

Decree No. 376

August 25 of 2015

By which the Internal Ruling of the Board of Directors of Empresas Públicas de Medellín E.S.P., Attachment 5 of the Corporate Governance Code, is amended.

THE BOARD OF DIRECTORS OF EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P., duly empowered by law and the bylaws, particularly by Sub-section b) of Article 17 of Ordinance 12 of 1998 of the Medellin City Council, and

CONSIDERING

1. That by Decree No. 237 of October 1, 2007, the Board of Directors of Empresas Públicas de Medellín E.S.P. adopted the Code of Corporate Governance and its attachments.
2. That Attachment No. 5 of such Code constitutes the Internal Ruling of the Board of Directors.
3. That the Financial Superintendency, through External Circular Letter 28 of 2014 adopted a New Código País, which sets the measures and recommendations suggested to be implemented by securities issuers in matters of corporate governance.
4. That once the measures and recommendations of the New Código País were analyzed, the direction and management of Empresas Publicas de Medellin consider convenient and appropriate for the company to voluntarily implement certain measures, for which purpose, it is necessary to amend the Internal Ruling of the Board of Directors.
5. Accordingly, in meeting held on August 24, 2015, Management submitted to the consideration of the Management Committee of the Board of Directors a proposal for amending the Internal Ruling of the Board of Directors.

6. On August 25, 2015, the Management Committee recommended the Board of Directors to approve this Ruling; in the same meeting, the Board of Directors accepted the recommendation of the Management Committee and approved the Ruling.

DECIDES

Article 1 Attachment 05 of the Corporate Governance Code of Empresas Públicas de Medellín E.S.P., consisting of the Internal Ruling of the Board of Directors, is hereby amended to read as stated herein.

Article 2 The Corporate Governance Code of Empresas Públicas de Medellín E.S.P. as well as all its attachments continue in force.

Article 3 This Decree is in force as of the time of issue and derogates Decree No. 284 of September 07, 2010.

Issued in Medellín on August 25, 2015.

THE CHAIRMAN,

ANÍBAL GAVIRIA CORREA

THE SECRETARY,

MARITZA ALZATE BUITRAGO

Empresas Públicas de Medellín E.S.P.

Internal Ruling of the Board of Directors

This document, which is part of the Corporate Governance Code of Empresas Públicas de Medellín E.S.P as one of its attachments, has the nature of internal regulation in matters of operation of the Board of Directors, and is issued based on the powers granted by Article 90 b) of Law 489 of 1998 that establishes as one function of the boards of directors of State industrial and commercial enterprises, among others, the adoption of its internal rulings and any amendment thereto.

The internal ruling of the Board of Directors of Empresas Públicas de Medellín E.S.P. defines the rules that shall guide the operation of this body so as to achieve greatest efficiency and effectiveness and so that decision making is made in an objective and responsible way. As regards preparation and presentation of information, the rules herein contained are mandatory both for its members and for the company's management and associates.

Article 1. MEMBERS AND PARTICIPATION

1.1 Composition:

As provided in Law 142 of 1994, the bylaws establish that the Board of Directors of Empresas Públicas de Medellín E.S.P. shall consist of the following persons:

a) The Mayor of Medellín, who presides it, or whoever he(she) designates for substituting him(her) during temporary absences. He(She) must be an official of the municipal administration.

b) Five (5) persons freely appointed by the Mayor of Medellín, as independent members, as provided in the Framework Agreement for Relationships subscribed on April 23, 2007 between the Municipality of Medellín and Empresas Públicas de Medellín.

c) Three (3) persons chosen by the Mayor of Medellín among the control spokespersons registered by the Committees of Development and Social Control of Domiciliary Public Utilities.

1.2 Designation of members

The members of the Board of Directors shall be appointed by the Mayor of Medellín taking into consideration the requirements set in the Corporate Governance Code and the Framework Agreement for Relationships; he shall also refer to the applicable guidelines regarding composition and function profiles required for the Board of Directors, as well as the regime of restrictions and incompatibilities established by law.

Upon incorporation of a new member to the Board of Directors, management shall put at his(her) disposal the information necessary for acquiring specific knowledge about the company and the activities carried out by it; he(she) shall also undergo an orientation process about the operation of the Board and its responsibilities. These activities shall be coordinated by the Secretary General and will be conducted with the support of the other Vice presidencies of the company. Attendance to these activities shall be mandatory for the new members of the Board.

Article 2. MEETINGS

2.1 Participation

The Chief Executive Officer, the Secretary General and other associates or persons to whom the Chairman of the Board grants such capacity may participate in the meetings of the Board of Directors with the right to speak but without the right to vote. Additionally, the Board of Directors may convoke to its meetings any official of the company to submit the reports it may request.

2.2 Regular meetings

The Board of Directors shall meet regularly at the company's facilities on the monthly dates scheduled. This regular schedule can be changed whenever there are reasons for

that, and the new date and place shall be communicated to the Board members by the Secretary General.

Also, and as an exception, non-face-to-face meetings are allowed with decisions made by each member's written statement of their voting intention under the terms and conditions stipulated by Articles 19 and 20 of Law No 222 of 1995.

2.3 Special meetings

Whenever necessary, the Board of Directors may be convened by the Chairman to special meetings, either ex-officio or at the request of the Chief Executive Officer. Additionally, the Chairman is bound to convene it whenever a majority of members so requests. (Article 11 of the bylaws).

2.4 Agenda

At the beginning of each meeting and after verifying whether a quorum is present, the agenda of the meeting, which must have been previously made known to all members, shall be subject to approval of the Board of Directors.

During the meeting, the Board of Directors may modify the agenda approved, which shall be recorded in the respective minutes.

Article 3. NUMBER OF MEMBERS NECESSARY TO FORM A QUORUM AND TO DECIDE

A quorum to validly meet exists when the majority of members of the Board of Directors are present. Same majority shall be required to validly decide issues under its competence.

For matters of decision making, each of the members of the Board of Directors shall have the right to one vote.

Article 4. DUTIES OF THE CHAIRMAN

The main responsibilities of the Chairman of the Board of Directors are:

1. To freely appoint and remove the members of the Board of Directors.

For such effect, he/she shall abide by the guidelines in force regarding composition and functional and personal profiles defined by the Board.

2. To ensure that that Board of Directors sets and efficiently implements the strategic direction of the company.
3. To coordinate and plan the operation of the Board of Directors by establishing an annual work plan based on the functions assigned. This plan shall be aligned with the results of the annual evaluation of the Board.
4. To coordinate, through the Secretary of the Board of Directors, the convening of the meetings.
5. To propose to the Chief Executive Officer and the Secretary of the Board of Directors the topics considered pertinent to be included in the agenda of the meetings of the Board of Directors
6. To chair the meetings and administer the debates.
7. To be the spoke-person for the Board of Directors and to delegate such responsibility whenever it is considered necessary.
8. To supervise the execution of the resolutions of the Board of Directors and to monitor its responsibilities and decisions.
9. To supervise the active participation of the members of the Board of Directors and their compliance with responsibilities.
10. To lead the evaluation process of the Board of Directors and its committees.
11. To authorize foreign trips and training events for the members of the Board of Directors provided their subject matters are of interest to the company.
12. To promote active coordination between the company and the city of Medellín in issues of interest as defined in the Framework Agreement for Relationships.
13. To see to it that the Ruling of the Board of Directors is complied with.

14. Additionally, it corresponds to the Chairman to carry out all the duties established by law, the bylaws, and in general, all the regulations applicable to the powers inherent to his(her) position.

Paragraph: in the event of temporary absence of the Chairman, he(she) shall be replaced by a delegate who must be an official of the municipal administration, as provided in Sub-section A of Article 7 of the bylaws.

Article 5. DUTIES OF THE SECRETARY

According to Article 21 of the bylaws, the company's Secretary General shall be the Secretary of the Board of Directors with the following duties:

1. To convene the meetings according to the annual planning of the company and the typical agenda of the Board of Directors.
2. To timely attend to the requests of the Board of Directors, for which, he(she) shall transfer them to the corresponding area, and to inform the Board about this.
3. To timely attend to the requests of the members of the Board that are adequate and pertinent, for which, he(she) shall transfer them to the corresponding area, and to inform the Board of Directors about this.

The Secretary General of the company is the only channel authorized to receive information requests from the members of the Board of Directors and for delivery of such information, as established in Article 6, Section 1, Sub-section 6.3 hereof.

4. To prepare the minutes of the Board of Directors.
5. To sign, together with the Chairman, the minutes of the Board of Directors and to attest them, and to issue under his(her) signature the certifications of the decisions adopted as well as their respective true copies.
6. To ensure the conservation of the documents of the Board of Directors and to request the area in charge to file and publish them in due form and in accordance with the classification of the respective information.

7. To watch over the legality of the acts of the Board of Directors and to guarantee that its procedures and governance rules are respected and regularly reviewed as established in the bylaws and other internal regulations of the company.
8. To define the procedure to carry out in an organized manner the activities necessary so that the meetings of the Board of Directors are conducted in an efficient manner.

Article 6. RESPONSIBILITY, COMMITMENTS AND RIGHTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

6.1 Responsibilities

As supreme direction body of the company, the Board of Directors has the following responsibilities:

1. To see to it that the decisions of the company's government bodies are congruent with its bylaws.
2. To see to it that all policies, decisions, plans and projects approved are complied with.
3. To see to it that the corporate governance measures adopted by the company are complied with.
4. To see to the effectiveness of information disclosure systems with the aim of guaranteeing transparency of corporate management at all times.
5. To see to it that in the preparation of financial and management information the accounting principles that reflect the real situation of the company as well as the criteria and elements established in the Internal Control System and by the External Auditing Office are complied with, and that all necessary proceedings have been fulfilled as necessary for the review of the figures presented.
6. To see to it that comprehensive risk management is adequately conducted.
7. To be part of the committees of the Board of Directors, if required.

6.2 Action commitments

In compliance with their statutory functions, in addition to the general duties established in the law, the members of the Board of Directors bind themselves:

1. To act in good faith with the loyalty and diligence of a good businessman.
2. To always act in the interest of the company.
3. To act with independent judgment and guaranteeing the rights and equitable treatment of the different stakeholders.
4. To timely disclose any eventual conflict of interest to which they may be subject to.
5. To refrain from participating in businesses or activities that imply competition for any of the business units or activities of the company or its affiliates.
6. To devote enough time to the exercise of their functions as members of the Board of Directors.
7. To attend the regular and special meetings of the Board of Directors.
8. To responsibly deal with the information relative to the company, which they may have access to by reason of their position, in accordance with the classification thereof.
9. To not manipulate, disclose or use in their own benefit or that of third parties, the information they may have access to.
10. To refrain from making declarations to the media or to third parties relative to issues they are aware or will be aware of, except in cases in which the Chairman has delegated such responsibility upon them.
11. To submit any information requests through the company's Secretary General bearing in mind the general interest of the company.

6.3 Rights

The members of the Board of Directors shall have, among others, the following rights:

1. To express in a free, timely and independent manner their opinions regarding the issues discussed by the Board of Directors.
2. To have access to the information provided for the compliance with their functions.
3. Prior authorization from the Board of Directors, to have access to additional information, whenever it is indispensable for complying with their functions.
4. To propose inclusion of items in the agenda of each Board meeting, in the space provided for such end called "Items of the members of the Board of Directors"
5. To procure as decision-making body and subject to the entity's budget, the advice of external persons, should it be needed.
6. To propose improvement initiatives considered pertinent in the framework of their participation in the meetings of the Board of Directors and its committees.
7. To receive the corresponding remuneration and per-diems.
8. To take part in the orientation and formation processes defined for the members of the decision-making body.
9. To request at the end of the tenure of office of the Medellín Mayor a digital copy of the minutes approved by the Board of Directors along such period.
10. For those members designated as control spokespersons, to have a biannual space to present to the Board of Directors a report regarding the delivery of services by EPM as perceived by the collectivities they represent.

Paragraph. The information or management requests of the members of the Board of Directors, whose purpose is different from the performance of their functions, are subject to the company's internal rules regarding petitions.

Article 7. APPROVAL AND REVIEW ISSUES

As part of the functions assigned in the bylaws to the Board of Directors, the Board shall in its annual agenda see to the approval and review of the following issues:

7.1 Follow-up of business units and projects

1. Follow-up of strategic projects.
2. Follow-up of national and international business units.
3. Follow-up of EPM Foundation.

7.2 Comprehensive planning cycle

1. Follow-up and adjustments to strategic direction (corporate and competitive).
2. Approval of business plan.
3. Approval of investment plan.
4. Approval of budget.

7.3 Financial issues

1. Approval and follow-up of the financial statements of EPM and EPM Group.
2. Group Balanced Scorecard (BSC) follow-up
3. Follow-up of financing and indebtedness strategy and financial projections.
4. Follow-up of investment decisions.

7.4 Risks and insurance issues

1. Follow-up of the corporate risk map of EPM and EPM Group.
2. Management report of Maxseguros.
3. Approval and follow-up of the audit plan.
4. Evaluation report of insurance suppliers.
5. Management report of the compliance unit.

7.5 Corporate governance issues

1. Evaluation of the Board of Directors.
2. Evaluation of the Chief Executive Officer and review of top management.
3. Corporate governance annual plan.
4. Approval of the corporate governance report

7.6 Organizational and supporting competencies

1. Approval and follow-up of the human resources management plan.
2. Approval and follow-up of the information and communication technologies plan.

Paragraph. The forgoing issues and those required by virtue of the company's dynamics shall be annually planned consistently with the business planning time framework to produce the typical agenda of the Board of Directors.

Article 8. SUPPLY OF INFORMATION PRIOR TO THE BOARD MEETING

In order to guarantee timeliness in handling information regarding issues to be submitted to the consideration of the Board of Directors in each of its meetings, the following procedure is established to be complied with by the different areas of the company:

- 8.1 In the meeting of the Planning Committee following the meeting of the Board of Directors, the issues to be submitted to the consideration of the Board in the next meeting are defined together with the person responsible for the presentation of each subject and the time allotted to it.
- 8.2 All issues that will be submitted to the consideration and approval of the Board of Directors shall be previously analyzed by a management strategic committee and by a Board of Directors committee in accordance with their respective regulations.
- 8.3 On Monday, or Tuesday when Monday is a holyday, of the week prior to the meeting of the Board of Directors, the documents, presentations, studies and attachments that will support the presentation of the different issues shall be delivered to the Secretary General with the characteristics indicated in Article 9, Sub-section 9.2 hereof.
- 8.4 The committees of the Board of Directors may authorize that certain information of strategic and / or confidential nature be not published in advance to the meeting of the Board of Directors. They may also set any other restrictions deemed necessary regarding access and disclosure of this information after the respective meeting.
- 8.5 In the presentations to the members of the Board of Directors it shall be specified whether it is a report or a request for authorization or approval to said body. The requests for authorization or approval shall be clear and precise.

- 8.6 In order to comply with the practices adopted by the company regarding information transparency, the Board of Directors shall also be informed whether the decision submitted to its consideration, in case it is approved, constitutes relevant information that must be disclosed to the securities market through the Financial Superintendency.
- 8.7 Through the Secretary General, the information to be dealt with in the following meeting, together with the respective agenda, shall be posted at the virtual site "Home Board of Directors", at least eight (8) calendar days in advance. This information shall correspond to the information to be presented in the meeting. The information may also be sent through any other effective medium.

The members of the Board of Directors shall use this IT tool as a mechanism that facilitates access to supporting information for the meeting.

- 8.8 In any event, the members of the Board of Directors may request, prior to the meeting and through the Secretary General, that the supporting information sent for their consideration before each meeting be expanded as necessary. For such effect, the Secretary General shall contact the area involved with the issue about which information is being requested and ask it to provide the requested information as soon as possible.
- 8.9 If one or several requirements herein indicated have been omitted with respect to a certain issue, the Board of Directors shall approve its presentation at the respective meeting upon explanation by the Vice presidency involved regarding such non-compliance.
- 8.10 The members of the Board of Directors shall pay heed to the classification of information indicated in each document subject to their consideration.

Particularly, they shall preserve the confidentiality of the information at their disposal, when it says so in the respective document, and they shall only use it for the purposes for which it was delivered to them.

Article 9. MINUTES AND ATTACHMENTS

9.1 Preparation and approval

The decisions made at the Board of Directors shall be recorded in minutes approved by it and signed by the Chairman and the Secretary. In addition to the minutes, the Secretary shall prepare a list with the commitments resulting from the meeting and those responsible for them.

The minutes shall be put to the consideration of the Board of Directors for approval in the same meeting or in the next one. The minutes draft shall be sent at least eight (8) calendar days before the meeting where it is going to be approved, so that the members can express their observations.

The copies of the minutes shall attest when they are issued by the Secretary of the Board of Directors.

Before approving the minutes of the meeting, it is possible, at the discretion of the Secretary General, to issue certifications regarding the decisions made.

9.2 Rules for handling attachments

The documents to be attached to the minutes shall be compiled by the Secretary General and shall be deposited at the company's archives. The archives shall have the reliability, safety and integrity characteristics necessary to facilitate their conservation and use.

The internal rules establishing the preparation, presentation and filing of documents shall be those determined in the management process of the Board of Directors under the care of the Secretary General.

Article 10. MANAGEMENT OF REQUESTS

The Secretary General shall direct the requests of the Board of Directors to the responsible areas, which shall timely inform how and when they will be answered.

At each meeting of the Board of Directors, the Secretary General shall inform about the progress of the requests presented in the last meeting as per the information supplied by the different areas.

Occasionally and whenever considered necessary, the Board of Directors may decide to monitor a decision already made, designating for such effect, one or more responsible members of the Board. It may also determine that one of its committees shall conduct the monitoring of the decision. In either case, a complete report on its advancement and implementation shall be presented. Likewise, the Board of Directors may request the Corporate Audit Vice Presidency to verify fulfillment of the decisions made.

Article 11. COMMITTEES

The Board of Directors shall establish the committees considered necessary, either permanent or provisional, depending on the subject. At the time of establishing the committees, the Board shall regulate their operation.

Article 12. EXPERT OPINION OF THIRD PARTIES

In order to reinforce the quality of the decision-making process of the Board of Directors and to guarantee the objectivity and business criterion of the determinations adopted, the Board may request, at its option, the hiring of external and independent advisors. Hiring, when required, shall be carried out by the area designated by the Board, and with the criteria, scope and purpose specified by it, always in conformity with the regulations guiding hiring at the company.

Article 13. CONFLICTS OF INTEREST

When the agenda submitted for consideration of the Board of Directors or any of its committees, includes a subject that could give rise to a conflict of interest regarding one member, he/she shall inform so at the beginning of the meeting and shall retire transitorily while the subject is discussed. Record of this circumstance shall be included in the respective meeting's minutes.

The uncertainty about the existence of a conflict of interest does not exempt any member of the Board of Directors from the obligation of abstaining from participating in the respective decision.

In case the conflict of interest is not sporadic but rather continuous and it prevents the independent exercise of the functions as member of the Board of Directors, a cause of mandatory resignation is configured.

In any case, it is the duty of the members of the Board of Directors to refrain from acting whenever there is a situation of conflict that prevents the objective, impartial and independent exercise of functions.

Information regarding the conflicts of interest presented by the members of the Board of Directors shall be included in the corporate governance report.

Article 14. REMUNERATION AND BENEFITS

The remuneration of the members of the Board of Directors is set by the Mayor of Medellín by decree, taking into consideration for its determination the following issues:

1. Market and sector criteria, profile and necessary time dedication.
2. Members shall be remunerated by each meeting of the Board or committee attended, whether face-to-face or not. In the case of the committees, the remuneration shall be the same as the one defined for the meetings of the Board of Directors.
3. The Mayor and other members of the Board of Directors who are public servants shall not be entitled to the remuneration set for attendance to meetings of the Board and its committees, whenever such attendance is by virtue of legal mandate or delegation.
4. The members of the Board of Directors are recognized, as an incentive, the possibility of attending, on account of the company, training programs directly related to the activities of the company and the functions they have to perform.

Paragraph. The sums perceived by the members of the Board of Directors during the year shall be disclosed in the corporate governance annual report.

Article 15. EVALUATION

In order to obtain precise information regarding the performance of the Board of Directors, the degree of compliance with the commitments assumed by each member, the value that their performance adds to the entity, and the recommendations in order to make the Board a highly effective body, every year, or whenever its Chairman considers it adequate, the Board of Directors shall undergo an evaluation process.

The evaluation shall be conducted under the methodology defined for such purpose, with self-evaluation, evaluation by an external consultant, evaluation by first-level directive staff and peer evaluation permitted. The application of such methods shall be defined by the Board of Directors depending on the dynamics, convenience and maturity of the same.

The evaluation shall refer to the operation of the Board as a body, to the performance of each of its members, and to relationships of the Board of Directors with the company's management.

Article 16. CAUSES FOR LOSING THE QUALITY AS MEMBER OF THE BOARD OF DIRECTORS

The members of the Board of Directors shall leave office because of the following causes:

1. Accepted resignation.
2. Decision of the Chairman of the Board of Directors.
3. Existence of a permanent conflict of interest as determined in Article 13 hereof.
4. Loss of capacity as independent member, according to the conditions established in the Code of Corporate Governance of EPM.
5. Unjustified absence to three (3) consecutive meetings of the Board of Directors.
6. Total or permanent physical disability that impairs exercising the functions as member of the Board of Directors.
7. Reiterative non-compliance with this Ruling of the Board of Directors.

Paragraph. In the events referred to in sub-sections 2, 3, 4, 5 and 6 of this Article, the Management Committee shall verify the facts related to the respective cause and send its recommendation to the Board and the Chairman, who are free to adopt or reject such recommendation, as established in sub-section 1 of Article 4 of this Ruling.

In the event the facts mentioned above refer to one of the members of the Management Committee, the Chairman shall designate a member of the Board of Directors to replace him (her) during the analysis of the subject at the Management Committee.

Issued in Medellín on August 25, 2015.

THE CHAIRMAN,

ANÍBAL GAVIRIA CORREA

THE SECRETARY,

MARITZA ALZATE BUITRAGO