
	<b>CONTRACTOR PERFORMANCE PROCEDURE</b>		
	<b>SUPPLY PROCESS SUPPLY MANAGEMENT</b>		
	<b>GAB-P-013</b>	<b>Prepared 11/15/2019</b>	<b>Version: 4</b>

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## 1. OBJECTIVE

Establish the methodology and criteria to evaluate the efficiency and effectiveness of performance of Contractors of Ecopetrol S.A. (hereinafter Ecopetrol), intended to secure contractual relationships with the best Suppliers of goods and services and to fulfill the contracting purposes.

## 2. GENERAL CONDITIONS

### 2.1. Scope

The Contractor Performance Procedure applies to the Supply Management process defined in the Process Operational Model - SUPPLY MANAGEMENT (GAB-N-001), which encompasses purchases and contracting performed by Ecopetrol in its own name and at its expense, and when acting on behalf of third parties in cases in which this has been defined in the respective act or agreement.

### 2.2. Exceptions


The procedure shall not apply to:

- Right of Use, Support and Maintenance contracts and/or rights to new versions of Software Licenses.
- Adhesion contracts
- Memberships
- Public utilities
- Leases not including physical reconditioning
- Subscriptions
- Mobility processes among Business Group Companies

Except for those in which it is determined in their planning that they need to include the performance evaluation.

### 2.3. Other Considerations

- With the registration in the Supplier Information System of Ecopetrol - SIPROE and/or the presentation of the proposal(s), the Proponent accepts and represents that Ecopetrol and the Business Group companies will have access and may know and use the information related to the performance of the Contractor.
- This procedure applies for the Selection Methods that started as of the date of validity registered in the P8 tool. For contracts that are valid, in the opinion of the Authorized Official, an Amendment can be executed to apply this new procedure.
- The unfavorable information on the supplier, derived from the application of previous performance procedures is registered in the Supplier Information System.


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#### 2.4. Relevant Concepts

- **Work-related Abnormality:** Incidents (protests lasting over 30 minutes, cease of activities and blockage) involving Contractor and/or subcontractor workers, during working hours.
- **Incidents in the setting caused by contractors:** These are all the conditions, circumstances or situations attributable to the Contractor within the framework of contract performance, which lead to an interruption, loss, emergency or crisis that could affect the setting and/or cause operational abnormality.
- **Number of environmental incidents (EI) associated with operational causes:** Spills or leaks of hydrocarbons or substances greater than one (1) barrel, which have caused an environmental impact, and contaminating atmospheric emissions that could give rise to significant environmental impact. Not adding to the indicator: Events that have not been caused by the operation such as third-party acts or acts of God; neither spills that have been confined in waterproof contention systems or oily water collection systems, which do not cause an environmental impact.
- **Health Quality Evaluation:** It is the quality evaluation of services provided by health professionals, which is similar to the performance evaluation defined in this procedure; the structure of the health quality evaluation format must correspond to the standard according to the specialty (see catalog on evaluation models in the SRM tool: Supply Practice Community of Ecopetrol/Suppliers/Contractor Performance/Standard Models.
- **Contractor Performance Evaluation:** Documented rating performed by Ecopetrol regarding compliance with obligations by the Contractor, applying the criteria that has been agreed in the contract; it will be firm once the observations by the Contractor have been resolved, if any, and it has been approved and communicated by the latter to the contract Administrator.
- **Judgment-based Partial or Final Contract Evaluation:** It corresponds to the arithmetical mean of all contract evaluations in each of the periods evaluated for each criterion.
- **Rate of Total Recordable Incident Frequency (TRIF):** Number of people that have accidents caused by or related to the work of contractor, subcontractors and suppliers personnel, who suffer personal injuries leading to absence from work for health disability greater than or equal to one (1) Day and/or days counted as restricted work, or medical treatment, for each million man-hours worked; this is calculated as per the following formula:

$$\text{TRIF} = (\text{fatalities} + \text{lost time accidents} + \text{restricted work} + \text{medical treatment}) / \text{total man hours worked in the contract} * 1,000,000$$

*The events attributable to the contractor are those occurred during performance of contract activities where it is responsible for risk control, regardless of the work being carried out inside or outside ECOPETROL S.A. facilities.*

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*If, as a result of the investigation of an incident, it is established that due to the action or omission of a contractor or one of its subcontractors or suppliers, ECOPETROL S.A. staff or other contractors were affected, for the purposes of performance evaluation, such events will be uploaded as pertaining to the contract of the person who caused the incident.*

- **KPI's:** Key Performance Indicators. Key Management Indicators.
- **Improvement Plans:** Set of actions that are to be performed by the Contractor, seeking to eliminate the causes that gave rise to the deviation or gap identified in order to prevent recurrence of such situations. These apply only to Suppliers classified in the Strategic and Core segments, and exceptionally to Suppliers located in the Lever segment; when results are presented that generate unfavorable information according to numerals (I), (II), (III), (IV) and (V) in chapter 3.2.4; Due diligence in identifying parties invited to the Selection Methods described herein; the Contract Administrator and/or Authorized Official/Category Leader may implement an improvement plan as defined in Annex 1 Construction and Development of Improvement Plans. This is not exclusive of specific plans produced by the Contract Administrator for the closing of findings identified in contract performance.
- **Average of the Evaluations by Type of Criterion:** It corresponds to the arithmetical mean of the last evaluation registered in SRM for each approved criterion, for all contracts that have been performed or have been in force during the past two (2) years, since the date of consultation.
- **Road Vehicle Accident Rate (RVA):** It measures the number of work-related road vehicle accidents (with responsibility in the occurrence) of contractor and subcontractor personnel that result in fatalities, personal injuries with medical disability, restricted work or medical treatment to Ecopetrol personnel, contractor, subcontractor or third parties, and/or material damage for every million kilometers traveled.

Rate of vehicle accidents  $\Sigma$  (vehicle accidents) \*10<sup>6</sup> /  $\Sigma$  (Kilometers traveled)

### 3. DEVELOPMENT

#### 3.1 SEGMENTED CONTRACTOR PERFORMANCE EVALUATION

The Supplier Segmentation Model groups the suppliers in four (4) segments: Routine, Lever, Core and Strategic, taking into account the expense level and the risk and impact for Ecopetrol operations, and according to the Company's internal regulations, as follows:



The type of interaction is defined in a different manner for each group of suppliers, resulting from the segmentation Model, as follows:

		Routine	Lever	Core	Strategic
Interaction elements with the contractor for performance evaluation					
Metrics to be applied	1. Five (5) performance criteria (as applicable)	✓	✓	✓	✓
	2. Improvement plan	✗	✗ <sup>(a)</sup>	✓	✓
	3. PRM (Performance Review Meeting) <sup>(b)</sup>	✗	✗	✓	✓

<sup>(a)</sup> It is applied in an exceptional manner and is derived from the specific requirement by the Authorized Officials or Category Leaders in accordance with contracting needs.


<sup>(b)</sup> Performance Review Meeting-PRM, an engagement mechanism that involves high-level sessions with Suppliers, which will take place at operational, tactical and strategic levels, in addition to a session at Presidency and Executive Operational Vice-Presidency levels, seeking to achieve:

- Building strategic relationships and synergies.
- Identification of innovation opportunities and new technologies to promote operational efficiency, incorporating the best market practices for Ecopetrol.
- Focus on critical aspects of process safety, technical, and related to the environment, in performance of contracts and definition of improvement actions.

### 3.2 PERFORMANCE EVALUATION METHODOLOGY

The Criteria to evaluate the contractor's performance will be rated separately over 100 points each, which are the following:

1. Operational Efficiency
2. Contract Terms
3. Administrative Aspects
4. HSE Aspects
5. Management of the Environment

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### 3.2.1. Premises for defining the criteria and frequency of evaluation in contract Planning

a. The performance evaluation criteria to be applied must be established since the contractual planning phase, taking into account the type of contract and the risk and impact of the good or service that is the object thereof in Ecopetrol operations. This definition must be recorded in the Contractor Performance Evaluation Model Form (GAB-F-128), choosing from Catalog<sup>1</sup> the evaluation models in the SRM tool, the pertinent form according to what was planned. If a standard model is not found to match what was defined in the Planning, the requirement to create a new model must be submitted through the mailbox of Engagement with Suppliers.

As regards the HSE criterion, the standard forms defined by subcategory must be used. In the event of not finding a particular one for a subcategory, the generic forms for the HSE risk level of the contract shall be used<sup>1</sup>. If the standard of a subcategory is not built and its development is necessary, the HSE Management must be consulted for its definition.


To establish the applicable criteria, the following must be taken into account:

- **Operational Efficiency Criteria:** It will be evaluated in all cases.
- **Contract Terms Criteria:** During the contractual planning, it will be determined if these criteria are evaluated or not; care should be taken for not duplicating indicators (KPI's) that are already being measured under the Operational Efficiency criterion. With regard to Procurement type contracts, it will be mandatory to include this criterion.
- **Administrative Aspects Criterion:** In the contractual planning phase, it will be determined if this criterion is to be evaluated or not. For contracts that involve the contracting of labor exclusively for the same and/or for the supply of goods and services, or the sub-criterion of Document Submittal is required, this criterion will be mandatory in the sub-criteria that are applicable to the contract.
- **HSE Aspects Criteria:** It is not evaluated in goods and services contracts performed outside of Ecopetrol facilities and beyond its operational control. The following should be taken into account:
  - In Procurement Type contracts, it will not be mandatory; it must be evaluated in the event that the purchase includes an associated service.
  - In work and service contracts performed within Ecopetrol facilities, those developed outside Ecopetrol facilities but under its operational control, and in purchase contracts where HSE obligations have been established for the Contractor, the evaluation of this criterion will be mandatory.

When the evaluation of this criterion is applicable, it must be conducted with the following frequency:

- Low Risk (N or L Risk) annual frequency or one final performance evaluation
- Medium Risk (M Risk) half-yearly frequency
- High or Very High Risk (H and VH Risk) every three months.

<sup>1</sup>The evaluation models catalog in the SRM pool can be consulted in the following route: [Supply Practice Community of Ecopetrol / Suppliers / Contractor Performance/Standard Models](#).

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The risk is established in accordance with the Contractor Management Guide HS Focus GAB-G-012 or its substituting or modifying document.

In M, H and VH risk contracts which term is more than six (6) months, it will be mandatory to conduct at least one audit per year, which should be carried out during the first three (3) months of contract performance by the Inspector (for contracts not having this role, it will be carried out by the contract Administrator) and the HSE Professional designated by the Business.


- **Management Criteria for the Environment:** During contractual planning, it will be determined whether such criterion and its sub-criteria will be subjected to evaluation or not. When the setting aspects have been evaluated in the commercial offer presented by the contractor and/or are stipulated as minimum requirements to be met during the term of the contract, it will be mandatory to evaluate this criterion.

For the particular case of the following sub-criteria: i) Environmental incidents attributable to contractors, ii) Complaints and claims affecting the environment, and/or iii) Contractor's Environmental Plan for compliance with the Environment Management Strategy, whereby the application of these must be determined, in accordance with the guidelines provided by the Environment Management, which may be supported through the functional mailbox: [gestionentorno.contractual@ecopetrol.com.co](mailto:gestionentorno.contractual@ecopetrol.com.co) (or the mechanism that takes its place).

The Functional Areas related to Labor, HSE, and Environment will report to the Administrator any breaches by Contractors that are detected through their audits, verifications, reports, inspections or investigation, which must be reflected in the pertinent evaluation.

- b. To establish the assessment frequency, the following should be taken into account:
- The frequency for measuring KPI's is established in accordance with the HSE risk level assigned to the contract, as per definition in above letter a. HSE Aspects criterion in this numeral, which application is crosscutting for all criteria.
  - For those contracts to which the HSE Aspect Criterion does not apply, its measurement frequency must not be less than six (6) months, unless it is a contract which term for execution is less than this period and its evaluation frequency will be only one (at the end of its execution, closing and settlement).
  - As regards purchases, frequency will be only one at the end of its execution and it must be based on the latest invoice for such purchase.

The performance evaluation process is permanent and it is carried out documenting, in each period to be assessed, the information corresponding to the KPIs (indicators) formalized in the GAB-F-128 form, that is, once each assessment frequency has been completed, the Contract Administrator and the Inspector (in contracts in which the latter role exists, for Operational Efficiency Criteria, Contract Terms, and HSE Aspects) must calculate the results of the performance evaluation based on the information obtained during the assessment period.

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### 3.2.2. Criteria to be evaluated:<sup>2</sup>

#### a. Operational Efficiency

Depending on the type of good or service to be contracted, the planner must structure the indicators (KPI's) that will measure in an objective manner the efficiency and effectiveness of the Contractors performance of the contract, thus allowing to reflect their actual behavior.

These indicators must respond to:

- Measurement of the value promise (operational drivers) of the supply strategy (Strategic Supply Methodology Phase 4: Select Strategy).
- The object and scope defined for the contracting of goods and/or services in the operational planning, taking the following aspects into account:
  - Compliance with technical specifications
  - Discrepancies, non-conformities or operational incidents related to issues having to do with the quality of the materials delivered, which are attributable to the Contractor.
  - SMART (Specific, Measurable, Achievable, Relevant and Time-defined).
  - Adding value for decision making.
  - 5 KPIs per contract at the most.
- The definition of these indicators can rely on the document titled Guide for Creating Product Value of the Supply Management (GAB-G-018) and in the Model Form for Contractor Performance Evaluation (GAB-F- 128).
- 100% of the score will be distributed among the various KPI's that are established.
- With regard to anticipated demand contracts, if all of the Shipping Orders under the contract are executed without any breach, the score will be 100%; otherwise, the evaluation will take into account the entire addition of the number of shipping orders completed/total shipping orders. Ecopetrol may carry out performance evaluations after delivery should it be noticed that the product does not meet the requirements and it is necessary to apply the quality warranty.

#### b. Contract Terms

Only one sub-criterion is applied, according to the nature of the type of Contract (Purchases or Works and Services):

##### b.1. Type of Purchases


Compliance will be calculated as follows:

= (Number of items delivered on time / Number of total items in the purchase order= x 100  
 If all of the items purchased are delivered without any breach, the score will be 100%.

For each evaluated period, the accumulated total of items delivered on time/total items of the purchase order will be taken into account.

<sup>2</sup>The forms only allow for whole numbers and, therefore, the decimal that is greater than or equal to 0.5 will be rounded up to the next whole number.



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## b.2. Type of Work and Services


### Percentage of Progress Achievement:

The cumulative fulfillment of the Work Schedule will be taken into account; described below are the steps to determine performance results:

- $\Sigma$  Of total activities executed /  $\Sigma$  of total activities planned
- Assign rating score.

### c. HSE Aspects

<b>SUB-CRITERIA</b>		
	<b>Limit</b>	<b>Reference Value</b>
<b>Total Recordable Incidents Frequency (TRIF)</b>	<p>The planner must define the limit during contract planning:</p> <ul style="list-style-type: none"> <li>• It can take as a limit for this indicator, the Frequency Index established for each Vice Presidency, Management or Department for the period in which the planning is performed. In case of affecting more than one Vice Presidency, Management or Department, the rate must correspond to the lowest value.</li> <li>• A different limit can be established, provided that it is below the Frequency Rates established for each Vice Presidency, Management or Department.</li> </ul>	<p>If the TRIF &lt; Defined limit, it will obtain 100% of the points</p> <p>If the TRIF <math>\geq</math> Defined limit, it will obtain 0 points</p>
<b>Environmental Incidents (EI) for operational causes, (When applicable)</b>	<p>The maximum limit in every case in which this aspect applies will be Zero (0)</p>	<p>EI = 0 will obtain 100% of the points</p> <p>IA &gt; 0 will obtain 0 points</p>
<b>Rate of Road Vehicle Accidents (RVA) (When applicable)</b>	<p>The planner must define the limit during contract planning:</p> <ul style="list-style-type: none"> <li>• It can take as a limit for this indicator, the Frequency Index established for each Vice Presidency, Management or Department for the period in which the planning is performed. In case of affecting more than one Vice Presidency, Management or Department, the rate must correspond to the lowest value.</li> <li>• A different limit can be established, provided that it is below the Frequency Rates established for each Vice Presidency, Management or Department.</li> </ul>	<p>If the RVA is &lt; Defined limit it will obtain 100% of the points</p> <p>Si the RVA is <math>\geq</math> Defined limit, it will obtain 0 points.</p>
<b>KPI's of compliance with the HSE</b>	<p>Evaluated based on the management or reporting of breaches evidenced and documented in follow-</p>	<p>In the SLC portfolio or in Ecopetrol Procurement</p>

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<b>SUB-CRITERIA</b>		
	<b>Limit</b>	<b>Reference Value</b>
<b>Obligations of the contract; defined by type of contract or agreement with the contract's risk level.</b>	ups, inspections, incident investigations, audits, etc., carried out by Ecopetrol personnel (Administrator, Inspector, HSE, responsible for the area in which the contract is performed).	Community of Practice /Suppliers/Contractor Performance/Standard Models, the forms applicable for performance evaluation are available, which are part of the Selection Method documents.


(\*) For TRIF and RVA indicators, it must be updated every year according to the limits defined by Ecopetrol and the Contract Administrator must notify the new limit to the Contractor.

- When the audit of the HSE contractual obligations of the Contractor is carried out (this applies to M, H and VH risk contracts exceeding 6 months), the results of said exercise are an input for the results of the KPI's evaluation for the period.
- The value to be assigned to the Contractor in the TRIF sub-criterion will be zero (0) throughout the term of the contract, when:
  - There are fatalities or total permanent disability of one or more people for causes that are attributable to the Contractor.
  - When there is evidence of not reporting work-related accidents by the Contractor.
- The incidents occurred during contract execution will affect the results of the Contractor Performance Evaluation when it is accountable for risk control.
- Should an incident occur to the Contractor during the term of the final settlement of the contract that impacts its personnel, third parties, the environment or the infrastructure of Ecopetrol, the last evaluation must be adjusted with respect to HSE.

#### **d. Administrative Aspects**


If there are evidences of labor and/or social security breaches that are valued as high or very high impact (See Annex 2 of this document: "*Labor breaches considered high and very high impact*"), they must be taken into account for the evaluation of this criterion. If there is no evidence of labor and/or social security breaches, the maximum score will be obtained.

The sources of information that the Contract Administrator should use to verify compliance of work-related and Social Security obligations of a legal and contractual nature include the following:

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- Monthly Certification of Contractor Fulfillment of Labor Obligations (GAB1213), or its equivalent.
- Certification Form on Fulfillment of Profiles (GAB-F-214), or its equivalent.
- Integrated System of Workers Assistance (SIAT) and labor verifications. These two sources are applicable only when a contractor breach has been reported to the Contract Administrator by the Supply Management (Coordination of Contractual Labor Assurance).
- Claims and Complaints classified as valid, with information supplied by the Citizen Participation Office.

<b>SUB-CRITERIA</b>	<b>Weight</b>										
<p><b>Compliance with Legal and Contractual Obligations of a Legal and Social Security nature</b></p> <table border="1"> <tr> <td>If there is no breach</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>If there is one (1) breach classified as High</td> <td style="text-align: center;">80%</td> </tr> <tr> <td>If there is one (1) breach classified as Very High or two (2) breaches classified as High</td> <td style="text-align: center;">70%</td> </tr> <tr> <td>If there are two (2) breaches classified as Very High or three (3) to four (4) breaches classified as High</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>Three (3) or more breaches classified as Very High or five (5) or more breaches classified as High</td> <td style="text-align: center;">0%</td> </tr> </table>	If there is no breach	100%	If there is one (1) breach classified as High	80%	If there is one (1) breach classified as Very High or two (2) breaches classified as High	70%	If there are two (2) breaches classified as Very High or three (3) to four (4) breaches classified as High	50%	Three (3) or more breaches classified as Very High or five (5) or more breaches classified as High	0%	<b>50%</b>
If there is no breach	100%										
If there is one (1) breach classified as High	80%										
If there is one (1) breach classified as Very High or two (2) breaches classified as High	70%										
If there are two (2) breaches classified as Very High or three (3) to four (4) breaches classified as High	50%										
Three (3) or more breaches classified as Very High or five (5) or more breaches classified as High	0%										
<p><b>Compliance with Commercial Obligations</b></p> <p>To assess compliance with civil and/or commercial obligations of the Contractors with the Suppliers and/or Subcontractors, the number of commercial breaches with Suppliers and/or Subcontractors must be taken into account.</p> <table border="1"> <tr> <td>If there is no breach</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>If there are one (1) or two (2) breaches</td> <td style="text-align: center;">75%</td> </tr> <tr> <td>If there are three (3) to six (6) breaches</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>If there are seven (7) or more breaches</td> <td style="text-align: center;">0%</td> </tr> </table> <p>The sources of information that must be used by the Contract Administrator for verification of compliance or not of civil and/or commercial obligations are:</p> <ul style="list-style-type: none"> <li>• Form for Follow-Up of Commercial Commitments of the Contractor with Suppliers and Subcontractors (GAB-F-105), or its equivalent.</li> <li>• Commercial verifications carried out by the Contract Administrator with respect to alerts generated by the Supply Management (Supply Excellence Department) of possible breaches by the Contractor.</li> <li>• Claims and Complaints classified as valid, with information supplied by the Citizen Participation Office.</li> <li>• Certification of the Legal Representative or Statutory Auditor certifying that no local goods or services were acquired in the respective period.</li> </ul>	If there is no breach	100%	If there are one (1) or two (2) breaches	75%	If there are three (3) to six (6) breaches	50%	If there are seven (7) or more breaches	0%	<b>30%</b>		
If there is no breach	100%										
If there are one (1) or two (2) breaches	75%										
If there are three (3) to six (6) breaches	50%										
If there are seven (7) or more breaches	0%										

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SUB-CRITERIA	Weight								
<p><b>Documents Presentation</b></p> <p>If the contractually agreed administrative documents are delivered in a timely manner and with quality (completeness, veracity, etc.) (the planning must state what are the documents to be measured, for example, labor reports, certifications of compliance with labor obligations, compliance with profiles, clearance certificate from workers, report of Suppliers to the Contractor, report on goods and services, specific information required by Ecopetrol, timely invoicing, among others), the maximum possible score of the respective evaluation period will be assigned; otherwise, it will be rated as follows:</p> <table border="1" style="width: 100%;"> <tr> <td>If there is no breach</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>If there is one (1) breach</td> <td style="text-align: center;">75%</td> </tr> <tr> <td>If there are two (2) to three (3) breaches</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>If there are four (4) or more breaches</td> <td style="text-align: center;">0%</td> </tr> </table> <p>When the Contract Administrator verifies that the information provided by the Contractor does not match reality in the fulfillment of obligations with third parties; this is because of failing to report properly all the debts or reporting as fulfilled any outstanding obligations; this sub-criterion will be rated 0% in the evaluated period, without prejudice of other pertinent actions according to what was agreed in the contract.</p> <p>For purchase type contracts, this sub-criterion in the performance evaluation must represent 100% of the Administrative Aspects criterion.</p>	If there is no breach	100%	If there is one (1) breach	75%	If there are two (2) to three (3) breaches	50%	If there are four (4) or more breaches	0%	<b>20% /100%</b>
If there is no breach	100%								
If there is one (1) breach	75%								
If there are two (2) to three (3) breaches	50%								
If there are four (4) or more breaches	0%								

## **e. Setting Management**


### **e.1 Claims and complaints that affect the Setting**

Complaints and claims generated by sub-criteria on Compliance with Legal and Contractual Obligations of a Labor and Social Security nature, and Compliance with commercial obligations related to the Administrative Aspects criterion will not be taken into account.

The score assigned for the respective period is the object of the evaluation will be affected pursuant to that provided for in this sub-criterion, as follows:

If there is no claim and/or complaint classified as valid	100%
If there is one (1) claim and/or complaint classified as valid	75%
If there are two (1) claims and/or complaints classified as valid	50%
If there are four (4) claims and/or complaints classified as valid	0%

The Contract Administrator is responsible for evaluating the complaints and claims sub-criterion classified as valid and attributable to the contractor on issues that affect the environment, with the information provided by the Citizen Participation Office, through the mailbox: [participacion.ciudadana@ecopetrol.com.co](mailto:participacion.ciudadana@ecopetrol.com.co) and it can be supported with the Environment Professional and other functional areas as applicable.

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## **e.2 Promotion of Local Offer (when applicable)**

The compliance evaluation of the following activities will be performed taking into account the respective commitment included in the commercial offer.

- **Commitment related to Chains management (when applicable)**

If the Contractor complies with the commitment that it acquired in the commercial offer regarding the contracting of local goods and services and that it incorporated through the Chain Disaggregation Form (GAB-F-268), it will obtain one hundred (100%) of this sub-criterion. Otherwise, it will obtain zero (0) for the evaluation period in which that breach occurred.

The evidence for compliance with this sub-criterion will be the monthly report filed by the Contractor through the Follow-up Form to the Contractor's Commercial Commitments with Suppliers and Subcontractors (GAB-F-105) on contracting of local goods and services, or in its defect, the certification of the Legal Representative or Statutory Auditor stating that there were no purchases of local goods or services in the respective evaluation period.

- **Activities for Creating Value (when applicable)**

Throughout performance of the contract, the value creation plan to which it committed in the commercial offer will be taken into account and the activities and deliverables contained therein will be considered, as regards training actions and/or business strengthening programs, innovation and development plans, and/or knowledge and/or technology transfer, among others.

The cumulative compliance of the execution plan will be taken into account and the delivery date will correspond to the period being evaluated. Described below are the steps for determining the Performance results:


- $\Sigma$  Of total activities executed /  $\Sigma$  of total activities planned
- Assign rating score.
- The foregoing must be applied in each evaluation period.

The Evidence for compliance with this sub-criterion will be the certification issued by the Legal Representative or Statutory Auditor, together with the photographic records, attendance rolls, remittance evidence (when applicable), and other.

## **e.3 Contractor Setting Plan for compliance with the Settong Management Strategy (when applicable)**

The following aspects will be tracked:

- i. Engagement Actions
- ii. Actions for the prevention and attention of conflict situations
- iii. Actions to ensure regulatory compliance with priority given to local labor and Employment Public Service in areas influenced by the hydrocarbon industry.

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Scores assigned according to compliance with the following aspects:

If there is no breach of the Setting Plan	100%
If there is one (1) breach of the Setting Plan	50%
If there are two (2) or more breaches of the Setting Plan	0%

In accordance with the Setting Plan schedule, the contractor must submit the execution supports to both, the Contract Administrator and the Setting Professional.

The Setting Professional will monitor, analyze and evaluate compliance with the plan and will provide the Contract Manager with the results of compliance or not with the Contractor's Setting Plan for its ratification and uploading in the SAP tool.

### 3.2.3. Master Agreements

In the planning of supply strategies from which master agreements are derived, the evaluation scheme must be defined in accordance with the following options and it must be aligned with the Contract Administration Protocol defined for the strategy:

**a. Evaluate the Master Agreement:** The planner must establish in the Model Form for Contractor Performance Evaluation (GAB-F-128) that, according to the defined strategy, it will be used for evaluating the Master Agreement. The Administrator of the Master Agreement must register in the SAP-SRM tool the average of Service Orders (SO) evaluations produced and assessed in such period by the SO Administrator.


**b. Evaluate Service Orders (SO) of the Master Agreement:** The planner must establish in the Model Form of the Contractor Performance Evaluation (GAB-F-128) that, according to the defined strategy, the Service orders (SO) derived from the Master Agreement will be evaluated and, where applicable, a Model Form for Contractor Performance Evaluation (GAB-F-128) must be defined for each Service line.

The Service Order Administrator (SO) must record in the SAP-SRM tool the average of the evaluations in the assessment period, being responsible for the standardization of the performance evaluation of the Administrator Service Orders (SO) and, in cases where it is applicable, it may rely on the transactional support.

### 3.2.4. Due diligence in identifying invited parties in the Selection Methods

In the exercise of due diligence and to ensure the object of the contracting, Ecopetrol will take into account for the identification of parties invited to participate in the Selection Methods, as well as for the subscription of Additional contracts or Amendments or option uses, for the supply of goods and services, the favorable and unfavorable objective information about its Suppliers, making a comprehensive analysis thereof, which may include performance evaluation result trends by terms, and service lines, among others that are considered relevant for the respective analysis. The favorable or unfavorable information about the Suppliers may be shared and use by the Business Group Companies.

The following will be considered unfavorable information:


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- (I) When in the criteria related to Operational Efficiency, Contract Terms, Administrative Aspects and Contractor Management of the Setting, the result obtained is below 80 points and for HSE Aspects criteria the Contractor obtains results below 85 points, in the following cases:
  - Average of comprehensive performance evaluations.
  - Average of performance evaluations by category and/or subcategory.
  - During the term of the contract performed most recently.
- (II) When, the result obtained by health professionals is less than 90 points in their last performance evaluation of the assignment.
- (III) During the term of a contract, the Contractor has incurred in breach with obligations that cause Social Setting Incidents and/or Environmental and/or Economic harm (Consult in the Setting Monitoring System according to the conflict modality, with the accompaniment by the Setting Professional).
- (IV) During the term of a contract, the Contractor has incurred in breach with labor obligations.
- (V) During the term of a contract, the Contractor has incurred in breach with commercial obligations with Subcontractors and/or Suppliers.
- (VI) During the term of a contract, fatalities or total permanent disability cases have occurred to one or more people for causes attributable to the Contractor (consult with the HSE Professional designated for its Business).
- (VII) Having foreclosures that may seriously affect contract performance. The foregoing occurs when the value of the foreclosure is greater than the expected profit.
- (VIII) When there is breach of one or more of the postulates or principles enshrined in the Good Governance Code, the Code of Ethics and/or the law, the policies on ethics, transparency and compliance of Ecopetrol, pursuant to the verification conducted by the Ethics and Compliance Corporate Management.

The unfavorable Information referred to in above sections II, III, IV, V y VI will be kept for two (2) years in Ecopetrol's in-house system; that included in section VII will be registered since the foreclosure notice until its release; that included in section VIII will be kept for four (4) years.

Any party involved in any of the following situations will not be invited to participate in the Selection Methods:

- (i) When dealing with a natural or juridical person sanctioned or included in lists that are binding for Ecopetrol as regards asset laundering or terrorist financing (OFAC List known as Clinton list) of drug dealers and terrorists particularly designated by the Office of Foreign Assets Control of the Treasury Department of the United States or the Terrorist List issued by the Security Council of the United Nations.
- (ii) When breaching one or more of the postulates or principles enshrined in the Good Governance Code, the Code of Ethics and/or the policies on ethics, transparency and compliance of Ecopetrol (situation described in section VIII of this numeral),
- (iii) Related to those who, in processing or actions performed, have incurred in serious breach of the OECD Convention against Bribery of Foreign Public Officials, the Law of Foreign Corrupt Practices Abroad - FCPA, the UK Bribery Act; 40 Recommendations of the FATF, and other related provisions.

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- (iv) And the following restrictive lists: Disciplinary record of the Office of the Attorney General of the Nation, Fiscal record of the Office of the Comptroller General of the Nation, List of the United Nations Security Council, and National Registry System of Corrective Measures (RNMC) of the National Police.
- (v) When any shareholder whose share is more than 5% of the equity holding incurs in one of the acts mentioned in the preceding numerals.

The consequences derived from a natural or juridical person or member of a Joint Proponent being involved in any of the situations described in this numeral, may also apply to:

- Companies other than open joint stock companies that are incorporated by said natural or juridical person or by the partners or legal representative of the juridical person.
- To the Joint Proponent, as applicable.

Whoever detects a possible breach of the Ethics Code must provide the supporting documentation of the alleged breach to Ecopetrol's Corporate Management of Ethical Affairs and Compliance or to the Compliance Manager of the respective Group Companies, who will undertake the pertinent validation and will issue an opinion accordingly.

### 3.3 APPLICATION OF CONTRACTOR PERFORMANCE EVALUATION

- The Contractor performance evaluation will be performed by the contract Administrator within thirty (30) calendar days following the due date of the assessment period. Each systematic and final performance evaluation considers all that results on the date of measurement (which is cumulative) and it is calculated with the following formula:

$$Q_t = \Sigma(Q_1, Q_2, Q_3 \dots Q_n) / n$$

$Q_{(1,2,3 \dots n)}$  = results of KPI evaluation for the assessment period: Each KPI must be evaluated separately under each criterion.

n = number of evaluated periods. Keep in mind that in each period only that time interval is evaluated.


$Q_t$  = arithmetical average of results of KPI's evaluation to be registered in the SAP tool.

The results of performance evaluations must be registered and approved in the SAP-SRM technological enabler.


**Note 1:** With respect to the HSE Aspects Criterion in the TRIF, EI and RVA indicators, the formula mentioned in this item is not applicable, as these correspond to rates resulting from comparing events vs. exposure (total man hours in the contract, kilometers traveled). These Indicators are calculated in accordance with that established in Chapter 2.4 Relevant Concepts of this procedure.

**Note 2:** For Health Services Professionals, only the last performance evaluation is considered instead of the average of the latest evaluations, and the result must be incorporated in physical PDF format to the contract performance folder.



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- It is the responsibility of the parties to the contract to ensure and/or carry out systematic and final contractor performance evaluations in a timely manner, which must be consistent with the actual contractor behavior.
- The starting date of the evaluation corresponds to the date of contract execution.
- Final evaluation of the contract: it corresponds to the latest contract evaluation registered in the SAP-SRM system, which commences with the start date of the evaluation until the final date of the contract; however, if within the contract settlement and closing period a breach is evidenced, a last performance evaluation must be conducted to include said period, which will become the final contract evaluation.
- Once the evaluation has been completed, the Contractor must be notified, who, within five (5) business days following the date of such communication, may submit his observations in writing, which shall be resolved by the Contract Administrator within the next ten (10) business days.
- The performance evaluation or the response to the observations will not lose their effect when they occur off the established terms.
- If the Contractor does not file any observation or fails to ground them properly or if these are submitted and grounded but Ecopetrol does not accept them, the Administrator will approve the evaluation and close it in the tool.
- In cases that are justified, due to supervening facts and not considering the defined evaluation frequency, the Contract Administrator may perform a new evaluation that reflects the reality of the Contractor's performance at that time.
- The result of the systematic and/or final evaluations, for each Criterion, may be adjusted by Ecopetrol, in case of breach attributable to the Contractor, known after the respective evaluation.
- The performance evaluation obtained by the Joint Contractor, for all purposes, will apply to each of its members.
- When the contract is not commenced and/or performed for causes attributable to the Contractor, its performance evaluation for all criteria will be zero (0) points, but when the contract is not commenced and/or performed by mutual agreement of the Parties, the performance evaluation shall not apply.
- If during the term of the contract, only the Contractor classified in the Strategic and Core segments and, exceptionally, the Suppliers located in the Lever segment, show results with unfavorable information according to numerals (I), (II), (III), (IV) and (V) listed in chapter 3.2.4 - Due diligence in identifying invited parties to the Selection Methods described herein, the Contract Administrator may implement an improvement plan pursuant to that defined in Annex 1 Structuring and Development of Improvement Plans.


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#### 4. CONTINGENCIES

- Should there be any problem with the SAP technology enabler, the Department of Supply Excellence of the Supply Management is responsible for providing information related to Contractor Performance Evaluations.
- In the event that the tool is not enabled to carry out the performance evaluation, form GAB-F-245 must be used.

#### LIST OF VERSIONS

Previous Document			
Version	Date	Previous Code and Title	Changes
8	27/03/2012	ECP-VST-P-005 Contractor Performance Procedure	Standardization of template, adjustment of objectives, standardization of terms.
9	27/08/2012	ECP-DEA-P-006 Contractor Performance Procedure	Updating of template and assignation of new code. (previous code ECP-VST-P-005)
10	11/09/2012	ECP-DEA-P-006 Contractor Performance Procedure	Inclusion of evaluation of procurement in ANDE Agreements. Inclusion of review of application of Performance Evaluation by the Functional Authority. Inclusion of new letter for 4.3.a. regarding compliance in hiring Local Labor. Application 4.3.a. for the Business Group.
11	30/10/2012	ECP-DEA-P-006 Contractor Performance Procedure	Change of Codes of Forms listed in the Procedure
New Document			
Version	Date	Changes	
1	30/06/2014	Derived actions included	
2	07/21/2016	Format included for Contractor Performance Evaluation Methodology (GAB-F-128).	
3	12/28/2017	The frequency of the different criteria is changed, clarifications are offered regarding the various criteria to be assessed, and it is determined that an analysis of the favorable and unfavorable objective information of the	

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		<p>contractor is necessary to determine the list of suppliers that should be invited, based on Ecopetrol's strategy.</p> <p>It is decided that the Procedure will not apply to health service providers engaged through the Adscription modality, adhesion contracts, and other.</p>
4	30/10/2019	<ul style="list-style-type: none"> <li>• Inclusion of chapter: Segmented Contractor Performance Evaluation Master Agreements.</li> <li>• Strengthening and updating of criteria: Operational Efficiency (assessment of value promise), Administrative Aspects, HSE and Setting Management.</li> <li>• Strengthening of improvement plans structuring (Annex 1. Building and Development of Improvement Plans) and updating of Annex 2. Labor breaches considered to have high and very high impact.</li> <li>• Inclusion of evaluation of health professionals engaged through secondment letters.</li> <li>• Updating of chapter on exceptions.</li> <li>• The average time of the contractor evaluations is modified.</li> <li>• Supplier Performance Committee was eliminated.</li> <li>• The frequency of contractor performance evaluations was standardized.</li> </ul>

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