

## CORPORATE GOVERNANCE ANNUAL REPORT

Pursuant to Article 26, subparagraph 21 of the Bylaws and Title III, Chapter III, section 5 of the Good Governance Code, the Board of Directors of Ecopetrol S.A., submits the following report to the Shareholders Meeting, in compliance with the Good Governance Code, corresponding to the 2017 administration.

The structure of this report is aligned with the recommendations of the Code of Best Corporate Practices of Colombia.

Pursuant to the provisions of the *Circular Externa No. 028 de 2014* (its equivalent in English the “External Newsletter No. 028 of 2014), issued by the Financial Superintendence of Colombia, Ecopetrol S.A. filed and submitted the Implementation Report of the Code of Best Corporate Practices of Colombia. The Report can be consulted on the website of the Superintendence [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co) and on the website of Ecopetrol S.A. [www.ecopetrol.com.co](http://www.ecopetrol.com.co)

### 1. Amendments to the Good Governance Code

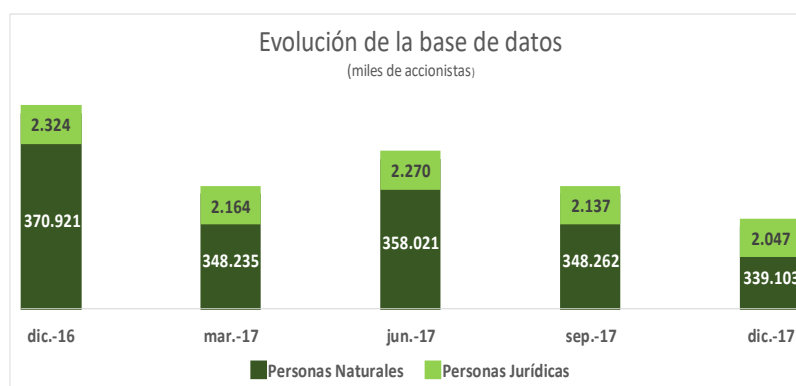
In 2017 no modifications were made to the Good Governance Code of Ecopetrol S.A.

### 2. Structure of the property of Ecopetrol S.A.

#### 2.1. Capital and Property Structure

As of December 31, 2017, the number of shareholders of Ecopetrol S.A. is 341,150, from which 99.4% are natural persons and 0.6% are legal entities, which represented an 8.6% decrease in the number of shareholders of Ecopetrol S.A., as compared with December 2016. The following graphic shows the evolution in the number of shareholders.

Graph. Evolution of the number of shareholders of Ecopetrol SA



Source: Ecopetrol S.A., Corporate Strategy and Finance Vice Presidency.

#### 2.2. Equity Structure of Ecopetrol S.A.

As of December 31, 2017, the shareholders structure of Ecopetrol S.A. evidence the increase of foreign companies holding shares, which are acquired directly in the Colombian market and through American Depositary Receipts (ADRs) in the New York stock exchange, as well as an increase in the participation of pension funds. On the other hand, natural persons and legal entities liquidated their positions. The following chart lists the shareholders structure of Ecopetrol S.A., as of December 31, 2017.

Table. Shareholding composition of Ecopetrol S.A.

Fecha	31 de diciembre 2016		31 de diciembre 2017		
	Accionistas	No. Acciones	% Participación	No. Acciones	% Participación
Nación y Otras Entidades Estatales	36.384.788.817		88,49%	36.384.788.817	88,49%
Fondos de Pensión	1.189.191.556		2,89%	1.310.316.531	3,19%
Personas Naturales	1.354.167.824		3,29%	1.116.255.029	2,71%
Fondos y compañías ext.	582.693.458		1,42%	955.843.645	2,32%
Personas Jurídicas	731.372.013		1,78%	573.627.947	1,40%
Fondo ECP ADR Program	874.474.380		2,13%	775.856.080	1,89%
<b>TOTAL</b>	<b>41.116.694.690</b>		<b>100%</b>	<b>41.116.688.048</b>	<b>100%</b>

Source: Ecopetrol S.A., Corporate Strategy and Finance Vice Presidency.

### 2.3. Identification of the Main Shareholders

In compliance with corporate governance practices, the website of Ecopetrol S.A. [www.ecopetrol.com.co](http://www.ecopetrol.com.co) reported the shareholder structure of the Company, listing the twenty (20) shareholders with the greatest number of shares. The following table shows the information with as of December 31, 2017.

Table. Shareholders with the greater shareholding

Inversionista	No. Acciones Dic 17	% Acciones Dic 17
MINISTERIO DE HACIENDA - COLOMBIA	36.384.788.817	88,49%
JPMORGAN CHASE BANK NA FBO HOLDERS OF ADR ECOPETROL	775.856.080	1,89%
FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO	489.157.724	1,19%
FDO DE PENSIONES OBLIGATORIAS PROTECCION MODERADO	388.075.752	0,94%
FONDO BURSATIL ISHARES COLCAP	183.996.162	0,45%
FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO	153.663.785	0,37%
OLD MUTUAL FONDO DE PENS. OBLIGATORIAS - MODERADO	94.328.973	0,23%
ABU DHABI INVESTMENT AUTHORITY J.P. MORGAN	69.970.097	0,17%
FONDO BURSATIL HORIZONS COLOMBIA SELECT DE S&P	58.696.955	0,14%
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	47.667.478	0,12%
OLD MUTUAL FONDO DE PENSIONES VOLUNTARIAS	41.866.745	0,10%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	39.691.902	0,10%
ISHARES MSCI EMERGING MARKETS ETF	35.483.089	0,09%
ISHARES CORE MSCI EMERGING MARKETS ETF	34.082.799	0,08%
BLACKROCK INSTITUTIONAL TRUST COMPANY N.A.	32.510.628	0,08%
BANCO BTG PACTUAL SA CAYMAN BRANCH - APT	27.842.682	0,07%
THE BANK OF NOVA SCOTIA	25.203.416	0,06%
VOL-ECOPET FONDO DE PENSIONES PROTECCION	24.069.564	0,06%
STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	21.774.352	0,05%
EMERGING MARKETS CORE EQUITY PORTFOLIO OF DFA INVE	21.604.701	0,05%
FONDO DE PENSIONES OBLIGATORIAS PROTECCION MAYOR R	18.500.808	0,04%

Source: Ecopetrol S.A., Corporate Strategy and Finance Vice Presidency.

In accordance with the definition of the Code of Best Corporate Practices of Colombia, issued by the Financial Superintendence of Colombia through *Circular Externa No. 028 de 2014* (its equivalent in English the "External Newsletter" No. 028 of 2014), no shareholder owns a "significant holding", excepting the State; that is a participation of 10% or more of the outstanding shares.

### 2.4. Stock Trading

Pursuant to the Commercial Code, the Bylaws and the Good Governance Code, in 2017, two (2) administrators of Ecopetrol S.A. requested authorization from the Board of Directors, one to sell company shares and/or ADRs and the other to acquire them, stating that this transaction was made without a speculative aim and without using privileged information. Said transactions were disclosed to the market on a timely manner, and were entered fulfilling the procedure set out for administrators trading shares.

## 2.5. Shareholders Agreement

On February 1, 2017, the minority shareholders with the greatest interest in the Company entered into a Shareholders Agreement, signed by the representatives of five (5) pension funds, whereby they agreed to nominate Carlos Gustavo Cano Sanz as candidate for the Board of Directors. Carlos Gustavo Cano was included as an independent member, designated by the minority shareholders with the greatest interest in the company, in the ninth seat of the Board of Directors that was submitted for consideration at the ordinary meeting of the Shareholders Meeting held on March 31, 2017.

In accordance with the provisions of Article 43 of Law 964 of 2005, Ecopetrol S.A. reported to the market the shareholders agreement.

## 2.6. Shareholder's Equity

As of December 31, 2017, the authorized capital of Ecopetrol S.A. is COP\$36,540,000,000,000 (equivalent to US\$ 12,245,308,311) represented by 60,000,000,000 ordinary registered shares, with a face value of COP\$609 (equivalent to US\$0.20) each, out of which 41,116,694,690 were subscribed, and whose ownership is represented as follows: 11.5% belonging to non-governmental natural and legal persons, and the remaining 88.5% belonging to State entities.

The value of the reserved shares amounts to COP \$ 14,499,932,933,670 (equivalent to US \$ 3,853,864,924) comprised of 18,883,305,310 shares.

This information is available to the public on the website of the Financial Superintendence of Colombia. [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co)

(\*) This information was calculated with the exchange rate at December 31, 2017: \$2.984,00.

## 3. Shareholders Meeting

### 3.1. Ordinary Meeting

In accordance with the Bylaws, the summon notice for the ordinary meetings of the Shareholders Meeting must be made thirty (30) calendar days in advance of the date on which the meeting will take place; this term is longer than the one set out in the Commercial Code.

The summon notice for the ordinary meeting of the Shareholders Meeting, held on March 31, 2017, was published on the website and in "*El Tiempo*", a newspaper of nationwide circulation. Additionally, and in furtherance of the corporate governance practices adopted by the Company, the Sunday before the meeting, the Administration reminded the shareholders through publication on the website and in "*El Espectador*", the date of the meeting and the mechanisms to be represented on it.

Within the legal and statutory term of fifteen (15) business days prior to the meeting of the highest corporate body, the relevant documents were made available to the shareholders for the exercise of their right of inspection.

In order to guarantee due transparency, the Company used its website to publish all supporting documents of the Shareholders Meeting, namely the summon notice, the reminder and the agenda of the meeting, Administration proposals, and the resumes of the candidates to fill the positions on the Board of Directors and as Statutory Auditor.

The ordinary meeting complied with the quorums required by law and by article 22 of the Bylaws. The shareholders exercised their right to vote and the agenda items subject to voting were approved. The Meeting was broadcasted live on the website of Ecopetrol S.A. Four (4) out of the nine (9) members of the Board of Directors of the Company attended the ordinary meeting. A total of 4,827 people attended and 4,170 shareholders were represented.

The Meeting Minute was signed by the Chairman of the meeting, the Secretary and by the members of the Main Committee for the review and approval of the Meeting Minute, appointed by the shareholders. The details of the matters addressed, the approvals and authorizations granted by the Shareholder Meetings and the comments made by the shareholders can be consulted in the Meeting Minutes that was made available to the shareholders on the Company's website. The decisions contained in the Minute and subject to registration were duly registered before the Chamber of Commerce of Bogota.

In accordance with the stock market regulations applicable to Ecopetrol S.A., within fifteen (15) business days following to the Shareholders Meeting, a copy of the Minutes was sent to the Financial Superintendence of Colombia.

### **3.2. Political and Economic Rights of the Shareholders**

During the ordinary meeting of the Shareholders Meeting held on March 31, 2017, the shareholders were able to exercise their political right to participate in the deliberations of the highest corporate body and approved the distribution of profits, for COP\$23 pesos per share, payable in one installment on April 28, 2017.

### **3.3. Attention to Shareholders and Investors**

In 2017, a total of 83,860 shareholder requests were received through all the attention channels. 90.50% of the requirements were timely addressed. A total of 13,646 satisfaction surveys were conducted on the service received by shareholders and investors, said surveys threw a result of 95.6%, over a 100% target.

Additionally, hereunder are the highlights of the shareholders' loyalty activities, carried out during 2017:

- Shareholders Meeting.
- Information Bulletin for shareholders.

## **4. Functioning of the Board of Directors and its Committees**

### **4.1. Board of Directors Composition**

Pursuant to the Bylaws, the Board of Directors of Ecopetrol S.A. is composed of nine (9) main members, without alternates, elected for a period of one (1) year by the Shareholders Meeting, through the electoral quotient system. The appointment as a member of the Board can be made considering personal qualities or because of holding a specific position, and the majority of the members of the Board of Directors are independent.

### **4.2. Process of Appointment for Members of the Board of Directors**

The majority shareholder of Ecopetrol S.A., is the Nation, represented by the Ministry of Finance and Public Credit, holding 88.49% of the Company's outstanding shares with the right to vote, presents to the administration a list of candidates to integrate the nine (9) lines of the Board of Directors, together with their respective resumes.

The proposed list must meet the following requirements:

- Most candidates must be independent.
- At least one of the members must be an expert on financial matters, in accordance with that provided under the applicable regulations of the United States of America stock exchange market.
- In compliance with Article 5 of Law 1118 of 2006 and the Bylaws, the eighth (8th) and ninth (9th) members of the Board of Directors, must be persons nominated by (geographical) Hydrocarbons Producer Departments exploited by Ecopetrol S.A., and by the ten (10) Minority Shareholders with greater interest on the Company.

During the Shareholders' Meeting, the shareholders may nominate alternative lists other than the submitted by the Ministry of Finance and Public Credit, as the majority shareholder. The list must be complete, that is, it must provide the candidates for the nine (9) lines of the Board of Directors and comply with the requirements set out in the Bylaws and the law. The foregoing, because the nomination of a single candidate is not compatible with the mechanism defined in the law for the election of the Board of Directors (i.e. system of electoral quotient); it is only possible to count complete lists.

Ecopetrol S.A. publishes on its website the process guidelines for the nomination and remuneration of the Board members, as well as a flyer aimed at answering concerns related to the nomination process. Under the guidelines, the review made by the Administration regarding the resumes of each candidate nominated to the Corporate Governance and Sustainability Committee of the Board of Directors stands out. As well as the work performed by said Committee to verify that the candidates for the Board of Directors are not involved in inability and incompatibility causes, nor do they belong simultaneously to more than five (5) boards of directors of joint stock corporations, including Ecopetrol S.A. This restriction is enshrined in Article 202 of the Colombian Commercial Code.

The details of the information can be found in the resumes published on the website.

#### **4.3. Independent Board members**

As per the Bylaws, most of the members of the Board of Directors are independent. In the second paragraph of Article 44 of Law 964 of 2005, it is established that an independent member will be understood as that person that does not meet any of the following:

1. Employee or management of Ecopetrol S.A. or any of its affiliates, subsidiaries or holding company, including those persons who were in such positions in the year immediately preceding the designation, unless it is the re-election of an independent person.
2. Shareholder that (i) directly — or by means of an agreement— leads, guides or controls most of the voting rights of the entity; or (ii) determines the majority composition of the Administration management or control bodies.
3. Member or employee of associations or Companies that provide advisory or consulting services to the issuer or to the Companies pertaining to the same economical group of which it is a member, when the revenue for said concept represents for them, 20% or more of the operation expenses of Ecopetrol S.A., or of the operating revenues of the adviser, consultant or supplier.
4. Employee or executive of a foundation, association or corporation that receives significant donations from Ecopetrol S.A. Significant donations are those donations that represent more than 20% of the total donations received by the respective institution.
5. Administrator of an entity where a legal representative of Ecopetrol S.A is part of its Board of Directors.
6. Individual receiving from Ecopetrol S.A any remuneration other than the fees as member of the Board of Directors, the Audit Committee or any other Committee of the Board of Directors.

Board members who are elected as independent members will commit in writing, upon accepting the position, to maintain their independent status during the performance of their duties. If for any reason they lose that quality, they must resign from the position and the respective vacancy will be announced during the next ordinary meeting of the Shareholders' Meeting where the election of the Board of Directors will be proposed for consideration of the shareholders. The foregoing, as long as the quorum of the Board of Directors is not affected. If the quorum is affected, the President of the company may call an extraordinary meeting for the restructuration of the Board of Directors.

In accordance with the procedure established in Decree 3923 of 2006 (which regulates Law 964 of 2005) the election of the independent members of the Board of Directors is carried out by means of a vote by the Shareholders Meeting from a list of candidates that includes, as a minimum, the number of independent members required by law and the Bylaws.

#### 4.4. Profile of Board members

The members of the Board of Directors must comply with the profile defined in Article 24 of the Bylaws.

*"The members of the Board of Directors must be committed to the corporate vision of the company and must at least meet the following requirements: (i) have knowledge and experience in the inherent activities of the Company's corporate purpose and/or have knowledge and experience in the field of industrial and/or commercial, financial, securities, administrative, legal or related sciences activities, (ii) have a good reputation and being recognized for professional competence and integrity, and (iii) do not simultaneously belong to more than five (5) stock company boards, including the Board of Directors of ECOPETROL S.A."*

#### 4.5. Board of Directors Composition

In 2017 the Board of Directors was majorly composed by independent members. The following charts list the changes in the composition of the Board of Directors of Ecopetrol S.A. during this period:

Table. Board of Directors elected by the Shareholders Meeting during its ordinary meeting held on March 31, 2017

	Board Member	Profession	Qualification	Age	Gender
1.	Minister of Finance and Public Credit Mauricio Cárdenas Santamaría	Economist	Non-independent	55	Male
2.	Mauricio Cabrera Galvis	Degree in philosophy	Independent	65	Male
3.	Yesid Reyes Alvarado	Lawyer	Independent	59	Male
4.	Ana Milena Lopez Rocha	Economist	Non-independent	36	Female
5.	Jaime Ardila Gómez	Economist	Independent	62	Male
6.	Carlos Cure Cure	Civil Engineer	Independent	73	Male
7.	Joaquín Moreno Uribe	Civil Engineer	Independent	68	Male
8.	Nominated by the Hydrocarbon Producing Departments Horacio Ferreira Rueda	Petroleum Engineer	Independent	48	Male
9.	Nominated by the ten (10) minority shareholders with the largest shareholding Carlos Cano Sanz	Economist	Independent	71	Male

Source: Ecopetrol S.A, General Secretariat. (\*) Ana Milena López Rocha, presented her irrevocable resignation as a member of the Board of Directors of Ecopetrol S.A. as of December 21, 2017.

The resumes of the members of the Board of Directors are published on the website of Ecopetrol S.A.

#### 4.6. Functions and Responsibilities

Pursuant to the Bylaws and the Governance Code, the Board of Directors is the highest governing body of Ecopetrol S.A. and it acts in accordance with the rights of the shareholders and corporate growth and sustainability. Their functions and responsibilities are established in the Company's Bylaws, which are published on the website.

The Board of Directors delegates to the Company management the ordinary course of business and, through the *"Authority Delegation Manual"* the President of the Company, as delegator (delegating party), transfers functions to certain officials, identified as delegates, for proper development of the corporate purpose.

It is important to underscore that no member of the Board of Directors of Ecopetrol S.A. is a member of the Board of Directors of subordinated companies and neither occupies executive positions in the same.

The Functions of the President, Vice President and Secretary of the Board of Directors are established in the Board's Internal Regulations, which are published on the Company's website, and these functions differ substantially from those assigned to the President of Ecopetrol S.A, under the Bylaws. The Chairman of the Board of Directors determines, in conjunction with the Secretary, the agenda proposed for each Board session, prioritizing critical and relevant matters to the Company. Likewise, it exercises permanent leadership over the management and communication among members of the Board.

Article 25 of the Bylaws, referred to the election of the President and Vice President of the Board of Director sets out that these positions will be elected from among its members and for a one (1) year period. Its principal function is to preside and direct the ordinary and extraordinary meetings of the Board of Directors.

Table. President, Vice-president and Secretary of the Board of Directors

Position	April to December 2017
President	Carlos Cure Cure
Vice President	Jaime Ardila Gomez

Source: Ecopetrol S.A., General Secretariat.

Secretary of the Board of Directors is responsible for supporting the President of the Board of Directors in its functions and must ensure the proper functioning of the Board. Such functions include: i) sending the summon notice for meetings; ii) deliver in a timely and satisfactory manner relevant information for deliberation and decision making; iii) advise the members of the Board of Directors for the fulfillment of their duties; iv) register the development of the sessions in the minute books; v) attest the decisions of the corporate body, and, vi) grant the formal legalities of the Board of Directors actions, including its performance, which is evaluated annually by said corporate body.

Secretary of the Board of Directors for the year 2017 was Monica Jimenez Gonzalez.

#### 4.7. Remuneration of Board members

The fees of the Board members are set out yearly by the Shareholders Meeting in consideration for attendance to the meetings of the Board of Directors and the Committees. Said compensation is established taking into account the nature of the Company, the responsibility of the role, and market guidelines.

In accordance with the approval given by the Shareholders Meeting, the fees of the members of the Board of Directors of Ecopetrol S.A. for the year 2017 amounted to the total sum of COP \$1,876,752,048 per face-to-face and non-face-to-face sessions of Board of Directors and/or Internal Committees, this payment to the members of the Board of Directors is subject to withholding tax and to the Industry and Commerce Tax (ICA). Arbitraje

The members of the Board of Directors do not have any kind of variable remuneration.

Below is the value evolution of the total fees paid to the Board of Directors:

**Table. Board of Directors Fees**

Item	Cut Off Date December 31, 2016	Cut Off Date December 31, 2017
Fees for attending meetings of the Board of Directors and /or Board Committees.	\$1.253.429.190.	\$1.876.752.048.

Source: Ecopetrol S.A, General Secretariat.

#### 4.8. Operability of the Board of Directors

The Board of Directors of Ecopetrol S.A. complied with the meeting's schedule envisioned for 2017. Summon for these meetings was approved by said corporate body in Minute No. 248 of 2016 and ratified by the Secretary General by email sent to the members in advance of the date of the respective meeting.

The Secretary of the Board of Directors discussed the topics of the session with the President of the Board and, based on these, prepared the draft agenda for each session. Eight (8) days prior to the meeting, the agendas and pre-reading documents for each of the sessions were sent out.

During all sessions, the quorum set forth in the Bylaws was verified as well as the approval of the agenda and the minute from the previous meeting. The deliberations of the Board of Directors were made with a number equal to or greater than five (5) of its members and the decisions were taken unanimously.

The average duration of the sessions was seven (7) hours for the analysis of the items under the agenda, such as: matters related to Board members and the CEO; monthly reports of the Chairmen of each Committee; in accordance to the Bylaws and the Law, 64 information topics were analyzed and 102 items were approved .

The most relevant issues that were the subject of study and analysis by the Board of Directors are the following:

- Balanced Score Card 2017 and 2018.
- Risk Map
- CEO Evaluation
- Reserves. Certification and quarterly reports
- 20F.
- Review of quarterly financial statements.
- Optimum capital structure
- Budget and Investment Plan 2018.
- Business opportunities, such as Condor, Ambar, Orion, among others.
- Money Laundering and Terrorist Financing
- Roles Map
- Scheme of Variable Compensation 2017.
- Recommendation for salary increase of Ecopetrol S.A. and its Business Group.
- Appointment of the new CEO of Ecopetrol S.A.
- Operational and Financial Situation of the Business Group Companies.
- Governance Model.



- Strategy 2020+ and alignment of its enablers.
- Tax actions

The minutes of the Board of Directors were prepared by the Secretary of the Board of Directors sent to the administration for review and subsequently, referred to the Directors for their input before the next session of the Board of Directors. Once approved, the Minutes are printed in a book with pages numbered consecutively and are signed by the President and the Secretary of the Board of Directors. General Secretariat is responsible for safeguarding the minutes, as well as the books that contain their supporting documents, which are an integral part of the minutes, both in physical and electronic files.

On the other hand, the members of the Board of Directors reported the following situations that could give rise to a conflict of interest:

- Carlos Gustavo Cano Sanz, an independent member of the Board of Directors, requested to keep in the records that he would abstain from participating in matters that the Board of Directors might eventually address relative to the firm called FUNDES, whose legal representative is his son, inasmuch as said company is interested in participating in contractual processes of Ecopetrol S.A.
- Joaquin Moreno Uribe, an independent member of the Board of Directors, reported that he is part of the Steering Committee, as external director, of the company *Centro de Formación y Estudios en Liderazgo y Gestión S.A.S.*, and that he would abstain from participating in matters that the Board of Directors might eventually address. Once he resigned from the Steering Committee and transferred his participation on this company, he informed the Board of Directors ending the possible Conflict of Interest.
- Ana Milena Lopez Rocha, an independent member of the Board of Directors, stated that her father-in-law has been engaged with Bioenergy, providing technical advice on soil transformation and that she would abstain from participating in matters that the Board of Directors might eventually address on this matter.
- Horacio Ferreira Rueda, Independent member of the Board of Directors, reported that his brother is legal representative of the company *Inversiones Macarali S.A.S*, which has offered some land for use of Bioenergy; therefore, he would abstain from participating in matters that the Board of Directors may address on this matter.

#### **4.9. Update on Matters of Interest**

During 2017 and due to changes in the conformation of the Board of Directors, the Company carried out an induction program, which is focused on Ecopetrol S.A. ventures and it's most significant processes.

In April, induction sessions were provided for Mauricio Cabrera and Carlos Gustavo Cano, as new members of the Board of Directors and they received all the necessary information for proper performance of their duties.

At the request of the of the Board of Directors members, the Administration addressed their concerns on specific issues through sessions that enriched and strengthened their role.

In order to update the Board of Directors on matters related to leadership and the industry, the attendance of two (2) of its members was coordinated to CERA Week and the League of Directors, respectively.

#### **4.10. Average attendance of the Board Members to its sessions**

During 2017, 19 sessions of the Board of Directors were held, 12 ordinary and 7 extraordinary. The average attendance of the Board members was 90%. The following table lists the attendance of Board members.

Table. Attendance to Board of Directors sessions

Member of the Board of Directors	2017	
	Sessions attended	Average attendance
Minister of Finance and Public Credit	17/19	89%
Director of the National Planning Department	2/5	40%
Jaime Ardila Gómez	18/19	95%
Carlos Alfredo Cure Cure	18/19	95%
Joaquin Moreno Uribe	19/19	100%
Horacio Ferreira Rueda	18/19	95%
Mauricio Cabrera Galvis	13/14	93%
Yesid Reyes Alvarado	18/19	95%
Ana Milena Lopez	18/19	95%
Carlos Gustavo Cano	14/14	100%

Source: Ecopetrol S.A, General Secretariat.

All absences were reported to the General Secretariat.

\* The Head of National Planning withdrew from the Board of Directors on March 31, 2017.

\*\* Ana Milena López Rocha presented her irrevocable resignation as member of the Board of Directors of Ecopetrol SA, as of December 21, 2017.

The President of Ecopetrol S.A., the Executive Vice President, the Corporate Vice President of Strategy and Finance, the Legal Vice President and the General Secretary, in her capacity as Secretary of the Board of Directors, attended the sessions of the Board of Directors as guests, with voice but without vote, in order to know in first instance the decisions adopted by this corporate body. In the session of the Steering Committee following the holding of the Board of Directors, the President and the General Secretary informed the decisions and recommendations of the Board of Directors so that they could be socialized among the work teams.

#### 4.11. Equity holding of the members of the Board of Directors

The following is the participation of the members of the Board of Directors as of December 31, 2017.

Table. Equity holding of the members of the Board of Directors

Members of the Board of Directors	No. Shares as of December 31, 2016	No. Shares as of December 31, 2017	Share %
Mauricio Cárdenas Santamaría	2.000	2.000	0,0000049%
Jaime Ardila Gómez	0	0	0,0000000%
Carlos Alfredo Cure Cure	0	0	0,0000000%
Joaquin Moreno Uribe	127.988	0	0,0000000%
Horacio Ferreira Rueda (*)	0	0	0,0000000%
Mauricio Cabrera Galvis	0	0	0,0000000%
Yesid Reyes Alvarado	0	0	0,0000000%
Ana Milena López (**)	0	0	0,0000000%
Carlos Gustavo Cano	0	0	0,0000000%

Source: Ecopetrol S.A, General Secretariat.

Horacio Ferreira Rueda, is owner of ADRs (American Depositary Receipt) of Ecopetrol SA in the United States.

\*\* Ana Milena López Rocha presented her irrevocable resignation as member of the Board of Directors of Ecopetrol SA, as of December 21, 2017.

#### 4.12. Committees of the Board of Directors

To address their responsibilities directly, the Board of Directors relied on the following Committees, whose members are appointed by it:

- **Audit and Risk Committee.** It consists of at least three (3) members of the Board of Directors and all its members must be Independent, be knowledgeable or experienced on matters related to their functions and at least one of them must be an expert in financial and accounting matters.

- **Business Committee:** It consists of at least five (5) members of the Board of Directors and the majority of its members must have the status of Independent and at least one (1) will be non-Independent. All members of the Committee must have knowledge or experience on matters related to their functions. The other members of the Board of Directors can attend this committee as guests.
- **Corporate Governance and Sustainability Committee:** It is conformed by at least three (3) members of the Board of Directors and the majority of its members must have the status of Independent and at least one (1) will be non-Independent. All members of the Committee must have knowledge or experience on matters related to their functions.
- **Compensation and Nomination Committee:** It is conformed by at least three (3) members of the Board of Directors and the majority of its members must have the status of Independent and at least one (1) will be non-Independent. All members of the Committee must have knowledge or experience on matters related to their functions.

Each Committee will have a President, which will be elected by the members of each Committee, taking into account that the chair can only be exercised by the members of the Board of Directors who have the status of independent.

On the other hand, it should be noted that the Board of Directors requested a meeting on July 27, 2017 and on December 15, 2017, in particular, as an HSE Commission. During these sessions, the Company's HSE indicators were reviewed and the institutional structure of the HSE unit was presented. The Directors considered appropriate the Commission to hold meetings semiannually and this was included in the 2018 schedule, which was approved by the Board of Directors.

### Composition of the Board Committees

In the ordinary session of April 20, 2017, the members of the Board of Directors appointed the members of each of the Committees, according to their profiles. The following table shows the changes in the composition of the Committees, between January 1 and December 31, 2017:

**Table. Composition of the Board Committees**

Committees	From January 1, 2017 to March 31, 2017	From April 20, 2017 to December 31, 2017
<b>Audit and Risks</b>	<ul style="list-style-type: none"> <li>• Jaime Ardila (President and expert in financial matters).</li> <li>• Horacio Ferreira.</li> <li>• Yesid Reyes.</li> <li>• Joaquin Moreno.</li> </ul>	<ul style="list-style-type: none"> <li>• Jaime Ardila (President and expert in financial matters).</li> <li>• Horacio Ferreira.</li> <li>• Yesid Reyes.</li> <li>• Joaquin Moreno</li> <li>• Carlos Gustavo Cano</li> </ul>
<b>Business</b>	<ul style="list-style-type: none"> <li>• Minister of Finance and Public Credit</li> <li>• Director of the National Planning Department</li> <li>• Joaquin Moreno.</li> <li>• Carlos Cure.</li> <li>• Jaime Ardila.</li> <li>• Horacio Ferreira (President).</li> </ul>	<ul style="list-style-type: none"> <li>• Minister of Finance and Public Credit</li> <li>• Joaquin Moreno.</li> <li>• Carlos Cure.</li> <li>• Jaime Ardila.</li> <li>• Horacio Ferreira (President)</li> <li>• Carlos Gustavo Cano</li> <li>• Mauricio Cabrera Galvis</li> </ul>
<b>Corporate Governance and Sustainability</b>	<ul style="list-style-type: none"> <li>• Minister of Finance and Public Credit</li> <li>• Yesid Reyes (President).</li> <li>• Horacio Ferreira.</li> <li>• Carlos Cure.</li> </ul>	<ul style="list-style-type: none"> <li>• Minister of Finance and Public Credit</li> <li>• Yesid Reyes (President)</li> <li>• Horacio Ferreira</li> <li>• Carlos Cure.</li> <li>• Jaime Ardila</li> <li>• Carlos Gustavo Cano</li> <li>• Mauricio Cabrera Galvis</li> </ul>

Committees	From January 1, 2017 to March 31, 2017	From April 20, 2017 to December 31, 2017
<b>Compensation and Nomination</b>	<ul style="list-style-type: none"> <li>Minister of Finance and Public Credit</li> <li>Ana Milena Lopez</li> <li>Carlos Cure.</li> <li>Joaquin Moreno. (President)</li> </ul>	<ul style="list-style-type: none"> <li>Minister of Finance and Public Credit</li> <li>Ana Milena Lopez (*)</li> <li>Carlos Cure.</li> <li>Joaquin Moreno (President)</li> <li>Mauricio Cabrera Galvis</li> </ul>

Source: Ecopetrol S.A, General Secretariat.

\*\* Ana Milena López Rocha presented her irrevocable resignation as member of the Board of Directors of Ecopetrol SA, as of December 21, 2017.

## Assistance to the Committees of the Board of Directors

The following table shows the average attendance at the sessions of the Committees of the Board of Directors:

Table. Assistance to Committees of the Board of Directors

Period: January to December 2017				
Board Member	Audit and Risk Committee	Corporate Governance and Sustainability Committee	Business Committee	Compensation and Nomination Committee
Minister of Finance and Public Credit	N.A.	100%	83%	60%
Jaime Ardila Gómez	100%	80%	92%	N.A.
Carlos Alfredo Cure Cure	N.A.	100%	100%	100%
Joaquin Moreno Uribe	100%	N.A.	100%	100%
Horacio Ferreira Rueda	100%	100%	83%	N.A.
Simon Gaviria	N/A	N/A	25%	N/A
Yesid Reyes Alvarado	100%	100%	N.A.	N.A.
Ana Milena Lopez (*)	N.A.	N.A.	N.A.	100%
Carlos Gustavo Cano	100%	100%	100%	N.A.
Mauricio Cabrera Galvis	N.A.	100%	100%	100%

Source: Ecopetrol S.A, General Secretariat.

\*\* Ana Milena López Rocha presented her irrevocable resignation as member of the Board of Directors of Ecopetrol SA, as of December 21, 2017.

## Management of the Board Committees

Below is the management of each of the Committees as of December 31, 2017:

Table. Board of Directors Committee Management - 2017

Committees	Main Functions	2017 Management
<b>Corporate Governance and Sustainability Committee (5 sessions)</b>	It supports the management of the Board of Directors with respect to good governance and business sustainability and recommends to the Board of Directors, systems for the adoption, monitoring and improvement of corporate governance and sustainability practices.	<p>The Committee met and analyzed six (7) information matters and recommended to the Board of Directors the approval of eight (8) items submitted for its consideration.</p> <p>The most relevant issues proposed for its consideration were:</p> <ul style="list-style-type: none"> <li>✓ CEO Evaluation</li> <li>✓ Review of the topics of the Shareholders Meeting.</li> <li>✓ Review of resumes of candidates to the Board of Directors.</li> <li>✓ Ecopetrol S.A. Corporate Structure</li> <li>✓ Government Model and its implementation</li> </ul>
<b>Audit and Risk Committee (17 sessions)</b>	It is the COMPANY's highest control body, responsible for overseeing the management and effectiveness of the internal control system. Supports the Board of Directors in the supervision of the internal control system, compliance with the internal audit program, compliance with the	<p>The Committee met and analyzed 82 information matters and recommended to the Board of Directors the approval of 20 items submitted for its consideration.</p> <p>The most relevant items proposed for consideration were:</p> <ul style="list-style-type: none"> <li>✓ Optimal capital structure of the Ecopetrol S.A. business group.</li> </ul>

Committees	Main Functions	2017 Management
	statutory auditor of and/or external auditors audit process	<ul style="list-style-type: none"> <li>✓ Recommendation for the election of the Statutory Auditor by the Shareholders Meeting.</li> <li>✓ Management developed in terms of prevention and control of Money Laundering and Terrorist Financing in 2017</li> <li>✓ Dividend Distribution Project</li> <li>✓ Variable Compensation Calculation</li> <li>✓ Monitoring of actions performed by subordinate companies in terms of their internal control system, risk management system, and ethical, corruption and fraud claims.</li> <li>✓ 20F Report</li> </ul>
<b>Compensation and Nomination Committee (5 sessions)</b>	Reviews and recommends to the Board of Directors compensation systems and selection criteria for senior executives, as well as other key employees of the organization.	<p>The Committee met and analyzed six (6) information matters and recommended to the Board of Directors the approval of four items submitted for its consideration.</p> <p>The most relevant issues proposed for its consideration were:</p> <ul style="list-style-type: none"> <li>✓ Recommendation of salary increase for Ecopetrol SA and the Business Group Companies.</li> <li>✓ Variable Compensation Scheme</li> <li>✓ President Compensation</li> <li>✓ Roles Map</li> </ul>
<b>Business Committee (12 sessions)</b>	It supports the management of the Board of Directors regarding the definition of the investment strategy, portfolio analysis and investment projects that require the approval of the Board of Directors, and evaluation and monitoring of the investment portfolio and the results of said investments.	<p>The Committee met and analyzed 31 information matters and recommended to the Board of Directors the approval of 49 items submitted for its consideration.</p> <p>The most relevant issues proposed for its consideration were:</p> <ul style="list-style-type: none"> <li>✓ Extension of phase 2 of the E &amp; P RC12 contract</li> <li>✓ Cravo Norte Project</li> <li>✓ Investment plan update</li> <li>✓ Cerrito Opportunity</li> <li>✓ Relinquishment of Block RC10</li> <li>✓ Termination of contracts VMM29, COR62 and TEA COR46</li> <li>✓ Business Options in the assets of the Development and Production Portfolio.</li> <li>✓ Inorganic Growth Options</li> <li>✓ Request for additional resources for studies of the Project Maturity Center</li> <li>✓ Electric Power Distributor</li> </ul>

Source: Ecopetrol S.A, General Secretariat.

#### 4.13 Evaluation of the Board of Directors

In compliance with corporate governance best practices, Ecopetrol S.A. has implemented the following evaluation mechanisms for its Board of Directors:

- Qualitative evaluation: self-assessment that aims at measuring behaviors that are desirable for the proper operation of the Board of Directors, such as knowledge, quality of information, results of the work done, performance of duties, leadership, and relationships. The self-assessment measures the individual behavior of the Board members and the operation of the Board as a collective body. It is executed annually.
- Quantitative evaluation: it is an evaluation of the work done by the Board of Directors, and comprises the results for the indicators established for this Management body in the Ecopetrol S.A. balanced scorecard. It is executed annually.

- External evaluation: evaluation of the work done by the Board of Directors, performed by an independent third party. It has been carried out every 2 years since 2012. In the session of the Corporate Governance and Sustainability Committee held in November 2016, authorization was provided so that this type of evaluation can be carried out on the work done by the Board of Directors in 2017, alternating with the annual evaluations performed by the Board of Directors.
- Peer evaluation: relates to an evaluation performed by a member of the Board of Directors with respect to the work, knowledge and leadership of their peers, in order to identify opportunities for improvement among the members of the Board in terms of their role. This mechanism was approved by the Board of Directors in November 2015 and is executed annually.

The 2017 evaluation was performed by an independent third party. The methodology used by the consultant included stages of excellence, compliance and superior performance, where the value of the Boards of Directors for companies and the sector is maximized as compared with the best international practices. The aspects evaluated were: i) Structure and Governance; ii) Coordination; iii) Interaction, and iv) Focus on strategic issues.

In the opinion of the consultant, Ecopetrol's rating is superior when compared with international standards. Ecopetrol obtained an outstanding score in both the communication and the interaction factor, where it showed a marked improvement over the past rating. In this regard, it is worth highlighting the improvement in the discussion culture, as well as in the Board administrative processes. Ecopetrol obtained a superior score in the components of support committees, strategic goals, Board functions and decision making. Finally, the Board composition components, information and agenda have some room for improvement.

In this context, the consultant provided the following recommendations:

- Agree on the scope, central matters and responsibilities of the Board of Directors, in accordance with its role.
- Reach clear agreements and engagement protocols with the majority shareholder.
- Discuss the profiles of Board members required for the future and permanence term.
- Design special induction for new members to balance the knowledge of the Board of Directors and to accelerate the value contributed by new entrants.
- Design, in conjunction with the Members of the Board of Directors the Thematic Plan for the Board of Ecopetrol, following the guidelines of the new strategy.

## **5. Chief Executive and other Managers**

### **5.1 Policy for the Selection of Senior Executives**

The policy for the selection of the President of Ecopetrol S.A. (CEO) is at the discretion of the company's Board of Directors and is governed by the conditions established in the Bylaws and the Corporate Governance Code.

For all other senior executive positions in Ecopetrol S.A., the same stages for all talent acquisition processes are performed, i.e. search, pre-selection, evaluation, selection and hiring or promotion of the most suitable person that meets the profile for the established position; this is, that the candidates are trained, experienced, present technical skills as organizational and leadership skills, associated with the demands of the positions, regardless of gender, race, national or family origin, language, religion, disability, or political or philosophical views. These aspects ensure that the process will be carried out in accordance with internal regulations and the guidelines arising from the strategic framework.

During 2017, the following selection processes were applied for vacancies relating to senior executives: i) mixed processes, including internal and external persons, including the successors identified for the position and, ii) processes comprising external candidates, in cases of specific profiles that were not found within the Company.

## 5.2 Compensation Policy for Senior Executives

The compensation policy for Ecopetrol S.A. is approved by the Board of Directors and is framed within the following parameters:

1. Remuneration is aimed at positioning the Company in the market average for the Colombian mining and energy market.
2. On an annual basis, a specialized firm does a benchmarking evaluation. The purpose of said benchmark is to screen salary competitiveness and make the necessary adjustments to ensure the attraction and retention of personnel, as well as to ensure the sustainability of the Company.
3. It has a variable compensation component for managers, defined as a percentage (between 25% and 30%) of fixed compensation. This is allocated at the end of the year and is based on the results for the Company, of the area and the individual performance, subject to approval from the Company's Board of Directors.
4. It includes a competitive benefits package that is aligned with sector practices.

As of December 31, 2017, the compensation policy for Ecopetrol S.A. did not include special mechanisms for payment or remuneration in Company shares for its workers and managers.

The annual fixed compensation for the president is 8.40 times the annual average fixed compensation for workers. This information was calculated using compensation information as of November 2017.

For 2017 a general wage increase of 5.20 points was applied to all workers, equivalent to inflation to June 30, +1.21 additional points, as agreed with the union.

**Table. Senior executive compensation**

Position	Base Salary for Integrated Salary	
	Min.	Max.
President	\$ 45,177,000	\$ 60,588,000
Vice President of Exploration		
Vice President of Development and Production		
Vice President of Refining and Industrial Processes		
Corporate Vice President of Strategy and Finance		
Vice President of Human Resources	\$ 26,318,000	\$ 40,781,000
Corporate Vice President of Compliance		
Vice President of Sustainable and Environmental Development		
Vice President of Transformation		
Legal Vice President		
Vice President of Projects and Engineering		
Vice President of Supply and Services		
Vice President of Business and Marketing		
Vice President of Transport Operation and Maintenance		
Director of the Innovation and Technology Center (ICP)		
Secretary General and Presidential Support		
Corporate Internal Audit Manager		

Source: Ecopetrol S.A., Vice Presidency of Human Resources.

\*With respect to this value, a 70% benefit factor is recognized as a component of fixed payments.

### 5.3 Evaluation of senior executives

2017 was a year in which results achieved exceeded the goals set at the beginning of the year. The company's financial sustainability was achieved through outstanding financial results over the industry, while the investment grade was maintained similarly, work was carried out under strict capital and expense discipline, achieving efficiency-related savings of \$2.6 trillion. Additionally, a production of 715 KBPED was achieved and 269 MBPE of contingent resources were incorporated, via exploration.

Furthermore, in the refining business, at the Barrancabermeja refinery, good operating results and cost optimization were achieved; in Cartagena, the global performance test of the refinery was completed successfully. In turn, the stabilization phase of the plant was carried out at Bioenergy. Finally, in the transportation business, progress was made in consolidating the new operating model.

Regarding the qualifying issues, strengthening safety as a pillar of the operations continued: the reduction of accidents rate enabled the company to achieve outstanding results over the world's average of the Oil & Gas industry. In regards to the safety of the processes, the best results over the last 9 years were achieved, with a total of 5 incidents (Level 1 - critical operations), mainly leveraged on the implementation of safe practices and the strengthening of leadership at managerial levels. The OHSAS 18001 certification (Safety and Health at Work) and the ISO 14001 certification (Environmental Management) were obtained, allowing to ratify high standards in HSE and competitiveness in the market.

Additionally, regional teams were strengthened to address environmental challenges directly. The perception of transparency increased and the score in the compliance program went up, as determined by the Transparency Secretariat of the Presidency of Colombia.

All of the foregoing was achieved with the commitment of the President of Ecopetrol, his management team, and the organization at large, working under the principles of collaboration, integrity and creativity, and encouraging these behaviors among his work teams.

## 6. Control structure

### 6.1 External controls

#### **Statutory Auditor:**

At the meeting held on March 31, 2017, the Shareholders Meeting approved the appointment of the firm Ernst & Young S.A.S., as Statutory Auditor of the Company for the fiscal year 2017, for a value of COP \$4,100,000,000, plus VAT. During the one-year period, the firm carried out external audit activities, the results of which have been presented to the Board of Directors' Audit and Risk Committee.

#### **Inspection, monitoring and control bodies:**

In Colombia, the main regulatory authorities for activities relating to the corporate purpose of Ecopetrol S.A. are the Ministry of Mines and Energy, the National Hydrocarbons Agency (ANH) and the Energy and Gas Regulatory Commission (CREG), the Ministry of Environment and Sustainable Development, the National Environmental Licensing Authority (ANLA), the Ministry of the Interior, and the Regional Autonomous Corporations.



Moreover, the Superintendences (governmental agencies) that perform a supervisory role regarding the main activities carried out by Ecopetrol S.A. are the Financial Superintendence, the Superintendence of Companies, the Superintendence of Public Utilities, the Superintendence of Ports and Transport, the Superintendence of Health, and the Superintendence of Industry and Commerce.

As public servants (given the legal nature of Ecopetrol S.A.) the employees of Ecopetrol S.A. are subject to the disciplinary control of the Attorney General's Office. Additionally, given the management of public funds, Ecopetrol S.A. is subject to fiscal control by the Comptroller General of the Republic.

Moreover, because Ecopetrol S.A. has listed its shares on the New York Stock Exchange, its activity in said market is subject to the regulations of the Securities and Exchange Commission (SEC). Regarding the Toronto Stock Exchange, in February 2016 Ecopetrol S.A. applied for its American Depositary Receipts (ADRs) to be delisted from that stock exchange, and in October 2017 the process was initiated with the Alberta Exchange Commission and the Ontario Exchange Commission to request the termination of reporting obligations as an issuer in the country.

### **Credit Rating Agencies:**

Due to current oil price levels, companies in the sector have been subject to more frequent changes to their ratings and outlook. Notwithstanding the foregoing, Ecopetrol S.A. has been able to maintain its investment grade with the three (3) Ratings Agencies, as set out below:

- Fitch Ratings maintained the BBB rating and increased its outlook to stable.
- Moody's rating agency maintained the Baa3 rating (investment grade) and improved the outlook ranking it as stable thanks to the Company's positive financial performance, including a good liquidity position. The rating action was also based on the strong reserves addition strategy that the company is undertaking.
- Standard & Poor's rating agency adjusted the rating to BBB- (investment grade) with a stable outlook, in line with the downward revision for the Republic of Colombia's rating.

The reports from the rating agencies are available on the website at the following link: <https://www.ecopetrol.com.co/wps/portal/es/ecopetrol-web/relacion-inversionistas/renta-fija/calificacion-de-riesgo>

## **6.2 Internal controls**

The Board of Directors of Ecopetrol S.A. supervises and monitors the Internal Control System and reviews the Company's policies in relation to the internal control and risk system.

### **Corporate Internal Audit Department:**

Compliance with the General Audit Plan during 2017 was 100%. Audit work was carried out on processes assessed as posing significant risk to the fulfillment of the Company's strategic objectives, and on projects that are of high impact due to their level of investment and significance to the fulfillment of the strategic objectives.

In 2017, the General Audit Plan covered elements of 15 of the 25 current processes for Ecopetrol S.A. (Integrated Portfolio Management, Financial Planning and Budgeting, Corporate Management, Exploration, Drilling and Completion, Management of Development Opportunities, Hydrocarbon Transport and Logistics, Purchase and Sale of Raw Materials, Ecopetrol S.A. Project Development, Procurement, Supply Chain, Human Resources, Information Management, Finance and Agreements). The authorities included projects related to assurance and consulting, as well as activities for compliance with external and internal regulations that are in force and applicable to the function.

As a result of the implementation of the General Audit Plan, the responsible areas designed improvement plans aimed at mitigating the observations made by the Corporate Internal Audit Department regarding the components of the internal control model (these components have been subject to ongoing monitoring by the Board of Directors, in order to ensure application and effectiveness).

### **Internal Control System:**

The Internal Control System (ICS) of Ecopetrol S.A. seeks to provide reasonable assurance regarding the achievement of strategic, operational, information reporting and regulatory compliance objectives, through the timely management of its risks and assurance regarding the effectiveness of its controls. The benchmark for this are the practices recommended by the International COSO framework (Committee of Sponsoring Organizations of the Treadway Commission).

As a result, it is important to highlight that said system comprises five (5) elements that interact permanently, and can be identified as follows:

- Environmental Control: Provides the foundations for internal control, the philosophy against risks and the tone of the organization. In addition, it is the cornerstone of all the other system's components, providing discipline and structure.  
  
Its factors include the integrity, ethical values and capacity of the Company's employees, as well as the management philosophy and management style, and the assignment of authority and responsibility.
- Risk management and assessment: responsible for identifying the events or situations that may affect it, assessing risks in order to prioritize them, and responding to the risk with the most appropriate treatment. Comprehensive risk management in Ecopetrol S.A. is analyzed at two levels: Corporate Risks and Process Risks.
- Control activities: they are found in the operation and are comprised by the procedures, controls and other measures established that, when implemented, prevent the materialization of the causes that generate risks.
- Information and communication: comprise the management of the relevant information that must be identified and communicated for decision-making and the correction of mistakes.
- Monitoring activities: the element that evaluates and strives for the proper operation of the entire internal control system, supervised through management activities and independent evaluations.

In this context, the ICS is aligned with the Company's strategy and processes. This not only imposes duties on Management regarding the exercise of controls, but also obliges and makes all employees responsible for ensuring risk management, the effectiveness of the controls under their responsibility, the reporting of the incidents and the deficiencies identified, as well as ensuring the continuous improvement of their processes.

### **Risk Management System:**

Ecopetrol S.A. has implemented a risk management system that interacts systematically and involves all levels of the organization, and the three pillars of risk management: culture, organizational structure and regulations, and management tools.

Ecopetrol S.A. has a risk map that is deemed as a tool for identifying and monitoring the financial and non-financial risks to which the Company is exposed. This map reflects the events that, in the opinion of the Board of Directors and the Company's Senior Management, could greatly deviate Ecopetrol S.A. from the achievement or fulfillment of its strategic objectives reflected in the 2017-2020 Business Plan, which was

presented in February 2017 for approval by the Board of Directors' Audit and Risk Committee, with the Risk Map as follows:

Figure. 2017 Corporate Risk Map



Source: Ecopetrol S.A.,  
Corporate Vice Presidency of Compliance.

The risks proposed for the 2017 Corporate Risk Map are the result of an analysis of the Company's reality, the current and expected context for the Oil & Gas sector worldwide, the risk profiles of the companies, and the relevant matters for the country. Accordingly, a documentary analysis was carried out on the following topics:

- Risk environment, analyzing reports issued by various firms that contain the main risks identified in the industry, such as: *Navigating joint ventures in oil and gas – Ernest & Young Limited 2015*, *2016 top five trends in oil markets - Global Risks insight*, *The global Risks report 2016 - World Economic Forum*, *2016 BDO Oil and Gas Risks factor Report*, *Managing bribery and corruption Risks in the oil and gas Industry – Ernest & Young Limited*, *Allianz risk Barometer Top Business risks 2016 – Allianz*.
- Analysis of the main risks in other industry companies through the review of the risks reported to the SEC (Security Exchange Commission) in the 20F and 10K forms, by the following companies: Statoil, Eni, Total, British Petroleum, Shell, Exxon, Conocophillips.
- Risk materialization occurring in the last two (2) years in the company, identifying the impacts arising from these events.
- Linking risks to the pillars of the 2017-2020 Business Plan in order to determine the direct correlation of each of the proposed risks with Ecopetrol S.A.'s strategy.

In accordance with the aforementioned analyses, the 2017 Corporate Risk map contains material issues such as the price of crude oil, climate events, corruption, economic viability, environmental regulation, physical security and cybercrime, among others, with this being reflected in the following changes in relation to the 2016 Corporate Risk Map:

Table: Comparison of Risks 2016-2017

2016 Risk Map	2017 Risk Map
Not finding the contingent resources to guarantee the sustainability of Ecopetrol S.A.	Kept, including the subsidiaries issue as a management focus
Failure to successfully apply recovery factor technologies.	Kept
Subsidiaries that do not meet their strategic objectives.	Streamlined through integration with others

2016 Risk Map	2017 Risk Map
Financial non-viability of the company	Kept
Inability to fulfill the strategy	Streamlined
Operational non-viability	Kept
Changes in the political and regulatory environment	Kept, amending its name to 'Changes in the regulatory environment'
Incidents due to operational causes (HSE) or natural events	Kept
Projects that do not fulfill their value promise	Kept, including the subsidiaries issue as a management focus
Failures in ethics, compliance and negative impacts on reputation	Kept, including the subsidiaries issue as a management focus
Cyber-attacks and leaks or losses of critical information belonging to Ecopetrol S.A.	Kept
Partners that do not fulfill contractual commitments	Kept
Decrease in operational capacity as a result of decisions made by control bodies	New

Source: Ecopetrol S.A., Corporate Vice Presidency of Compliance.

During 2017, 45 treatment actions were carried out and 17 Key Risk Indicators (KRIs) were monitored for proper management and follow-up.

The Corporate Internal Control Assurance Department monitors risk management for the Corporate Group and the implementation of the Risk Management Cycle in Ecopetrol S.A., which includes 1,929 risks and 3,498 controls for Group companies. Of these, 389 process risks, 11 corporate risks and 873 controls correspond to Ecopetrol S.A.

Regarding preventive monitoring on the various elements of the Internal Control System, preventive verification activities were carried out on certain processes in order to detect and correct possible failures in the system's elements in a timely manner. During the first half of 2017, a document was prepared establishing the guidelines for implementation of the Compliance Program with regard to risk management, internal control, ethics, anti-fraud, anti-corruption, and prevention of money laundering and terrorist financing, for the Subsidiaries and Subordinated Companies of Ecopetrol S.A.

In this context, it is worth noting that actions in this regard focused on processes and subsidiaries, as detailed below:

- **In processes:** The Corporate Internal Control Assurance Department conducts reviews on Ecopetrol's processes in order to preventively detect failures in the internal control system's elements. During 2017, this activity was carried out for the following processes:
  - Partnership assets.
  - International business.
  - Information Technology.
  - Project materials
  - Legal Services
  - Transformation
  - Materials inventory

In addition to the above, Management made changes to the structure of the team, in order to have a support and monitoring body that provides greater assurance regarding the material issues for internal control in business areas. As a result, the following supplementary activities were carried out:

- Advice and support for the identification of risks and controls, within the implementation plan for the supply chain logistics operations process (operation commences in 2018).

- Establishment of the risk and control survey plan, for the laboratory management system 2017 - 2018.
  - Review of the investment assurance scheme (Non-EDP) and establishment of the interdisciplinary team for assurance and monitoring of the execution of this type of investment.
- **In subsidiaries:** In order to identify the gaps that must be filed and ensure the proper management of the Corporate Group's ICS, a preventive monitoring schedule was designed for the subsidiaries following a methodology that considers aspects such as: i) knowledge of the business and understanding of the subsidiary's processes and internal control system, and ii) the review of documentation and evaluation of the components of the internal control system, considering the control environment, risk assessment, control activities, information and communication, and monitoring that complies with the COSO 2013 model.

Additionally, reviews of internal control issues and financial statements were carried out in Reficar, Bioenergy, Cenit, HOCOL, OCENSA, Esenttia, Ecopetrol S.A. América Inc., Ecopetrol S.A. Perú, Black Gold Re, Andean, Ecopetrol S.A. Brasil, Ecopetrol S.A. Global Energy, Ecopetrol S.A. Capital AG and HPL, thereby obtaining compliance assessments to strengthen internal control in these companies.

Similarly, support was provided in closing the gaps identified in observations made by the Statutory Auditor in the companies Reficar, Bioenergy, Cenit, Ecopetrol S.A. América Inc., Esenttia, HOCOL and Oleoducto de Colombia (ODC). Additionally, a review of annual controls was carried out in Reficar, Bioenergy and Cenit.

The internal control issues identified in the Corporate Group represent 299 improvement opportunities to be addressed, as well as a series of alerts that are being managed in order to avoid potential risk materializations.

## 7. Related party transactions

Pursuant to the provisions of the Bylaws, the Board of Directors is responsible for ensuring that Ecopetrol 's economic relations with its shareholders, including the majority shareholder, and its subordinated companies, are carried out within the limitations and conditions established by the Law and the regulations on the prevention, management and resolution of conflicts of interest and, in any case, under market conditions.

The guidelines for transfer pricing between related parties of Ecopetrol S.A. establish the parameters that must be taken into account when determining the remuneration to be agreed upon in transactions (either goods or services) carried out between Ecopetrol S.A. and its subordinated companies, in such a way that the conditions established in the transactions in question are consistent with those agreed with or between independent third parties, thereby avoiding negative impacts on income statements as a result of controlling or subsidiary relationships.

Thus, economic relations with the Nation and subordinated companies (taking shape during 2017 through agreements or contracts) were carried out under said parameters. These relationships are not intended to benefit the Nation or the subordinated companies, nor are they detrimental to the interests of the minority shareholders. With these contractual relationships, Ecopetrol S.A. pursues the fulfillment of its objectives, in accordance with its corporate responsibility model.

The details of transactions carried out with subordinated companies belonging to the Ecopetrol S.A. Group are disclosed in the notes corresponding to the financial statements. Similarly, every six months the President presents a report to the Company's Board of Directors regarding the transactions, agreements or contracts that

the Company has entered into with its subordinated companies within said period, indicating that the conditions of such transactions, agreements or contracts correspond to market conditions.

In principle, there should be no conflicts of interest between the companies that compose the Ecopetrol S.A. Group, as they all pursue the same aim and direction determined by Ecopetrol S.A. in its capacity as parent company. However, should a conflict of interest arise, the persons involved will have to comply with the procedure established in the Bylaws and in the Instructions for conflicts of interest, disqualifications, incompatibilities and prohibitions of Ecopetrol S.A.

## 8. Conflicts of interest

Ecopetrol S.A. has specific mechanisms that make it possible to prevent, manage and disclose conflicts of interest that may arise for shareholders (majority and minority), managers and employees in general, between their own interests and those of the Company.

To avoid a conflict of interest, the Ethical Affairs Department of the Vice Presidency of Compliance (leader for the process within the company) reported that during 2017, 136 people used the procedure established by the Company and disclosed situations that could give rise to such conflicts.

## 9. Dispute Resolution Mechanisms

Ecopetrol S.A. has alternative dispute resolution mechanisms to promote foreign investment, commercial relations and facilitate relations among shareholders, stakeholders and the Company's Management. These mechanisms, such as direct settlement, amicable compositeurs, conciliators and arbitration, represent an alternative to the regular channels of ordinary justice, with the aim that contractual disputes can be resolved in a quicker, more specialized manner and, in certain cases, more economically.

The significant administrative disputes that were resolved in 2017 through the alternative mechanisms, were the following:

Table: Administrative Disputes 2017

Parties to the Process	Reason for the Disputes	Identification of contract number and name	Mechanism used to settle the dispute.
<b>ECOPETROL S.A. Vs. CAFESALUD</b>	Payment of the balance for a movable property sales contract.	Movable property sales contract No. CSC-CCE-LI-001-16	A transaction was concluded with CAFESALUD.
<b>ECOPETROL S.A. Vs. COLOMBIANA DE VIGILANCIA Y SEGURIDAD LTDA - COLVISEG</b>	Third parties entered the Ecopetrol S.A. Polyclinic and stole technological gastroenterology equipment, with Colvisseg being responsible for security.	Contract entered into between Ecopetrol S.A. and Colvisseg, No. 5214620.	Conciliation signed that was approved by the First Administrative Court of the Circuit of Barrancabermeja.
<b>ECOPETROL S.A. Vs. GANADERIAS EL POLIGONO</b>	On the premises of the defendant, there was a plan to carry out works concerning the construction of the Casona 1 exploratory well location and the adaptation of the access road to the collection point. As Ecopetrol S.A. did not deem the project viable, the amounts paid (for the damage that was not ultimately done to the property) were recovered.	Minutes of damage No. 890, 979, 889 and 888 signed by Ecopetrol S.A. and the plaintiffs.	A transaction was concluded with the owners of the property.
<b>FIDUPREVISORA</b>	Breakage of the Puerto Salgar-Cartago multi-purpose pipeline owned by Ecopetrol S.A., leading to the leakage of product and negative impacts	There is no contract between Ecopetrol S.A. and Fiduprevisora, since this process was related to Direct Reparation.	A transaction was concluded with Previsora S.A., which was approved by the Administrative Court of

Parties to the Process	Reason for the Disputes	Identification of contract number and name	Mechanism used to settle the dispute.
	on the Aguazul stream and the Acuseo drinking water treatment plant.		Cundinamarca - Section Three.
<b>ARBITRATION FOR TRANSGAS DE OCCIDENTE Vs. ECOPEPETROL S.A. AND TGI</b>	Seeking a declaration that during the execution of Contract DIJ-738, entered into on February 22, 1995, the La Niña phenomenon arose and was extraordinary and abnormal in nature.	Contract DIJ-738, entered into on February 22, 1995 between Ecopetrol S.A. and Transgas de Occidente S.A, assigned to Ecogas and later to TGI.	The arbitration award was handed down in favor of Ecopetrol S.A.  To date, the special appeal for annulment filed by Transgas de Occidente S.A. is underway.

Source: Ecopetrol S.A., Legal Vice Presidency.

## 10. Transparency, flow and integrity of the information provided to the public.

### Publication of information on the website and dissemination of material information

In 2017 seventy-seven Material Information Releases were published before the Financial Superintendence of Colombia. In the United States, 47 press releases and 33 documents were published under the various forms required by the Securities and Exchange Commission (SEC). Additionally, in Canada, 41 documents were published in the SEDAR (System for Electronic Document Analysis and Retrieval).

All releases were disclosed to the market in a timely manner and are available on the website of the Financial Superintendence of Colombia <https://www.superfinanciera.gov.co>, section "Material Information," on the SEC website <https://www.sec.gov/>, section "Filings," "Search for Company Filings," "Company or fund name, ticker symbol, CIK (Central Index Key), file number, state, country, or SIC (Standard Industrial Classification)," on the SEDAR website <https://www.sedar.com/>, section "Search Database, Search for Company Documents, Company name: Ecopetrol," as well as on the website of Ecopetrol S.A. <https://www.ecopetrol.com.co>

## 11. Corporate Responsibility

The Corporate mission establishes that at Ecopetrol S.A. we work every day to build a better future that's: profitable and sustainable, with a healthy, clean and safe operation (clean barrels), ensuring operational excellence and transparency in each of our actions, and building mutually beneficial relationships with stakeholders.

In line with the above, for Ecopetrol S.A. Corporate Responsibility represents a cross-cutting component of the Corporate Strategy coordinated by the Secretary General's Corporate Responsibility Department (CRD), whose purpose is to support the implementation and monitoring of practices, standards and initiatives that guide responsible and sustainable corporate management.

The above is supported by Ecopetrol S.A.'s ongoing interest in taking its stakeholders expectations into consideration and reconciling them with its Corporate objectives. This is also the case regarding the need to anticipate and mitigate future risks associated with the regulation of matters that are currently voluntary.

During 2017 Ecopetrol S.A.'s corporate responsibility management focused on the five (5) initiatives described below: stakeholder management; monitoring of corporate responsibility performance; consultation of perceptions and expectations among stakeholders; participation in initiatives and voluntary standards, and dialogue with stakeholders.

## Stakeholder Management

In line with ISO2600, stakeholder management establishes the guidelines to promote responsible corporate management for Ecopetrol S.A. with each of its seven stakeholders.

Stakeholder management is based on the identification of stakeholders and the recognition of their importance in order to leverage the achievement of the corporate objectives. Ecopetrol S.A.'s seven stakeholders are as follows: shareholders and investors; customers; partners; employees, pensioners and their beneficiaries; contractors and their employees; society and community, and the State.

For each stakeholder identified, a responsible area is assigned from within the Company, with which the CRD (Corporate Responsibility Department) works jointly to define the following elements:

- **Promise Value:** statement that includes the fundamental elements of the Company's value proposition to each stakeholder, within the framework of exercising corporate responsibility. Stakeholder expectations and the Company's strategic possibilities and interests are taken into account when developing the value promise.
- **Corporate Responsibility Objectives:** statements on the achievements and objectives that must be reached to fulfill the promise value established for each stakeholder.
- **Indicators:** verifiable measurements of change or outcome that make it possible to monitor the achievement of the objectives and promise value established for each stakeholder.
- **Stakeholder subgroups:** the groups that may be formed within each group. They are constructed based on the identification of common characteristics that are relevant in terms of relationships.

The stakeholders, subgroups, value promise and objectives defined by Ecopetrol S.A. in 2017 are set out below:

Table: Ecopetrol S.A. Stakeholder Map – 2017

Stakeholder	Subgroups	Value promise	Area Responsible
Shareholders and investors.	<ul style="list-style-type: none"> <li>• Natural persons.</li> <li>• Institutional investors.</li> </ul>	Create a strong and trusting relationship through the timely delivery of reliable and high-quality information.	Corporate Vice Presidency of Strategy and Finance.
Customers.	<ul style="list-style-type: none"> <li>• Refined products.</li> <li>• Gas.</li> <li>• Petrochemical and industrial products.</li> <li>• International.</li> </ul>	Add value through reliable, close and transparent relationships that turn us into an ally.	Vice Presidency of Business and Marketing.
Partners	<ul style="list-style-type: none"> <li>• Production partners.</li> </ul>	Ensure sustainable joint business within a framework of transparent, reliable, efficient and mutually beneficial relationships.	Vice Presidency of Partnership Assets.
Employees, pensioners and their beneficiaries	<ul style="list-style-type: none"> <li>• Employees.</li> <li>• Beneficiaries.</li> <li>• Union organizations.</li> <li>• Pensioners.</li> <li>• Interns.</li> </ul>	Add value through the management of talent, and people's quality of life and well-being.	Vice Presidency of Human Resources
Contractors and their employees	<ul style="list-style-type: none"> <li>• Active contractors.</li> <li>• Contractor workers.</li> </ul>	Transparency, clear rules and a mutually beneficial relationship.	Vice Presidency of Supply.
Society and community	<ul style="list-style-type: none"> <li>• Grassroots organizations.</li> <li>• Companies, foundations and NGOs.</li> <li>• Ethnic organizations.</li> <li>• Property owners.</li> <li>• Grassroots organizations.</li> </ul>	Contribute to the creation of conditions for shared prosperity in the target territories, within the framework of respect for human rights.	Vice Presidency of Sustainable and Environmental Development.



Stakeholder	Subgroups	Value promise	Area Responsible
Local state	<ul style="list-style-type: none"> <li>• Executive.</li> <li>• Legislative.</li> <li>• Judicial.</li> <li>• Control bodies.</li> <li>• Autonomous organizations.</li> </ul>	Promote the strengthening of the State's institutional capacities, and contribute to peacebuilding.	Vice Presidency of Sustainable and Environmental Development.

Source: Ecopetrol S.A., Corporate Responsibility Department.

Each group defined in the Ecopetrol S.A. Stakeholder map has a Management Plan, which includes the most appropriate initiatives and activities for interacting and getting involved with each stakeholder, in accordance with their specific characteristics.

### Monitoring Ecopetrol S.A.'s performance in Corporate Responsibility

The degree of progress versus the Corporate Responsibility objectives set for each stakeholder is measured through a set of specific indicators defined by the various areas of Ecopetrol S.A., which are compiled in the indicator "*Compliance Level for Stakeholder Management.*"

In 2017 the Compliance Level for Stakeholder Management included 31 individual indicators and registered a result of 93.5% as of December 31. This represents a compliance level of 104% compared to the target set of 90%.

### Consultation on Stakeholder Perceptions and Expectations

Through the completion of 1,672 surveys in the various operating regions throughout the country, in 2017 the Corporate Responsibility Department consulted the perceptions and expectations of Ecopetrol S.A.'s seven stakeholders: Shareholders and investors; Customers; Partners; Employees; Contractors and their employees; Society and Community, and the State.

The consultation evaluates the perception of Ecopetrol S.A. in relation to eleven (11) qualities of Corporate Responsibility, which are decisive in terms of creating and strengthening high-trust relationships (e.g. fulfillment of commitments made, ethical and transparent practices, responsibility with the community, responsibility towards the environment, and respect for Human Rights, among others).

For each attribute, respondents of each stakeholder, rate their "*Level of Agreement*" using the Likert scale, where: 1 is strongly disagree; 2 is disagree; 3 is neither agree nor disagree; 4 is agree, and 5 is strongly agree.

In 2017, 70% of respondents rated these attributes in the two highest options on the scale (Top Two Boxes - T2B). This represents an improvement of 6% compared to the result achieved in 2016 (66%). The best results achieved were with Shareholders and investors, Contractors and their employees, and Employees.

The results of the consultation contribute to a better understanding of the expectations of each stakeholder, in line with what is established in the various management systems (ISO 9001, ISO 14001, OSHAS 18000). Similarly, they serve as an input for reviewing the promise value, objectives and indicators for Corporate Responsibility established by Ecopetrol S.A. with each stakeholder for 2018.

### Corporate Responsibility practices, standards and initiatives

During 2017 Ecopetrol S.A. took part in various Corporate Responsibility initiatives and guided its efforts based on what is established in international standards of transparency, sustainability and Human Rights. A summary of the main Corporate Responsibility practices, standards and initiatives adopted by Ecopetrol S.A. in 2017 is set out below:

**Table: Corporate Responsibility practices, standards and initiatives**

Name	Description
ISO26000	Non-certifiable standard that provides guidance on social responsibility.
Global Compact	International initiative that establishes ten principles to guide Corporate management in four areas: human rights, the environment, labor standards and anti-corruption.
Global Reporting Initiative (GRI)	Standard for the preparation of the sustainability report.
Extractive Industries Transparency Initiative (EITI)	Transparency initiative for the extractive sector.
United Nations Guiding Principles on Business and Human Rights	Standard for the management of Companies and Human Rights.
Voluntary Principles on Security and Human Rights	Standard for the management of security in Companies, with a focus on Human Rights.

Source: Ecopetrol S.A., Corporate Responsibility Department.

## Accountability

During 2017, we made sure to properly address Petitions, Complaints, Claims and Requests from stakeholders, and ensure the existence of opportunities for dialogue and communication aimed at ensuring good relations. The available channels are presented below:

**Table: Service channels 2017**

<b>Email addresses:</b>	<a href="mailto:participacion.ciudadana@ecopetrol.com.co">participacion.ciudadana@ecopetrol.com.co</a> , <a href="mailto:codigodeetica@ecopetrol.com.co">codigodeetica@ecopetrol.com.co</a> and <a href="mailto:quejasysoluciones@ecopetrol.com.co">quejasysoluciones@ecopetrol.com.co</a>
<b>Call Center (national toll free line):</b>	01-8000 918-418
<b>Website</b>	<a href="https://www.ecopetrol.com.co">https://www.ecopetrol.com.co</a>
<b>Teleiguanas:</b>	Present in the regions where Ecopetrol operates: Caribbean-Pacific, Andean, Center, and Orinoco.
<b>Personal service offices</b>	Acacias, Barrancabermeja, Bogota D.C., Bucaramanga, Cartagena, Castilla La Nueva, Corregimiento El Centro, Cúcuta, Tibú, Guamal, Neiva, Orto, Puerto Gaitán, Villavicencio and Yopal.
<b>Other</b>	Service teams in several municipalities around the country

Source: Ecopetrol S.A., Citizen Participation Office.

During the course of 2017, 32,056 citizen requests were handled including petitions, requests for copies and information, complaints and claims, of which 12,641 were resolved directly by the Citizen Participation Office at the first service instance. The remaining 19,415 Petitions, Complaints, Claims and Requests were resolved through the various areas of the organization. The indicator for Timely Service to Citizens, which measures compliance with statutory response times, reflected a result of 99.98% in 2017.

The behavior of this indicator over the last 5 years is as follows:

Figure: Petitions, Complaints, Claims and Requests service indicator 2017



Source: Ecopetrol S.A., Citizen Participation Office.

Additionally, and as part of the accountability and stakeholder service activities, in 2017, 66 participation events were held with stakeholders, where their expectations and needs were heard and relevant Company information was shared. The following table summarizes the events carried out and the number of attendees.

Table: Accountability Activities 2017

Regional CPO	Activities	Attendees
Caribbean-Pacific Region	4	33
Center Region	36	406
Orinoco and East Region	12	3,091
South Region	14	390
<b>Total</b>	<b>66</b>	<b>3,920</b>

Source: Ecopetrol S.A., Citizen Participation Office.

Of the events held, the Forums called "*Towards shared prosperity*" are of particular note (in attendance were the President of Ecopetrol S.A., the Vice President of Sustainable and Environmental Development, and local authorities). These forums enabled open and participatory discussion of the main challenges and opportunities that Ecopetrol S.A. and its stakeholders have in terms of creating prosperity in the territories. The forums held were as follows:

Table: Forums 2017

LOCATION	DATE
Cumaral, Meta	May 24, 2017
Tauramena, Casanare	May 31, 2017
Orito, Putumayo	November 22, 2017
Granada, Meta	December 19, 2017
Aguazul, Casanare	December 21, 2017

Source: Ecopetrol S.A., Citizen Participation Office.

Issues related to petitions, complaints, claims and requests from stakeholders are reported to Ecopetrol S.A.'s Steering Committee through the monitoring reports on stakeholder management, comprising a national focus (on a monthly basis), and a regional focus (on a bimonthly basis). For the 2017 period, 12 national reports were published (one for each month), as well as 38 regional reports (one bimonthly report for each of the regions: Caribbean-Pacific, Center, Bogota, East, Orinoco and South).

## 12. Complaints from shareholders and investors

In 2017, there were no complaints filed by the shareholders or investors in relation to Corporate Governance Code compliance.

**The Board of Directors would like to thank Ecopetrol S.A. and all its employees for their steadfast commitment to applying corporate governance best practices that ensure the Company's governance, transparency and control.**