:4.

4.3.1 DUE DILIGENCE FOR RED FLAGS²⁹

In the event of encountering a manifestation that attracts attention during the relationship with counterparties, it is necessary to carry out a due diligence of knowledge. This process consists of seeking and analyzing the information available from internal and external sources, as well as that provided by the counterparty itself, in order to learn about its income, activities, structure, policies, representatives, partners, place of business, applicable risk prevention systems and other relevant information for decision making regarding the relationship with the counterparty in order to mitigate risks affecting the company. The following activities should be carried out at these events:

- **Verify:** Attempt to clarify doubts with the counterpart or available information.
- **Internal regulations:** Analyze internal regulations to determine the steps to be taken.
- **Query:** If you are unclear about how to proceed or have doubts about the information collected after the above steps, raise the query through the Business Ethics Line.
- **Comply:** Strictly comply with the concept of the compliance area.
- **Monitor:** Follow up on the events that generated the alert, the measures or controls adopted, the news detected, the due diligence activities required by the respective compliance area.
- **Continuous improvement:** Depending on the red flag, review whether there is scope to establish additional controls to the red flag, business or contract to mitigate ML/TF/PF risks.

In cases where it is identified that the counterparty represents a higher risk, or that it is a Politically Exposed Person (PEP), or that it is in non-cooperative countries and high-risk jurisdictions, an enhanced due diligence process must be carried out and the Corporate Vice-Presidency for Compliance must be informed immediately through the ethics hotline.

4.3.2 GENERAL COUNTERPARTY DUE DILIGENCE CRITERIA

Without the need for a warning, due diligence should always be done before:


- Enter any type of contract, agreement, or damage settlement agreement.
- Make any type of payment.
- Approve a sponsorship.
- To employ an employee or appoint members of the Boards of Directors.

²⁷ See Definitions in Annex 1

²⁸ See Definitions in Annex 1

²⁹ See Definitions in Annex 1

³⁰ See Definitions in Annex 1

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Likewise, due diligence must be carried out when there is a warning signal, there are changes in the legal or reputational conditions of the counterparty, or when required by the Corporate Vice-Presidency of Compliance or the Ethics and Compliance Management; in any case, and as a minimum, this activity shall be mandatory once a year.

The Compliance Officer shall ensure the proper identification of counterparts within the scope of this Manual, with a risk-based approach. To this end, Due Diligence and Enhanced Due Diligence processes shall be defined.

The due diligence procedure implemented shall be reviewed when there is a change in the applicable regulation, or when for reputational or best practice reasons it is decided to change it. In any case, the due diligence process shall be reviewed at least once every year.²

4.3.3 ENHANCED DUE DILIGENCE

When, by virtue of the risk measurement methodology used, the counterpart is high risk, or when it is (i) a Politically Exposed Counterpart (PEP), or (ii) the counterpart is located or has a business relationship in non-cooperative countries and high-risk jurisdictions, the due diligence standards will be stricter, and their knowledge will be enhanced as indicated in ANNEX 4. COUNTERPART MANAGEMENT PROCEDURE of this manual, which develops, among others, the due diligence of customers, land and new businesses, foundations, or non-profit entities in which Ecopetrol participates, investors in the primary and secondary market, and beneficiaries and users of Ecopetrol's health services.


4.4 WARNING SIGNS

As developed in the ANNEX WARNING SIGNALS MANAGEMENT PROCEDURE⁵, warning signals or early warnings are all those facts, situations, events, amounts, quantitative and qualitative indicators, financial ratios, and other information determined as relevant, from which it can be inferred in a timely and/or prospective manner the possible existence of a fact or situation that escapes from what is determined as normal or circumstances that call attention and justify further analysis.

In contrast to unusual transactions³⁰, unusual transactions are those that (1) are unrelated to the economic activity or fall outside the additional parameters set by the entity and (2) for which the entity has not found an explanation or justification that is considered reasonable.

This annex sets out the controls for the prevention of ML/TF/PF risks, the procedure for the management and control against the prevention criteria, the monitoring routines, and the procedures applicable for the proper implementation and operation of the elements and stages of ML/TF/PF.

4.5 DOCUMENTATION OF THE ACTIVITIES OF THE MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING SELF-MONITORING AND COMPREHENSIVE RISK MANAGEMENT SYSTEM

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The areas in charge of filing the information received when the reports and duties indicated in this Manual are responsible for the administration and custody thereof, as well as for guaranteeing its integrity, veracity, reliability and confidentiality. The security of the information shall be subject to the rules established by law, internal regulations and those governing the preservation of books and business papers.

The documentary rules in relation to the ML/TF/PF Risk Management and Self-Control System can be found in Annex 6. Documentation and Reporting Procedure.

4.6 REPORTING UNUSUAL AND SUSPICIOUS TRANSACTIONS TO THE UIAF

Unusual transactions are transactions whose amount, nature, frequency, volume or characteristics do not fall within the normal system and practices of the business, an industry or a particular sector. These transactions become **suspicious** when, in accordance with the customs and practices of the activity concerned, they are not reasonably justified³¹.

Suspicious transactions must be reported to the Financial Information and Analysis Unit - UIAF³², in accordance with the applicable regulations. The Compliance Officer is the person who can and must determine whether they should be recorded and proceed accordingly.

4.6.1 SUSPICIOUS TRANSACTION REPORTING ³³- STR

The Suspicious Transaction Report - STR is characterized by:

- It is not a complaint³⁴, it is a suspicion about possible ML/TF/PF offences.
- It is completely anonymous, reserved, and confidential.
- It is not a judicial test; it is a guiding criterion.
- It does not give rise to liability either for the complainant or for the persons involved.
- It is not a testimony.
- It is not a court ruling.

There are elements that should be considered when drafting a STR, which are called elements of interest to the authorities, such as:


- Alleged unjustified increase in assets, misrepresentation, or fraudulent misrepresentation.
- Possible impersonations.
- Simulation of transactions.
- Relationship to persons who have a criminal record of convictions by the criminal justice system for ML/TF/PF or their source offences.
- Links to assets of suspected illicit origin.
- Fractionation and/or misuse of cash.

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³¹ https://www.uiaf.gov.co/sistema_nacional_ala_cft/que_es_un_ros

³² See Definitions in Annex 1

³³ See Definitions in Annex 1

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Any person within the scope of the policy who, by action or omission, negligence and/or intention, engages in acts associated with any of the activities that generate ML/TF/PF risks will be sanctioned in accordance with the provisions of the Code of Ethics and Conduct, the Internal Working Regulations in force, the provisions of the contracts and the applicable regulations, without prejudice to any legal action that may be applicable.

VERSION LIST

Previous Document			
Version	Date dd/mm/yyyy	Document Code and Title	Changes
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New Document			
Version	Date dd/mm/yyyy	Changes	
1	27/08/2021	Update to the Manual for Money Laundering, Terrorist Financing and Proliferation Financing Self-Monitoring and Comprehensive Risk Management System (ML/TF/PF) ³⁵ for Ecopetrol S.A. in compliance with the provisions of the legal system.	

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<i>Electronically signed document, in accordance with the provisions of Decree 2364 of 2012, which regulates the article of 7 the 5271999 Law on electronic signatures and other provisions. To verify compliance with this mechanism, the system generates an electronic report that evidences the traceability of the review and approval actions by those responsible. If you need to verify this information, request this report from the Service Desk.</i>	