

CONFERENCE CALL OPERATING AND FINANCIAL RESULTS 4Q21 AND FULL YEAR OF 2021

Operator: Good morning, my name is Hilda, and I will be your operator today. Welcome to Ecopetrol's earnings conference call, in which we will discuss the main financial and operational results for the fourth quarter and full year of 2021. All lines have been muted. There will be a question-and-answer session at the end of the presentation.

Before we begin, it is important to mention that the comments in this call by Ecopetrol's senior management include projections of the company's future performance. These projections do not constitute any commitment as to future results, nor do they take into account risks or uncertainties that could materialize. As a result, Ecopetrol assumes no responsibility in the event that future results are different from the projections shared on this conference call.

The call will be led by Mr. Felipe Bayón, CEO of Ecopetrol; Alberto Consuegra, COO, and Jaime Caballero, CFO. Thank you for your attention. Mr. Bayón, you may begin your conference.

Felipe Bayón: Good morning, everyone, and welcome to our fourth quarter and full year 2021 conference call. This presentation is framed in the context of the new corporate strategy "Energy that Transforms." Committed to our cultural principle "Life First", I want to begin highlighting that in 2021 we had zero fatalities at our operations and achieved the lowest ever total recordable injury frequency rate in the company's history.

In 2021, we generated revenues of COP 91.7 trillion, a record EBITDA of COP 42 trillion, as well as the highest net income in the history of our company of COP 16.7 trillion.

Even excluding the contribution of Interconexión Eléctrica S.A. - ISA during the last four months of the year, Ecopetrol's results are still the highest in our history. These remarkable results were leveraged by the recovery of crude oil prices and magnified by our ability to adapt and respond to the challenges in the environment. The tenacity, efforts, and commitment to keep safe operations of all the employees of the Ecopetrol Group, who make the impossible possible, allowed us to achieve a solid and resilient operational performance across all of our business segments, while our outstanding commercial strategy materialized into better crude and product spreads.

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The financial results for 2021 exceeded the targets we set for the year, creating value to all the shareholders. We highlight the solid operating cash flow generation, which funded our organic investment plan for the year, and the progress in the development of our strategic assets.

On the operational front, we were able to guarantee domestic fuel supply, even with an increase of more than 25% in demand when compared to pre-pandemic levels. Also, we ensured domestic gas supplies, overcoming the supply prices, climate-related infrastructure impacts, and the public order situation that affected Colombia during the second quarter of year 2021.

Our financial results, in particular, the EBITDA margin, the ROACE, and the annual growth of net income posted an outstanding performance as compared to our peers in industry. It demonstrates, once again, the advantages of being a diversified energy group capable of combining the benefits of the integrated hydrocarbon businesses with those of the energy transmission and infrastructure segments.

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These historic results are aligned with and propel our long-term strategy "Energy that Transforms", which is based on four pillars, consolidating the group as an agile, dynamic, resilient, and flexible organization capable of rapidly adapting to constant changes. During 2021, we made important progress in our strategic agenda with the accomplishment of several milestones, some of which I want to highlight. We grew with the energy transition, resuming the positive growth path in our core businesses, and diversifying those with the acquisition of ISA.

We generated value through T ESG – Technology, Environmental, Social and Governance, setting ambitious decarbonization targets by 2030 and 2050, with significant progress in water management, and contributing to economic reactivation through social investments in more than 287 projects.

In terms of cutting-edge knowledge, we advanced in our digital transformation, with a strategic portfolio that adds value through innovation in different processes. In 2021, we captured benefits for some USD 93 million in our digital agenda. Finally, in the pillar of competitive returns, we achieved a ROACE that widely exceeded our cost of capital.

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ISA's integration to the Ecopetrol Group is now a reality. Its results, potential for growth and synergies have proven its value to our shareholders. In 2021, ISA reported solid operational results and continued its inorganic growth plan.

The most important milestone of the year was the awarding to build and operate the Kimal-Lo Aguirre transmission line, a project that comprises more than 1,400 kilometers, and one of the most important electric power transmission projects in the continent. This will be the first direct current line in Chile that will connect the renewable projects in the north to the center and south of the country, leveraging the decarbonization of its energy mix.

I would also like to highlight the acquisition of the 100% stake in the Brazilian power transmission company PBTE, and the approval of the first large-scale energy storage project in the Brazilian transmission system, which is expected to begin operations in November of the current year.

During the last six months, we have made progress in the integration of ISA to the Ecopetrol Group. By year end, we had fulfilled with all the milestones set for the financial consolidation of ISA and for the contractual obligations established in the inter-administrative agreement that supported the transaction between Ecopetrol and the Colombian government.

In addition to aligning the strategic KPIs between both companies, we established working groups to identify, prioritize, evaluate, and develop potential synergies in the following areas:

new ventures in energy transition; ISA 's entry into the U.S. market; savings in procurement; optimization of Ecopetrol's electric power infrastructure; linear infrastructure through Cenit; science, technology and innovation, and social and environmental management, information technologies, and cyber security.

ISA's potential for growth is very relevant and Ecopetrol will contribute to identify and materialize inorganic alternatives as part of its USD 36 billion CapEx pipeline already identified until year 2030.

I will now open the floor to Alberto Consuegra, who will tell us about the main operational achievements of the year.

Alberto Consuegra: Thank you, Felipe. In 2021, we drilled 13 exploratory wells, exceeding the initial plan by four. 11 were in Colombia, one in the United States, and one in Mexico. By the end of the year, three wells were declared successful: Liria YW12, located in Piedemonte, which as of December 31st had a cumulative production of 29,725 barrels of oil; Boranda Sur-2, declared commercial, and Flamencos 3, about to start its extensive tests.

In January 2022, the Hocol subsidiary announced the discovery of the Ibamaca-1 exploratory well, with 17 degrees API oil. This finding is close to the existing infrastructure in the Tolima block, which will allow the entry into production from extensive tests in the first half of the year.

As a result of the 2021 round of the National Hydrocarbons Agency, Ecopetrol obtained three technical evaluation areas in the Middle Magdalena Valley, and one exploration and production block in the Llanos Orientales region. In addition, Hocol obtained an exploration and production block in the Sinú-San Jacinto basin.

The cumulative production of the exploratory assets in initial tests, extensive tests, and wells in post-commerciality reached about 1.5 million barrels of oil equivalent at the end of the year, with an average flow of 4,364 barrels per day, out of which 65% of the production corresponded to crude oil and 35% to gas.

According to the 2022-2024 investment plan previously announced to the market, this year we expect to carry out a program that includes 22 onshore wells and two offshore wells with an investment of approximately USD 391 million. With the drilling of the Gorgon-2 well, we hope to define the development of this discovery and enable other exploratory opportunities identified in the area.

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2021, as we pointed out, was a challenging year in terms of production, given a combination of factors that negatively affected us, including operational restrictions in the Castilla field, public order distress during the second quarter of the year, the rainy season in Colombia, and the hurricane season in the Gulf of Mexico.

In line with the recorded expectations and due to the growing contribution of assets such as Permian, the production for the fourth quarter increased by 11,000 barrels equivalent per day as compared to the third quarter. With this production, we closed the year at 679,000 barrels equivalent per day.

We highlight the extraordinary results in terms of reserves incorporation, which registered an additional 462 million barrels as compared to 2020, out of which more than 60% correspond to the company's performance, and the remaining 40% is the product of a favorable price scenario, closing with a replacement ratio of 200%.

For 2022, we expect primary crude oil production to remain predominant, but we will preserve efforts towards secondary recovery expansion with water injection, mainly for heavy crude oil assets and tertiary recovery pilots. Unconventionals will continue to increase their contribution to production and we expect this participation to be 5% out of the company's total production for this year, thanks to the activities in the Permian. We highlight its reserves' contribution as well, which alongside Ecopetrol America accounts for 11%.

During 2022, we will focus on overcoming the challenges that may arise due to the logistics and international supply difficulties and the public order situations.

On the other hand, the average production of gas and LPG stood at 150,000 barrels of oil equivalent per day in 2021, which represents a growth of 7% from 2020, driven by the recovery of demand. We expect a similar growth for this year in domestic demand.

Gas and LPG business delivered solid financial results with a combined EBITDA generation close to USD 807 million and a margin of 53%, representing an increase close to 21% compared to the previous year.

Gas supply for the Colombian market was strengthened with an additional potential of around 84 GBTUDs per day, equivalent to 9% of the national demand in 2021.

We highlight the exploratory success of the Liria YW12 well and the appraisal and development wells in the North Caribbean by Hocol, the workovers in Chuchupa and Gibraltar, self-consumption optimizations, and new offer from Campo Floreña.

Aligned with our TESG pillar, in 2021 Ecopetrol promoted the reduction of LPG prices by 30% in benefit of final users and managed to connect more than 6,100 low-income households to domestic natural gas networks to improve their live quality, thus adding more than 10,000 connections since 2019.

Let's move on to the next slide, please. Regarding unconventional reservoirs, on October 29th, 2021, Kalé's environmental impact study was filed, launching the process of evaluation and approval of the environmental license for the execution of the project, and on February 15th of this year, the same study was filed for the Platero pilot, complying with the milestones of the plan.

An exhaustive field work exercise was carried out independently for approximately nine months for the formulation of each of the environmental impact studies, including monitoring of more than 200 environmental parameters and the analysis of information by interdisciplinary teams of more than 150 people.

The public environmental hearing regarding the Kalé pilot took place despite the acts of vandalism that sought to prevent its realization. The environmental hearing was held from a satellite point, giving the possibility to the community for more than seven hours to be heard virtually or through telephone calls. We remain committed to an open dialogue addressing the concerns from groups of interest in the forms arranged for this purpose.

Regarding our activities on the Permian basin, 2021 concluded with 82 new wells in production, for a total of 104 wells. An average of 19,300 barrels of oil equivalent per day were produced and for 2022 an increase is expected, reaching levels between 32,000 and 34,000 barrels of oil equivalent per day net for Ecopetrol prior to royalties.

The construction of the water recycling facility was concluded with a capacity to treat 65,000 barrels per day and a storage capacity of 3 million barrels, allowing the joint venture to recycle and use around 7.7 million barrels in completion operations. During the fourth quarter of the year, this plant allowed Permian to reuse 100% of the water at South Curtis Ranch.

Continuing with the strengthening of our strategy with cutting-edge knowledge, we increased to 25 the number of Ecopetrol employees assigned as secondees in the association's operations.

Similarly, I would like to highlight a few operational milestones achieved by the Permian during 2021, such as optimizations in spud to rig release, improvements in average drilling time, and a record pumping time, exceeding in some of these parameters our peers' performances.

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During 2021, the transported volume of refined products increased by 20% as compared to the previous year thanks to the recovery of local demand, mainly in the Galán-Sebastopol corridor. The transported volume of crude oil in 2021 decreased 7% because of a lower production mainly in the Llanos areas. The fourth quarter presented a similar level to the previous year, highlighting higher volumes evacuated in the Southern corridor.

Eight reversal cycles of the Bicentenario pipeline were carried out during the quarter to ensure the evacuation of the Caño Limón field after the pipelines damage caused by third parties and by floods emergencies. After the repair work, the pipeline resumed operations on November 29th.

Along with a reception of the Nare Association fields from Mansarovar in November, Cenit implemented a successful action plan to achieve the evacuation on such fields, guaranteeing the safety of the processes and the integrity of the equipment at the Vasconia station, with an added value from the dilution system which we used to guarantee mixtures from naphtha at the qualities dispatchable to the Barrancabermeja refinery and Oleoducto de Colombia to Coveñas.

Additionally, the transported volume in the Vasconia system through Barrancabermeja refinery increased 10,000 barrels of oil per day. The co-dilution projects in Apiay and Cusiana enabled the use of LPG as a diluent for crude oil. This service allowed the use of a cheaper diluent with a higher dilution power and lower logistic costs.

On December 7th, the delivery of fuels at the Apiay filler came into operation, relieving the flow of heavy load on the road to the Llano by around 600 tank trucks per month, and enabling an alternative supply option to ensure reliability in the supply to the Meta Department, and to reduce CO2 emissions.

During November and December, Cenit, Oleoducto de Los Llanos and Oleoducto Bicentenario received the carbon neutrality certification granted by the Colombian Institute of Technical Standards, becoming the first companies in the Colombian oil and gas sector to receive this certification. Our target for 2022 is for all the companies of the segment to achieve this certification.

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Downstream's operational integrity prevailed, achieving exceptional financial results. In the same way, the segment ensured the supply of fuels at a local level, satisfactorily addressing the reactivation of the productive sector and reassuring the country's energy security. The segment achieved an annual record EBITDA of COP 3.5 trillion and the highest annual EBITDA margin since 2016, reaching 6.9%, leveraged by financial discipline and cost control. During the fourth quarter of 2021, the segment achieved the highest integrated gross margin of refineries in the last three years, standing at USD 12.5 per barrel.

In Barrancabermeja, we highlight the satisfactory execution of the shutdown plan at the petrochemical train and the crude and alkylation units of the refinery. At Cartagena's refinery, we expect the start of the first shutdown cycle since the beginning of its operations, which will continue during 2022 altogether with the entrance in production of the interconnection project of the original crude unit of the Cartagena refinery with the new refinery planned for the second quarter of this year, along with its corresponding gradual incorporation of benefits.

In Esentia, polypropylene production reached an annual all-time record of around 500,000 tons, thanks to the development of efficiency projects and its operation rate maximization, which started back in 2020.

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As of 2021, we achieved efficiencies for COP 2.9 trillion, out of which COP 1.4 trillion offset the pressure on OpEx caused by inflation and the reactivation of operations. This is reflected in the total unit cost of USD 39.1 per barrel at the end of the year, which represents an increase of 6.5% as compared to 2020 in normalized terms and contrast with a growth of 10.6% if efficiencies had not been implemented. The efficiency initiatives achieved in CapEx for COP 833 billion are aligned to the significant reduction achieved in drilling and completion costs. All the cumulative lifting cost of 2021 registers an increase when compared to the previous year. The strict cost control of the company allowed it to reduce the unit values of cost per barrel transported because of the lower consumption of materials and also the cost of refining due to the deployment of strategies identified as part of the zero-based budget methodology implemented by the end of 2020.

I will open the floor to Jaime Caballero, who will walk you through the main financial results of the Ecopetrol Group.

Jaime Caballero: Thanks, Alberto. The historic financial results achieved in 2021 were leveraged by a favorable price environment and a highly effective commercial strategy that enabled the capture of distinctive differentials for crudes and refined products. This, together with efficiency initiatives and a sound capital discipline practice resulted in a significantly higher ROACE than our weighted cost of capital.

It is worth highlighting the contribution to the results of the sustained and reliable production from our Permian operation, the incremental financial return of the energy transmission and roads business, and the Cartagena refinery, which this year also obtained a record EBITDA generation and gross refining margin.

In 2021, the Ecopetrol Group's net income was ten times higher than the one recorded in 2020, a record-high result, closing at COP 16.7 trillion.

The following aspects stand out: first, a COP 21.6 trillion increase in EBITDA when compared to 2020, in line with higher sales of products and gas, lower labor costs, and other expenses which mitigated the impact of cost increases derived from the economic reactivation; higher participation in fields such as Nare and Piedemonte, and higher fees in contracts, among others. Secondly, a decrease of COP 0.5 trillion in the non-operating result related to lower portfolio profitability given market conditions and the increase in interest expenses due to higher leverage levels. Third, an increase in depreciation charges of COP 0.5 trillion associated with a higher level of capital investment and the increase in Permian's production. Fourth, higher income tax provision due to improved results. And fifth, non-recurring events of COP 0.5 trillion, with 2021 being a year with a near zero effect for impairment net of taxes compared to an impairment expense in 2020 of COP 530 billion and the income obtained in that year from the effect of the business combination due to the additional stake in the Guajira asset.

In 2021, the effect of the annual asset in Permian exercise considered: better short and medium-term prices outlook for the upstream segment; the decision to expense the remaining balance of the investments associated with the Barrancabermeja refinery modernization plan, which was partly offset by the Cartagena refinery's operational and financial consolidation; thirdly, a lower volumetric outlook for the Tumaco Port and the Transandino pipeline in the midstream segment; fourth, the financial effect of the approval of the agreement between Frontera, Cenit, and Bicentenario, generating the recognition of an income of COP 0.7 trillion net of taxes; and finally, the acquisition of ISA that contributed COP 0.3 trillion to the net income corresponding to Ecopetrol's participation in the results for the four months after its acquisition.

Let's please go to the next slide to see the main aspects of the commercial performance and its contribution to the group's results.

The commercial strategy was consolidated as a key lever of Ecopetrol's financial performance for the capture of benefits on fronts such as asset-backed trading, diversification of export destinations, adoption of DAP practices in our negotiations for different shipments, and contractual flexibility.

The trading margin contributed USD 487 million across the group's segments, mainly as a result of the materialization of benefits in heavy crude exports, purchases of crude for refineries' throughput, asphalt sales, and energy efficiencies, especially in the upstream segment.

The higher sales of gas and products were in line with the general recovery of economic activity, demonstrating the strengthening of demand for refined products, which reached higher levels than even pre-pandemic.

The crude oil gas and product baskets strengthened during 2021, as a result of the increase in international prices, and the different action fronts mentioned previously.

Please go to the next slide to see the main financial results associated with ISA's consolidation.

Since the consolidation of ISA's financial figures in September 2021, when the acquisition was completed, a significant contribution has been observed from the energy transmission and roads business to the group's results, with the following highlights.

First, revenues of COP 4.1 trillion, representing 4.5% of the total group's revenues. Second, an EBITDA of COP 2.7 trillion, contributing 6.3% of the group's total EBITDA. Third, contribution to net income of COP 262 billion, corresponding to Ecopetrol's participation. And fourthly, in addition to the above, the segment reports a net income of COP 135 billion, explained by an exchange rate difference and the financial expenses associated with the contracted debt to fulfill the acquisition transaction.

ISA added COP 61.7 trillion to the group's assets and COP 39.6 trillion to its liabilities. The gross debt to EBITDA leverage ratio with which ISA is consolidated amounts to 4.1 times, in line with the rating of investment-grade and a stable outlook.

Additionally, in accordance with IFRS, a total amount of COP 10.9 trillion was recognized as the difference between the fair value and book value of ISA's net assets and its liabilities. This difference was allocated between the consolidated assets and liabilities of this company. These material contributions to the results of the Ecopetrol Group show figures with a more prominent role of the energy chain and the income diversification for which the company is striving.

Let's please go to the next slide to see the main financial indicators. Regarding the metrics in the traditional oil and gas business, EBITDA per barrel closed at USD 42.4, supported by the higher crude oil and products basket sales price previously mentioned, while the net income breakeven closed at USD 34 per barrel as a result of better realization prices for crude oil and products and higher refinery throughput due to the recovery of demand. It is important to note that these metrics, being specific to the hydrocarbon industry, do not include the contribution of ISA.

Regarding ISA's indicators, the EBITDA margin excluding construction closed at 76.1%, a result of an efficient and rigorous expense management process. The 11.6 ROE, return on equity, continued generating value to shareholders despite the impact on net income of the liability management of ISA Interchile's debt, and the update of the deferred tax due to the modification of the income tax rate in Colombia.

Regarding the Ecopetrol Group level indicators, which include ISA, the following stand out. First, an EBITDA margin of 45.7%, mainly explained by better realization prices of crude oil and products. It should be noted though, that the four-month consolidation of ISA contributed 1 percentage point to the margin, for which a greater impact is expected once the full year is reflected. Secondly, return on average capital employed returned to double-digit levels, closing at 13.6%, mainly due to higher operating income, which was partially offset by higher taxes and an increase in capital employed. Third, the midstream segment continued to be a major contributor to the group's EBITDA, highlighting as well and in turn, the growing participation of ISA, whose more stable EBITDA allows the group to be better positioned to

face volatility in the hydrocarbon business. Lastly, the gross debt to EBITDA ratio closed at 2.3 times, below the target level of 2.5 times, maintaining, therefore, our standalone investment grade criteria. This, even incorporating 100% of ISA's debt, the acquired debt for the purchase, and only four months of its EBITDA. Eliminating the effect of ISA's acquisition, the Ecopetrol Group's gross debt to EBITDA would have closed the year at 1.3 times.

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The execution of investments during 2021 amounted to USD 8 billion, the highest level in the last six years. Of this amount, USD 3.2 billion corresponded to organic investment from Ecopetrol and its subsidiaries of the hydrocarbon business, USD 1.1 billion to ISA, and the remaining USD 3.7 billion to inorganic investment for the acquisition of the latter.

Regarding organic CapEx, during 2021, a level close to the USD 3.5 billion target announced in the third quarter results was executed. This was impacted by efficiencies in maturation and execution phases of development and production projects, restrictions related to the public order situation, and the impact of COVID-19 on global supply chains, longer terms in administrative procedures, which mainly impacted activities in Piedemonte, and some blockades in the Rubiales, Caño Sur, La Cira and Llanito fields.

Within the company's plans to increase capital intensity are the focus on projects that drive production and reserves' growth, and the inorganic optionality in the transmission and roads business.

Let's move on to the next slide, please. At the end of 2021, Ecopetrol recorded a consolidated cash position of COP 17.5 trillion, with which 2022 will start with a higher cash position than the one envisioned in the 2022-2024 plan.

Among the most important yearly movements are: firstly, the strong operating cash flow generation of COP 22.5 trillion, of which ISA contributed with COP 1.4 trillion and that excludes the pending balance of COP 7.8 trillion associated with the account receivable from the Fuel Price Stabilization Fund - FEPC for its Spanish acronym. Secondly, the outflow of investment resources for organic activities by COP 13.3 trillion and the acquisition of ISA for COP 14.2 trillion. Third, the financing inflow for the acquisition of the controlling interest in ISA and for debt service, and lastly, incorporations in cash from the ISA consolidation. Regarding the FEPC's balance, the Ecopetrol Group's expectations contemplate the liquidation and collection of COP 3.5 trillion in balance of the third quarter of 2021, in line with what it's foreseen in the national general budget. Additionally, the company expects to collect the estimated balance of the fourth quarter of 2021 before the end of the year. The final cash balance considers cash and cash equivalents for COP 40.6 trillion and a short-term investment portfolio of COP 2.9 trillion.

I now pass the floor to Felipe for his closing remarks.

Felipe Bayón: Thank you, Jaime. In 2021, we had very important results in our TESG agenda. In the environmental front, we are pleased to announce a reduction of greenhouse gas emissions of more than 293,000 tons of CO2 equivalent, exceeding the target in 125%. Some of the initiatives that contributed to this reduction include energy efficiency projects, which have allowed us to optimize our energy mix, reduced fugitive emissions, reduced venting and flaring, as well as projects of self-generation in our solar farms.

In order to meet our long-term goals, we made progress in the natural climate solutions fronts by establishing partnerships with Nature Conservancy, Wildlife Conservation Society, Fundación Natura, South Pole, and the Conexión Jaguar program sponsored by ISA. These programs offer the potential to capture more than 1 million tons of CO2 equivalent per year, which will enable carbon offset starting in 2030. In addition, we increased our self-generation capacity with renewables to 112.5 MW, which now accounts for 8% of the company's energy mix.

In terms of water management, we registered a reuse rate of 74% of the water required to operate, with which we continue progressing towards our goal of water neutrality.

We invested COP 469 billion, some USD120 million, in social projects that seek to promote local development to improve life quality of the communities, consolidating high levels of trust in the areas of influence, boosting local economies, education, and access to public services. These projects supported around 1,100 rural families, and 463 small and medium-sized enterprises, as well as the construction and improvement of 60 kilometers of roads and contributing to strengthening educational quality for more than 190,000 students.

In terms of governance, we made progress in transparency and disclosure of information under the TCFD and SASB standards, becoming the first Colombian company to do so. Also, our score in the Dow Jones index increased from 66 to 68. In addition, we joined the 30% Club, an initiative that fosters greater participation of women in boards of directors and senior management positions in the business sector. Furthermore, Ecopetrol achieved the certification Equipares Silver Seal with a 98% score. With this, we now have five companies in the Ecopetrol Group with favorable processes for gender equality under this certification program. All these achievements joined those accomplished in the recent years.

We have adopted OECD recommendations regarding the non-participation of public officials in the board of directors; the definition and application of independents and technical knowledge criteria for the members of the board; the independence of more than 50% of the members of the board; the design of a clear succession policy for the members of the board, as well as for the CEO of the company; the strengthening of the approval system for investing in projects based on technical criteria, including controls, segregation of duties, and a decision-making structure that integrates different governing bodies.

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Ecopetrol is a key player in development of Colombia, the regions where we operate, and our stakeholders. Ecopetrol's contribution to the Colombian economy in 2021, with some COP 26 trillion, including dividends, taxes, royalties to the nation, dividend stakes to minority shareholders, social and environmental investments, employee's remuneration, and local procurement.

We also contribute to guaranteed energy security and leading Colombians' decarbonization roadmap. Our efforts generate value to more than 254,000 direct shareholders and more than 18 million Colombians that are affiliated to the pension funds. With our more than 18,000 employees and over 3,000 local suppliers, we continue working to be "Energy that Transforms."

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The record results achieved in 2021 reflect the competitiveness of Ecopetrol and its evolution in the recent years. In 2022, we will continue to focus on profitable growth of our core businesses, the protection of the environment in which we operate, the relationship with the communities. We will capture the upsides of favorable crude oil prices while we continue to move forward in consolidating the energy transmission and road concession businesses within the Ecopetrol Group.

Once again, thank you for your time and interest in participating today. With this, I now open the floor for Q&A session.

Operator: Thank you. At this time, I would like to remind everyone: in order to ask a question, simply press star (*), then the number one (1) on your telephone keypad. If you would like to withdraw your question, please press the pound key (#). Once again, for any questions please press star (*), then the number one (1) on your telephone keypad. We'll pause for just a moment to compile the Q&A roster. We have a question from David Souza, from UBS. Please go ahead.

David Souza: Hi everyone. Can you guys hear me?

Felipe Bayón: Yes, we can. We can hear you.

David Souza: Ok. Awesome. Great. Thanks for taking my questions and congrats on the results. My first question regarding the plan you just released, the 2022 until 2024 plan, you stated that you expect robust results with Brent prices at USD 63 in 2022. And so far, this year, Brent has been quite above that, possibly remaining at high levels for a longer period. So, a first question would be how flexible is this plan in terms of either accelerating or reallocating investments? And still on this, the company is generating more gas than initially expected. What would be the main goals in terms of capital allocation? Maybe to pay debt, returning capital to shareholders, broader investments, as it was the case with ISA?

My second question: what's your view in terms of diversifying the company's portfolio into the energy transition? Because we have seen the company benefit in the short-term from higher levels of Brent. So, would the company be willing, or maybe would there be a possibility to delay investments in other segments in the short term and have a higher focus in the upstream segments, seeking to benefit the most from these high Brents in the short term? So those would be my two questions. Thank you.

Felipe Bayón: David, thanks a lot and thanks for being here today. I'm going to take the questions and if anybody in the team then wants to add something else, probably Jaime, feel free to do so.

So, the first thing is: you rightly point out our plan is robust at USD 63 per barrel and we have some sensitivities in terms of what it means to have USD 1 or USD 2 or whatever, how many dollars on top of that forecasted or that budgeted value that we've used. But the first thing I want to say is that we want to remain very disciplined and focused in terms of how we deploy the capital.

I think that one of the strengths of Ecopetrol over the years, with the last two crises that we've had in these last five to six years, is our ability to remain very disciplined. And in that space, capital discipline is fundamental. So that's point number one. We won't abandon capital discipline. We won't do a lot of things that may appear to be appealing because

there's more cash in terms of investment. And remember that we are already increasing almost 50% our CapEx from last year to this year if you don't take into account the inorganics, as Jaime was presenting earlier, which will take you to 8 billion plus of CapEx. So, discipline. We're already increasing, being more aggressive in terms of the number of wells, the number of projects, the number of fields that we want to put into production and the likes. So, I think that's relevant, keeping the focus and being very disciplined.

And said that, we will have optionality when it comes to higher revenues and more cash. So, what can we do with that? Can we prepay debt? Can reduce some inorganics? Can we accelerate, not necessarily do additional things, but is there opportunity to accelerate projects that could be accelerated? And remember that there's a worldwide context of disrupted supply chains and logistics difficulties that we need to cope with as well. I think all of the things that you've mentioned are possible. We could repay debt. We could return to shareholders. There could be some additional inorganic opportunities. But I just want to stress, once again, the need to be very disciplined with the capital.

In terms of diversifying the portfolio, and under the framework of the 2040 strategy that we presented to you guys, to the market, a couple of weeks back, we have a frame that I think is very comprehensive and it provides for the growth of the core business within the context of energy transition, so that's what we intend to do. I don't see us jumping around and just stalling things to try to do some others. I think it's fundamental that we continue to be proactive and basically lead in the region in terms of energy transition and that's one thing that you'll be hearing more from us in the coming months or so. I don't know, Jaime or Alberto or anybody, if there is anything else you guys want to add.

Jaime Caballero: No, Felipe. We were nodding here because I think you've covered the key points. Our philosophy is stated in the strategy that we rolled out a few weeks ago and our focus now is on executing that.

Felipe Bayón: Thanks, Jaime. And thanks, David, for your interest and thanks for being here today.

Operator: Thank you. Our next question comes from Anne Milne, from Bank of America.

Anne Milne: Good morning. Thank you very much for the call and for the presentation. I have two questions this morning. The first one is just to go over a little bit more in detail the 2022 CapEx plan. You have a great slide, I think it's slide 20 here, of where you've come from 2018 to 2021 to know a little bit more where it's going to be spent in 2022. You are increasing it as you mentioned? At 4.8 to 5.8? A little bit more information there. And then the second question has to do with Ecopetrol's use of electricity generation. I know you've been involved with some solar plants, and just wondering, how much more can you do on the renewable side or internally using your own gas production just on the electricity side? A little bit more information. Thank you.

Felipe Bayón: Thank you, Anne, and good to hear you. I'm going to ask Alberto to take the first part of your question around the CapEx details. But I'm going to start referring to electricity generation. So today, roughly, ballpark numbers, 8% of our capacity is mainly solar, if you think about renewables. We have two solar farms and we're buying off the grid as well, and we've already announced six more solar projects coming through. Some of them will be PPA, mainly Power Purchase Agreements, but eventually, we will have equity-owned solar projects as well. So that's in the works. You should be hearing more about that.

We're very, very happy with what we've seen with the performance on solar, both in terms of reduction of emissions and cost savings. Both things actually work very well.

If you remember the context of strategy, we mentioned that by 2040, we want to be between 25% and 40% of our capacity roughly being from renewables. So, the point, and I'm speaking out loud here, can we find a way to further accelerate that? And I think the answer is yes. That's directionally what we've said we want to do, but eventually we want to accelerate that.

Renewables also include things like wind, so we're looking at wind opportunities. The Caribbean in Colombia is very prolific in terms of wind speed. We're looking at that and we've been measuring the wind for some time, and there's opportunities in that space. We're looking at geothermal energy as well, so we should be doing our first pilot soon in El Meta on using the energy in the subsurface to generate.

And I'll close by saying gas last year, roughly 60% - 62% of the self-generation was done with gas. Again, can we expand there? Probably yes. Can we be more efficient? Can we close cycles? Definitely, there's opportunities in all of those areas.

And Alberto, if you can take Anne through some of the details around CapEx, that would be great. Alberto.

Alberto Consuegra: Yes, Felipe, thanks and good morning. As you mentioned, our guidance for CapEx in 2022 will be in the range of USD 4.8 to USD 5.8 billion. In oil and gas, we will be spending anything between USD 3.7 to USD 4.7 billion and in the ISA business, it will be about USD 1.1 billion.

If you look at the upstream itself, the range will be between USD 3.4 to USD 3.8 billion. And if you talk about exploration itself, it's going to be close to USD 400 million and production, anything in the range of USD 3 to USD 3.4 billion. And in the investments that we're going to be doing abroad in the upstream, it will be close to USD 800 to USD 850 million per year. When you look at the midstream, it will be in the range of USD 350 to USD 400 million and refining USD 450 to USD 500 million in 2022. And finally, in terms of our T ESG agenda, we'll be as spending around USD 350 million. So those are the figures that we're going to be managing in 2022.

Operator: Thank you. Our next question comes from Lilyanna Yang, from HSBC.

Lilyanna Yang: Hi, good afternoon, morning, everyone. Thank you for the opportunity. I actually have generic questions. I would like to see, and sorry if you already addressed this in your initial remarks, but I would like to have a color on implications of Russia-Ukraine conflict into the supply chain for Ecopetrol, be in Colombia or be for your Permian assets. And how your priorities have changed, or would change for 2022 in view of this unexpected event?

And another question is on the midstream assets, if you can just give us an update on the latest and the upcoming reviews for the crude and for the fuel pipeline assets. Thank you.

Felipe Bayón: Hello, Lily. Good to hear from you. In terms of the first one, I'm going to ask Pedro to provide more detail around implications, not only in terms of supply chain, Lily, but in terms of commercialization and trading and the likes. Pedro can give us a view and I'll

give you my first impression on that. And on the midstream, I'm going to ask Milena to help us with the details.

In terms of the conflict, the first thing is that we are deeply saddened by what's going on right now in Ukraine. A lot of people suffering, and we hope that there is a resolution very, very soon. Before the conflict, we were seeing already some disruptions in supply chain. So, there's some pressure of some commodities and some of the things that we use in our projects, aluminum and things like steel and copper. So, there have been some pressures, 10% to 15% roughly in some of those areas. Having said that, we saw almost COP 0.5 trillion of inflationary impacts last year, but they were more than compensated by the COP 3 trillion that we actually achieved in savings. So, I think there's some impacts, there will be some impacts, but again, it will depend largely on duration, intensity, and disruption of some of those supply chains that we're seeing. But we're not changing priorities. That's, I think, the other part of your question. We have a plan. It's aggressive. It has an important increase in terms of CapEx deployment. We need to be able to execute on time within specs to ensure that the time-to-market of the molecules, the hydrocarbons, is achieved.

Pedro, if you want to jump in and help us with some of the trading aspects of this. And then Alberto, also, if you want to chime in, anything else that I've missed on the supply chain, and then we go to Milena. Pedro?

Pedro Manrique: Yeah. Thank you, Felipe, and thank you, Lily. Good morning and thanks for all of your questions. Yes, as Felipe said, what we're seeing is the impact remains in place for quite some time. We're net exporters of crude, so we're seeing a positive effect on the crude side, on the exports that we do, and we're seeing it right now because of the level of prices that we're seeing in the market.

Also on the diesel side, we are next net exporters so we're seeing a positive effect as well. And also on the fuel oil, because we foresee that there's going to be some disruption being Russia such an important player on the fuel side. So, we're seeing also a positive impact for our sales. And also on the asphalt side, we're seeing a positive effect because we've been increasing exports of asphalt and Russia is a very huge player worldwide.

Now, on the import side, we are seeing a negative effect on the imports of crude that we're making for our refinery system. We are net importers of gasoline, so we're seeing a net effect on that because gasoline prices are also going up. And also, on the naphtha diluent that we use for our upstream business because again, Russia is a very important player on the naphtha side globally.

And also, the last negative impact that we're seeing is the increase in shipping costs and we're going to be seeing if again this event remains in place in time. But at the end of the day, when we net out the positives and the negatives, we're seeing that it's going to be a net positive effect on our business. So that's basically the analysis that we've been doing so far and obviously we are monitoring this on a day-to-day basis.

Thank you for your question, Lily.

Alberto Consuegra: Felipe, I don't have any further comments. I think you've covered everything.

Felipe Bayón: Thanks, Alberto. And then Milena if you can help us with the midstream side. Thanks.

Milena López: Yes. Thank you, Felipe. And thank you for your question, Lily. Before I go into the details, maybe a bit of context will help in terms of understanding the impact. When you look at the midstream EBITDA, approximately 20% to 25% is refined product pipeline. Obviously, it moves around depending on the FX, as refined product pipelines have tariffs that are set in pesos.

In terms of refined products pipeline, the tariffs that are better basically used today, most of them were set around 2003, except for one segment that was done in 2011. Theoretically, these tariffs get reset every five years, similar to what you see in crude pipelines, but this has not taken place, so we are due for a revision. So, this isn't something that is extraordinary. This is part of the periodical changes that need to take place. This year the CREG, which is the regulatory entity for energy and gas, has published the regulatory agenda, which set for the publication for comments of what the new methodology for refined product pipelines would be in the first semester of this year and this is published for comments. Generally, there's a series of meetings and back and forth with the regulator and final publication of what the methodology would be is due in the second half of this year. Assuming that takes place according to that pipeline, we would be handing in our tariff file, which is basically the document that gives all the input in order for the calculation of tariffs at the beginning of the next year and will probably have new refined product pipeline tariffs fully operational probably by the end of next year. They usually revise the report we send them and take about 6 to 12 months in order for new tariffs. So that's the process taking place in terms of refined product pipelines, which is very much a business as usual and obviously we will know what the changes may or may not be once the initial methodology is published for comments at the beginning of this year and once that takes place, we will be reporting to you.

In terms of crude pipelines, so oil, what we have is what you've seen, every four years there's a reset of tariffs. Tariffs are set to be updated in June 2023, and that is in the regular course of revisions every four years. One of the things that is new is that the Ministry of Mines and Energy, which regulates these tariffs, has in the regulatory agenda stated that they may be making some changes to the methodology, which they would be publishing in the last quarter of this year. That is something that we would see end of this year and it would probably incorporate certain things from consultancy projects that they have carried out in terms of revising if there any updates that should be made to the methodology. That's more or less what the timeline looks like. Any changes, if they were to happen, would only apply once the tariff is reset in June 2023.

Felipe Bayón: Thanks, Milena. Thanks, Lily.

Operator: Thank you. Our next question comes from Christian Audi, from Santander.

Christian Audi: Thank you. Hello, Felipe, Jaime, Alberto and the Ecopetrol team. Congratulations on the very impressive results across the board. I had three subjects I'd like to ask you about, please.

The first one, going back to capital allocation, in terms of CapEx, are you able to anticipate CapEx projects? Or even if you wanted to do that, it can't really be done in the short term, it

would have to be more a 2023 onwards dynamic. In other words, you couldn't really increase CapEx in 2022 just because I imagine some of these projects are long dated.

And then in terms of dividends within capital allocation, you paid, given your very positive results, an extraordinary dividend. Now, I was just curious if you're able to do that on a quarterly basis going forward or not, if it's something that tends to happen only at the end of the year.

And then in terms of the other use of capital inorganic growth, my understanding was that you were particularly interested in opportunities within ISA, but I was just wondering, given again that oil prices are so high, if now all of a sudden opens up a set of opportunities for you to pursue inorganic growth also in the oil and gas sector, and not just related to ISA. Then the second topic was costs. Very quickly, I was just wondering if you could comment on your outlook for lifting and transportation costs, given what you were able to achieve in the fourth quarter.

And then finally, on corporate governance, you have a significant amount of work on corporate governance, improving and strengthening your bylaws, your boards, but at the same time we're dealing with a very dynamic, fast-changing pre-election environment that generates a lot of noise, right? Candidates saying things that they wish they could do but whether they can be done, it's a separate story. I was wondering, given your very attractive and solid micro story, what can you tell investors from a macro point of view of how protected Ecopetrol is, given its strong bylaws and board setup? Thank you.

Felipe Bayón: Christian, thanks. Well, there's lots of different lenses in your questions. So, what I'd like to do is I'll just give you context. I'll ask Alberto to talk a little bit more about capital allocation.

Can we anticipate projects? Is it more a thing for 2023? Potentially yes than this year because we want to remain very disciplined, which was something that I was answering in one of our previous questions.

Dividend policy, I'm going to ask Jaime to provide a bit more detail, but good news, we had amazing, and I think you used a good word that we pass on to the team. Impressive. We had impressive results and I think in that sense, being at the top end of the dividend range within policy is always good.

Inorganic opportunities, we always have that, as we've done in Brazil, which you've seen over the years with things like Gato Do Mato or some of the exploration blocks, as we did with the Permian. And the Permian is going to be on a net basis north of 30,000 barrels this year for us or 60,000 barrels for the JV. So, from 50,000 we're going to go to 60,000 and providing USD 250 million of EBITDA and an EBITDA margin of more than 80%. So, there will be opportunities that will need to be assessed. But you rightly point out, having higher prices, having more cash inflows will give us more flexibility in terms of either M&A or in terms of accelerating some things on the margin, I would say.

And then I'll come back to corporate governance. Alberto, if you can help us, and then Jaime, and then pass it back to me and I will talk about corporate governance.

Alberto Consuegra: Thanks, Felipe. Good morning, Christian. With regards to capital allocation, I would like to start saying that we already have a challenging year in 2022. We

are going to be spending a lot more than in 2021. Our guidance for CapEx in this year 2022 is going to be USD 5.8 billion. And when you look at 2023, given the state of maturity of our projects, we're going to be spending more. We're going to be spending more, particularly in the upstream. So, definitely we are going to keep insisting in our capital discipline in 2022, ensuring that we continue maturing our projects so we can deploy the CapEx that we expect to spend in 2023.

Jaime Caballero: Thank you, Alberto. Hi, Christian. Thanks for your questions.

Dividends. This actually tags along on what Alberto mentioned because I think the way that we're thinking about managing and allocating potential excess cash, I would characterize it as a pyramid where the first priority is actually the first pillar of the 2040 strategy and that's growth. Our first mandate, if you will, is to make sure that growth opportunities are funded. As you've heard from Alberto, the organic component of the plan is pretty firm. We are increasing the intensity of that plan, if you think about it from an annual basis. So, I would say, I'm quoting Felipe here, that any changes to that organic plan are going to be at the margin.

I think where we could have some opportunities could be in the inorganic front, clearly. I'm going to actually start with the transmission business, the pipeline of opportunities that ISA is working on and maturing, and the nature of that market, is one that there could be substantial inorganic opportunities in the near term. So that's something that's a consideration. We want to keep ISA growing, and the excess cash that we have could give us flexibility in that conversation.

Secondly, there could be inorganic opportunities in the hydrocarbon business as well. And obviously, we're not going to put those opportunities in a block because of their nature, but we continually are looking at them and we're going to be looking at opportunities that are consistent with our strategy. What's that? Things like our presence in fast-growing areas, places where we're seeing the opportunity for short-cycle hydrocarbons. That sort of opportunities are things that we're looking at and we will continue to look at. So, I think that's the first priority.

The second priority is around competitive returns, and in order to deliver the sort of returns that we're delivering, you saw 13.6 ROACE we closed last year. In order to deliver that, we need to have that capital discipline, but we also need to make sure that our leverage ratios are very robust. While we are comfortable with debt where it is, we would clearly have a preference to reduce it to the extent that those excess revenues allow us to. I'd say that that's the second priority.

Once those two elements are covered, growth is secured and very healthy and debt levels are secured, and there is some space where we can improve on that, we could go into the conversation around additional distributions to shareholders. Specific to your question, do I see quarterly distribution by Ecopetrol? No, I don't see that. I'm going to explain why I don't see it. I don't see it because we don't believe that the price environment that we're seeing right now is systemic. We don't believe that it's necessarily sustainable, and therefore, we need to be very careful about the sort of commitments that we make on that regard.

Now, is there going to be a conversation about this in the second part of the year if the price environment prevails? Yes. I would say that's something that will be reasonable to expect. I hope this helps Christian. And with this, back to Felipe.

Felipe Bayón: Thank you, Jaime. So, in terms of corporate governance, I think there's lots of things that we need to think about, Christian. The first one is Ecopetrol has been doing a lot of work around corporate governance for many, many years. So, this is not something that we're just thinking about now. It's something that has taken us many years. I've been already six years in the company, and I've seen very, very positive changes, and I think, first, having the ability of testing us and assessing us against international standards and good practices is always good. I think we continue to make progress in that sense and throughout the different AGMs in different years, we continue to strengthen our corporate governance.

I think the first thing is that elections are still out there. There's the congressional elections that are very important as well, in March. And then one or eventually two rounds of presidential elections. So, the first thing, we need to wait to see who's going to be elected, both in Congress and as president. And I think Colombia has demonstrated, as one of the longest standing democracies in the region, its ability to ensure that through checks and balances, as this would be called in the U.S., there's always good opportunity to ensure that overall decision-making is respected, and investments are respected, and the like. So, from that point of view, I'm talking as a Colombian, I'm not worried. I'm not worried about the outcome of what's going to come and what's happening.

And in terms of Ecopetrol specifically, and I'm probably going to go into a bit of detail, but I think it's relevant to provide you a bit of context, Christian. So, things like independence of the board members. The law says that we need to have 50% independent board members. We have eight out of nine. I think it's 83% or whatever the percentage is. The tenure of the board members, we're proposing that it's increased from two years to four years. If you look at international standards, most boards or people will tell you "No, board members normally are there 6, 7, 8 years", and actually in Ecopetrol, we've had board members on average 2.5- 3 years. So, we want to ensure that there is more continuity, especially in the context of the strategy, as we laid out our strategy for 20 years, it's having that line of sight.

The other thing is regarding the competencies that are required from board members. That was also approved last year, so it's very specific, to be a board member, what you need to be able to comply with, in terms of terms. If you take that one level down, last year, mid-year in the summer, we actually approved the succession program or plan or frame for the CEO of the company, be it in case of emergency or a planned succession. So, I think Ecopetrol has been doing a lot of work over the years to ensure that there's stability. We have a long-term strategy, the impressive results, I'm using your words, demonstrate that we are resilient, we can very quickly adapt, but we can also lead on things like energy transition and things that are positioning Ecopetrol in a different lead in terms of how we see things. And even if you go down in the organization, and I was referring to this in the prior call in Spanish, last year, I personally presented to the board the succession plans for the 30 top executives in the company. It's something that it's been thought through. We're very organized, we're very disciplined. So, I think from that point of view, the company is well positioned.

I think your question was something around, from a micro point, how well is Ecopetrol protected. And I think being also a multi-region, multi-business company that floats in New York, that is through the pension funds in Colombia, somehow touches 18 million Colombians through the pension funds. So, there's lots of good elements in that sense to ensure that corporate governance, which is already very good and strong, will get even stronger.

I hope that helps, Christian. But let me know because I know it's a topic of interest. So let me know if there's anything else you want to touch on.

Operator: Thank you. Our next question comes from Andres Cardona, from Citi.

Andres Cardona: Hi, everyone. I have two quick questions. The first one is if you can comment about the downstream margins, EBITDA margins that we see in the fourth quarter. Are they sustainable? Or is there any new recurrent event, maybe boosted by the chemical business?

The second question, if you can comment about the quality discount outlook in the context of the situation that we are seeing in Russia and Ukraine?

And the last one, if you can help me to double check a couple of data. Is EBITDA for the gas segment in the fourth quarter and what is the dilution factor also as of the fourth quarter? Thank you.

Felipe Bayón: Thanks, Andres, and good to hear you as well here in this call. Alberto, why don't you start with the dilution factor? Then, we can go to the gas EBITDA. And Yeimy, if you're around please, if you can take that one. And then the EBITDA margin, Alberto, if you want to take that or we have Walter, please go ahead. But Alberto, I'll pass it on to you first and then Yeimy.

Alberto Consuegra: Thanks, Felipe. Hi, Andres. With regards to the EBITDA margin for gas and dilution factor, let me start with dilution factor and fourth quarter specific, we saw an increase in the dilution factor given that we faced a reality: higher cost of the purchase of the diluent. So, the dilution factor was up to USD 4.85 per barrel for a total of USD 4.27 during the year 2021. We expect to keep it under control during 2022, close to the USD 4 per barrel range. So that's kind of where we are in terms of dilution.

I'm going to give the word to Yeimy, but in EBITDA margin for the gas business, what I can tell is that we continue maintaining margins above 50%. We did that back in 2020 and again in 2021, recognizing that we had an increase of about 20% in terms of EBITDA growth in 2021. So that's where we are. Yeimy, do you want to complement?

Yeimy Baez: Sure, Alberto. Thank you very much and thanks, Andres, for your question. Yes, our gas business delivered strong results in 2021, growing more than 20% compared with 2020 in terms of EBITDA. This business generated more than USD 800 million EBITDA with a margin of 53%, and it includes, of course, the results in the fourth quarter that were above 55% and it has remained stable for the last three years. In conclusion, gas has proven to be a resilient and profitable business, which lead us to allocate more than USD 1.8 billion to gas in our 2022-2024 plan. Thank you.

Felipe Bayón: Alberto?

Alberto Consuegra: In terms of the downstream segment, what I can tell you is that we believe that if we can manage operational availability of our two refineries as we have in the plan and also, we see that we complete the expansion projects in the Cartagena refinery, we are going to be able to maintain levels of EBITDA margin similar to what we had in 2021.

Operator: Thank you. We'll go to the next question. It comes from Bruno Montanari, from Morgan Stanley.

Bruno Montanari: Good afternoon. Thanks for taking my questions. I have a couple of follow-ups only from the prior call on this one.

Starting with corporate governance indeed, the company has made very strong progress throughout the years. I just had a specific question about the proposals you are making to change the bylaws now, specifically, the one on increasing the tenure of board members from two to four years. If that is approved, does it change the existing tenure of the current board members or does it apply only for the next people getting into the team?

And the second question is about the stabilization fund. I understand that the figures that were given for expectations to collect third and fourth quarter values, but the question is, demand is improving now, after the worst of the pandemic, oil is close to 110. Doesn't it mean that the receivables in the fund will actually grow throughout the year and could be even higher than the COP 7.8 trillion that we saw at year end? Thank you very much.

Felipe Bayón: Thanks, Bruno. And with respect to FEPC and the stabilization fund, I'm going to ask Jaime to provide a bit more color, but the answer is yes, the fund will eventually increase. Good news, government has always paid us within the 12 months and as the receivables increase, also the revenues increase. So, we need to look at the overall context and the fact that we ended up last year with COP 17.5 trillion and actually that the budget law for Colombia, the national budget law, allows for extraordinary dividends to be used as proceeds to pay for outstanding stabilization funds receivable. So, there's a lot of elements in that and I'm going to ask Jaime to provide more detail.

And in terms of the proposal on the tenure of the board, specifically, it will apply as soon as it's approved or not by the General Assembly. And the answer is yeah, it will apply as soon as the AGM approves the changes that we are proposing on the bylaws. Jaime.

Jaime Caballero: Thank you, Felipe. Hello, Bruno. Good to hear you. With regards to the stabilization fund, as Felipe anticipated, most likely higher prices imply a higher balance in the fund. And I say most likely, because remember that the formula considers three or four angles to it. There is an angle around the behavior of the international prices for diesel and gasoline. There is an angle around whether adjustments are made at a domestic level in terms of prices at the fund. That affects that balance too. There is a third angle, very important angle, which is around the FX effect, which can be actually quite substantial in terms of moving the balance of the fund in any direction. Clearly, to take out the crystal ball, if you will, and go out there and say exactly what's going to be the evolution of the balance, is difficult. We can create scenarios and directionally, if the current market conditions prevail, the fund is going to grow at a pace that's going to be higher than the one that we saw in the first half of last year. It's going to grow more at the pace of what we saw probably around 4Q of last year. That's the pace in which the fund is growing. As Felipe mentioned, we are in very close discussions with the government around this. This not a surprise. This is something that actually the government in and by itself monitors regularly.

And I think there's two or three things that give us a lot of confidence that this should not be a source of concern. The first one is that national general budget has made specific provisions around how this fund can be managed, what are the sources to honor the obligations of the fund, and it has a very clear, very unwavering commitment towards honoring those obligations, and that is at a legal level. So that gives us a lot of confidence.

The second thing that gives us a lot of confidence is that when we sit down with the government, there is flexibility within their budget as well with regards to how they're managing execution this year and the likes.

And thirdly, and it has to be said, and Felipe implied it, but I'm going to be specific about it, clearly, the way that we make dividend distributions to our shareholders needs to be compared with how that balance is evolving. That balance needs to be in a tolerable level for us to feel comfortable with the sort of dividend distributions that we are recommending. So, all in all, I want to reinforce the message that there is a clear commitment around keeping those balances within a 12-month period. There are the mechanisms to honor them and that's why we're planning on the basis on which we are planning.

I think that covers it. Do we have any remaining question?

Operator: Sorry about that. Let me check.
Mr. Montanari. Go ahead.

Bruno Montanari: Yes. I had just a quick follow-up because it is very interesting. So, when you mentioned that the new extraordinary dividends could be used to repay a portion of the fund, does that mean that, for instance, instead of announcing, say, that 9% extra dividends, those funds could be used to honor a part of the fund? Is that the way to understand it?

Jaime Caballero: No, Bruno. Let me clarify that. We need to be clear that the conversation around the fund is a conversation with one shareholder, not all shareholders. This is a conversation about how the majority shareholder wants to receive its dividends. And they have the flexibility to choose how they want to receive their dividends. It can be done via cash, it can be done via what we call here locally TES, which are some form of financial certificates, it can be paid abroad, it can be paid locally. One mechanism could be to make some form of exchange between the dividends and the fund, and that mechanism is something that the government can use, but it's going to be their decision to offer that.

Operator: Thank you. Our next question comes from Andrew McCarthy, from Credicorp. Please go ahead.

Andrew McCarthy: Good day, everyone. Many thanks, Felipe, Jaime, Alberto, for the call and the rest of the team for the call and the presentation. I think most of my questions have been asked, but maybe just two follow-up questions, The first one was just on the production in the upstream business for 2022. Looking at the level you reached in the fourth quarter, the 695 versus the target for 2022 of 700 - 705 and just considering obviously the very favorable macro backdrop with Brent, I was just wondering if you are seeing any scope maybe for increasing those production levels during this year, any upside you might be seeing on that front.

And then the other follow-up was just on the inorganic opportunities. You mentioned there your interest in transmission business and that that's bringing some opportunities on that front. Just wondering if you could provide any other color there in terms of what sort of geography you're thinking about and also if you've given any thought as to how that would occur. Would it be something that would occur at the ISA level? They would do the transaction. Or given all of the surplus cash you have at the Ecopetrol level, would you be looking to do the transactions at that level? Those would be my follow-ups. Many thanks.

Felipe Bayón: Thanks, Andrew, and good to hear from you. I'm going to start with the inorganic one and then I'll hand it over to Alberto to provide a bit more detail on production and what we're seeing as we ended up 695 and going into this year.

So, in terms of the inorganic opportunities and one of the things that we've mentioned specifically is that we're looking at transmission opportunities in the U.S. It's a market that we know from the oil and gas lens, if you will. We've been there for some time as Ecopetrol, our recent entry into the Permian as well. But having that foot already in the U.S. provides us the opportunity to think of what's next. And if you look at the continent which we're focused in as a group, the U.S. is a natural place to look at and there's opportunities, provided there is future deals coming out of Congress in terms of support of infrastructure investments across the U.S. We'll see where that goes, but definitely there is opportunity in the U.S. And I think there's a need to ensure that reliability of transmission, at least providing energy to people, is something that can happen. So, there will be opportunities there, and we'll be looking at that. And, yeah, if that's the case and we decide that's the right thing to do, it will be done through ISA.

Remember, and Jaime has mentioned this in the past, our leveraging ratios in ISA and as a group are a bit different. ISA, having the cash flows that it has and the line of sight of businesses, has the opportunity of having a gross debt to EBITDA ratio that's higher than ours. So eventually if it happens, it will be done by ISA. But we will continue to look at some other geographies.

And the other thing that I want to mention, Andrew, is that if you think about the next ten years or this decade, ISA has commitments of roughly USD 7.5 billion of investment, probably going to be in the USD 12 billion to USD 13 billion range, but we have a pipeline of USD 36 billion already identified. So, there's opportunity to specifically talk about transmission.

It doesn't mean we won't look at other things, Andrew. Don't get me wrong. But we will continue, and Jaime was addressing this earlier in one of his responses.

Alberto, if we can talk about production, that'd be great.

Alberto Consuegra: Yes, Felipe. Thanks. Hi, Andrew. With regards to production, let me recognize first that we need to stabilize production levels and basically, we're working in different areas. The first one is getting gas demand back at pre-pandemic levels. That's number one. Second, on our subsidiaries, we have some production hiccups in both Hocol and Ecopetrol America in the Gulf of Mexico, so we need to recover the production levels that we were experiencing even before 2021. And thirdly, particularly in Colombia in our mature fields is how we recover production after we have experienced well shut-ins because of several things, for example, social unrest, third-party events, also because of electrical and operational hiccups. And thirdly, because of higher water content in our mature fields, in the case of Chichimene and Acacias. That means that we have to put all our efforts in stabilizing.

Secondly, recognizing that we also have to replace production, about 100,000 barrels per year, because of the decline in production in our main fields. Remember that our declining factor is about 14% to 17%, so we need to recover that.

And thirdly, definitely we have investment plans associated with incremental production. All in all, to say that we keep our production guidance in the order of 700,000 to 705,000 barrels oil equivalent per day.

Felipe Bayón: Do we have any more questions?

Operator: We don't have other questions in queue, Sir.

Felipe Bayón: Okay. Yeah, I would offer Lily or anybody else, there's always the opportunity to follow up with the teams and we'll be glad to get whatever information is required.

I just wanted to thank everyone for being here today, for the interest in Ecopetrol, for the feedback that you provide, for the opportunity that through your questions you give us on understanding what are some of the things that we constantly need to think about, and have deeper understanding, especially the ability to relay and communicate those aspects to yourselves.

Thank you for being here, we appreciate it, historic results, and we're very proud of the team, of the 18,000 people in Colombia and in the different geographies where we operate, in the U.S., in Brazil, in Chile, in Peru, and in some other countries. Thanks again for being here today. Please stay safe and hopefully we'll be able to talk to you soon. Have a great day.