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|  | GUIDE FOR THE CONTRACTING OF LOCAL GOODS AND SERVICES IN THE SUPPLY CHAIN | | |
| | SUPPLY MANAGEMENT SUPPLY MANAGEMENT | | |
| | CODE GAB-G-002 | Prepared 28/12/2017 | Version: 2 |

1. OBJECTIVE

Establish a reference guide for the structuring of supply strategies that allow the participation and supply of local goods and services through the Supply Chain of ECOPETROL S.A. (hereinafter ECOPETROL), thus responding to the generation of value and sustainability, the creation of shared prosperity conditions, consulting, when appropriate, aspects such as competitiveness, suitability, plurality, transparency, and free competition.

2. DEVELOPMENT

ECOPETROL, committed to a responsible and sustainable operation with positive impact on its stakeholders, has created the "Strategy Code for Environmental Management: Towards peace and shared prosperity (code: GDE-N-001)", under which it intends to frame all actions performed by the company through its workers, contractors, and suppliers, to thus contribute to strengthen the capacities of the company and of local entities and organizations, creating and upholding conditions of shared and sustainable prosperity in the areas in which it operates.

Based on compliance with the foregoing and with the Supply Management Process as its reference framework, this Guide seeks to contribute to the achievement of business objectives, from the structuring of selection methods and the execution of contracts, involving, from the planning phase and upon risk analyses, actions to mitigate possible setbacks that may arise during the execution phase, derived from the demand and supply of local goods and services.


The structuring and application of these premises, in addition to the search for scenarios of Shared and Sustainable Prosperity, intends to leverage the following business objectives and to materialize some benefits from supply management:

2.1. Objectives

1. Cash Protection, Cost Efficiency and Strict Capital Discipline, incorporating actions from contractual planning to mitigate potential economic adjustments derived from risks or situations associated with the issue of local goods and services Procurement.
2. Growth of Reserves and Production, harmonizing relations with the Communities and the Environment, within a framework that makes viable Company operations.
3. Promote sustainable growth and competitiveness of Local Suppliers in the market.
4. Obtain competitive products and/or services from the local market subject to suitability, quality and timeliness criteria.
5. Reduce and optimize the supply time when receiving the goods and/or services from Local Suppliers (leverage on the competitive advantages of the localities).

2.2. Premises

Aware of the importance of continuing to encourage the participation of local supply of goods and services, in accordance with current legal provisions, ECOPETROL has decided to encourage and guarantee areas or spaces that consider the engagement of Local Suppliers in the various links of its Supply Chain, based on premises such as:

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1. Capacity and suitability of local suppliers to supply the good and/or service in the technical, economic, legal, financial, technological and opportunity conditions required by ECOPETROL.
2. Existence of plural supply.
3. Compliance, by local suppliers, with the requirements defined by ECOPETROL in the respective contractual processes.
4. That Free Competition duties be pursued and the provisions derived from the provisions or regulatory framework that promote competitiveness, plurality, and concurrence be complied with, pursuant to regulations, guidelines, instructions, orders, or decisions of regulatory entities and inspection, monitoring, and control authorities, such as the Superintendency of Industry and Commerce. ECOPETROL, in furtherance of the regulations that enable its operation (Decree-Law 1760 of 2003 and Law 1118 of 2006) and, within the framework of its corporate purpose, will consider in its local Procurement decisions the importance and priority of the regions depending on the operation, without this meaning exclusivity.
5. Local suppliers that comply with their DUTIES as businessmen and frame their actions under the following principles: Free competition – Transparency – Ethics – Fair Market Prices.

2.3. Methodology

The methodology provided for in this Guide will be applied during planning, enlistment, supply and/or preparation of supply strategies and contracts, which according to their purpose require local goods and services for their execution. For the purposes of this Guide, the local Procurement lines included in the annex will continue to be a reference and serve as an input for historical Procurement; when conducting the local supply available in the area(s) of performance of the contract, the number of lines may be determined depending on its capacity.


2.3.1. Guidelines for Strategic Planning - Analysis of the Comprehensive Supply Plan (PAI for its acronym in Spanish):

2.3.1.1. First Link Procurement: The Supply professionals and Heads of the Regional Supply Department of the Supply Management, in coordination with the User Areas, will identify each year the needs defined in the Comprehensive Supply Plan that could be contracted with existing local supply in the Area.

To determine the local Procurement lines included in the PAI, the following criteria must be used, without limitation:

- Take as reference the lines included in an annex to this document.
- Review the historical Procurement of ECOPETROL and confirm if the good or service has already been contracted with local suppliers.
- Check if there is local supply of the good or service.
- Identify the Procurement lines in which the local supply does not meet the criteria of competitiveness, capacity and/or plurality, and requires participation of the national market.

2.3.1.2. Second Link Procurement: The Supply professionals and Heads of the Regional Supply Department of the Supply Management, in coordination with the User Areas, will be able to identify the contracts that will require procurement and/or subProcurement of local goods and services, and consider that set out in numeral 2.3 .1.1. as input for the planning, procurement, and performance of the contract.

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2.3.2. Guidelines for Strategic Planning – Define Category Strategies

2.3.2.1 According to the Strategic Supply Methodology in its Phase 3 "ANALYZE THE SUPPLIERS MARKET", the Supply professional, together with the Heads of the Regional Supply Department, must:

- Identify if there is a Local Offer of the first and second link that can meet the demand for goods and services, and that meet the suitability, plurality, and competitiveness criteria.
- Use available local supply information tools, such as: i. SIPROE (Ecopetrol Supplier Information System), ii. Diagnosis of local goods and services supply, iii. Chambers of Commerce information.


2.3.2.2 According to the Strategic Supply Methodology in its Phase 4 "SELECT THE STRATEGY", the Supply professional, together with the Heads of the Regional Supply Department and the user area, must conduct an analysis of the contract potential risks and impacts on the environment; for this purpose, the following information may be used:

- Territorial Diagnosis and/or Environmental Evaluations: The aim is to know the following aspects of the territory, without limitation: social, political, economic, public finances, investment or strategic projects in the territory, public order issues. These elements can also be consulted with the professionals and Regional Heads of Environment of the Vice-Presidency of Sustainable and Environmental Development.
- Local market information provided by the Regional Supply Heads, when it comes to building national strategies.
- Historical supply or provision of the good and/or service, according to the analysis of ECOPETROL's information.
- Diagnosis or existence of local supply of the good and/or service.
- Legal or regulatory restrictions for the provision of the good and/or service.
- Local market expectations related to the good or service to be contracted.
- Lessons learned provided by the Administrator and Auditor of contracts with the same purpose, or which are about to end.

2.3.2.3 According to the Strategic Supply Methodology in phase 5 "DEVELOP THE CONTRACTUAL STRATEGY", the Head of Domain and/or Regional Head of Supply, must:

2.3.2.3. a. First Link Procurement:

1. Define actions that prevent or mitigate the configuration or effects derived from the risks that have been identified, so that these are included as key factors in the planning of the contract.
2. Once the existence of local suppliers in the area has been identified, conduct early preparation in the SIPROE tool, leveraging on the supplier group, and the regional teams of the Supply Management, so that they undertake registration campaigns.
3. Validate HSE requirements that will be required according to the category pertinent analysis.
4. If after completing actions set out in numeral 2.3.2.1. "ANALYZE THE MARKET" it is found that there is local supply in the municipality, but during development of the strategy it is identified

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that, according to the technical and operational needs, different providers of the locality must be engaged, this must be justified and accompanied by the respective risk analysis exercises and mitigation actions.

2.3.2.3. b. Planning contracts or national strategies framework: Second Link Procurement

1. Define actions to mitigate the risks identified in the analysis conducted in accordance with numeral 2.3.2.2. "SELECT THE STRATEGY", so that they are included as key factors in the planning of the contract. As input for this purpose, the application of the chapter "PROMOTION OF LOCAL SUPPLY" must be consulted and analyzed, which is found in the document "Specific Rules Format of the Selection Method" - GAB-F-257, so that the elements established therein are considered in the supply analysis phase.


For such analysis, the following must be considered:

- Application of the chapter "**PROMOTION OF LOCAL SUPPLY**" of the format Particular Rules of the Selection Method, which must be preceded by the respective risk analysis determining the need to consider it; this means that this chapter is not mandatory for all contractual objects.
- Having defined the application of the Chapter "PROMOTION OF LOCAL SUPPLY", its components are the following: i. Chain Management, ii. Value Generation Actions, iii. Environment Strategy: these must be analyzed and reviewed to establish the relevance of each of them, so not all of them must be implemented.
- As to the first element "Chain Management", referring to the commitment that the bidder can make regarding the Procurement of local Goods and Services, it is necessary to clarify the weight or percentage of Goods and Services offered, which must consider the full value of the contract; therefore, it is necessary to:
 - Ensure that the text of the Particular Rules of the Selection Method is absolutely clear.
 - If the Informative Hearings are planned, these must provide clarity in this regard.
 - If offers are received and it is found that there is no consistency in the weight or percentage offered, clarification must be requested from the offeror.

Note: For contracts not derived from the application of the Strategic Supply Methodology, an analysis of the local market must be secured; also, a risk and impact analysis in the environment with the respective mitigation factors to be included in the particular rules of the Selection Method.

Other required Selection Method documents:

- Include in the contracts for which procurement is required, the Supplier Report clause through the GAB-F-105 Follow-up Form for the commercial commitments of the contractor with suppliers and subcontractors or the one that reforms, replaces, or modifies it.
- Include in the contracts the Environment Annex Form GAB-F-258 or the one that reforms, replaces, or modifies it.

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The contents of these documents will allow adequate monitoring of the fulfillment of contractor obligations and the alerts that are generated in performance of the respective contracts; furthermore, this will provide information on the Procurement of local goods and services in the Supply Chain, required for the generation of management reports with the stakeholders.

2.4. Monitoring


- For monitoring and management purposes in the municipalities where Ecopetrol operates, a monthly measurement will be performed by region, including the municipalities that make it up, of the Local Goods and Services Procurement figures, with their respective classification in the first and second links; the official repository of this information will be the POWER BI tool.
- The Regional Heads of Supply, Supply Professionals, and Regional Environment Heads and, ECOPETROL officials, at large, who in the exercise of their roles, interact with local institutions and businesspeople, must consult said tool before attending meetings in which the Local Goods and Services issue is addressed.
- The Contract Administrators that demand Local Goods and Services must monitor the commercial relations established by the Contractors with local suppliers, to mitigate the risks of non-compliance with them.

3. CONTINGENCIES

Not applicable


LIST OF VERSIONS

| Previous Document | | | |
|-------------------|----------------------|---|--|
| Version | Date (dd/mm/yyyy) | Document Code and Title | Changes |
| 2 | 01/07/2012 | ECP-DEA-G-001 Guide for the Implementation of Local Procurement as Supply Strategy. | Specification of Local Supply criteria Delimitation of the Scope of the Goods and Services Categories Change of code by organizational structure of Ecopetrol, and document type aligned to the Procedure for the preparation of regulatory and management documents in force as follows ECP-DAB-I-11 by ECP-DEA-G-001 |
| New Document | | | |
| Version | Date (dd/mm/yyyy) | Changes | |
| 1 | 25/02/2013 | Document Issuance Inclusion of premises to consider from Planning Clarification of the scope of the goods and services categories defined as local. | |

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| | | Precision regarding the documents that accredit certain legal conditions defined in the document. |
| 2 | 28/12/2017 | Inclusion of the notion of generating shared prosperity in the supply chain, which includes the concept of links therein. Elimination of minimum participation requirements. |

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| <i>Document signed electronically, in accordance with the provisions of Decree 2364 of 2012, whereby article 7 of Law 527 of 1999 is regulated, regarding electronic signature, and other provisions are set out. In order to verify compliance with this mechanism, the system generates an electronic report showing the traceability of the review and approval actions by the accountable parties. Should you need to verify this information, you may request said report from the Service Desk.</i> | |

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ANNEX 1

Categories of Local Procurement of Goods and/or Services

| No. | Good or Service | Scope |
|-----|---|--|
| 1. | Feed | Supply of prepared food inside and outside Ecopetrol facilities. |
| 2. | Brush cutting and maintenance of administrative and industrial green areas | Work related to clearing the land of weeds, weeding, clearing land, gardening, and pruning trees. |
| 3. | Comprehensive solid waste management | Collection, treatment and/or final disposal of non-industrial solid waste. |
| 4. | Fumigation of facilities and communal areas | Removal and pest control service using fungicides and pesticides. |
| 5. | General Cleaning in Administrative Areas | Cleaning service and general cleaning of facilities. |
| 6. | Facility Maintenance (<i>adjustments, plumbing, carpentry, locksmith</i>) | Minor Comprehensive Maintenance Service aimed at securing comfort of Administrative Facilities, corporate image, health and hygiene, and furniture and office equipment. |
| 7. | Cafeteria | Preparation, distribution of hot and cold drinks in the administrative areas. |
| 8. | Camaraderie | Cleaning and cleaning service of camps and rooms. |
| 9. | Laundry | Washing and ironing service for everyday clothes, staff uniforms, and hospital clothing. |
| 10. | Personnel River Transportation | Transfer of tools and passengers by river. |
| 11. | Personnel Land Transportation | Massive and individual transportation of personnel by land. |
| 12. | Photocopies (<i>lithography and typography</i>) | Photocopying service, lithographic printing, typographic printing. |
| 13. | Office equipment rental | Office equipment rental. |
| 14. | Car rental | Car rental. |
| 15. | Reforestation | Service for the reestablishment of vegetation on land suitable for forestry and/or contaminated. |
| 16. | Signaling | Supply and installing of information or security signage. |
| 17. | Health Services | Those offered by Health Service Providers |
| 18. | Room rental services and logistics for events | Rental of rooms, supply of waiters and logistics for events. |
| 19. | Medical supplies | Supply of elements for medical treatment. |
| 20. | Tanker truck loading and unloading | Service for fuel and water loading and unloading. |
| 21. | Civil Works | All Works up to 2,500 MMLW. |
| 22. | Decontamination of land and waterways | Decontamination service for land and waterways in the area. |
| 23. | Electrical works and electrical networks (minor works), maintenance of low voltage electric motors. | Minor works and adaptation for low-voltage electrical networks, up to 2,500 MMLW. |
| 24. | Cleaning of septic tanks | Cleaning services, maintenance of septic tanks, and disposal of extracted solid waste. The supplier must comply with the regulations on special waste management. |



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| 25. | Process equipment cleaning | Process equipment cleaning service in the area. |
| 26. | Metalworking (<i>rectification and machining of parts</i>) | General metal-mechanic services, machining of parts, making of equipment parts, which do not require specific factory conditions. |
| 27. | Automotive maintenance | Repair, inspection and/or preventive and corrective maintenance service for vehicles owned by ECOPETROL, which do not require specific factory conditions. |
| 28. | Air Conditioning Maintenance | Checking and/or repair service for air conditioning not requiring specific factory conditions. |
| 29. | Plant cleaning (<i>industrial cleaning</i>) | Housekeeping and general cleaning service in Industrial Areas |
| 30. | API and NON-API welding services | Minor welding service for repairs or adjustments. |
| 31. | Mitigation and cleanup actions for hydrocarbon spills | Cleaning of land and water sources in the area |
| 32. | Taking parameters of oil stations | Collection of samples, process parameters taking, monitoring of parameters related to pressure and temperature, preparation of reports on samples of crude oil, emulsions, water, gas, and process parameters |
| 33. | Stationery and office supplies | Supply of stationery and office supplies. |
| 34. | Toiletries and cafeteria | Supply of basic items for the cleaning and cafeteria services |
| 35. | Minor Hardware and Minor Electrical Hardware | Hardware items: hinges, bags, plates, flashlights, wires, etc., that do not require specific factory conditions or performance. |
| 36. | Endowment (<i>clothing</i>) | Provision of endowment or clothing for work if it does not have brand specifications. |
| 37. | Minor safety items | Supply of basic safety items. |
| 38. | Fuel Supply | Supply of fuel for the different equipment and vehicles required in the area. |
| 39. | Hospital Cleaning | Hygiene, cleaning, and disinfection of hospital areas (<i>including comprehensive management of hazardous waste</i>). |
| 40. | Collection of plant material in waterways (<i>tarulla</i>) | Vegetation clearance |
| 41. | Road maintenance, earthworks, and Geotechnical works | Up to 2,500 MMLW |
| 42. | Minor Tank Maintenance ¹ | Maintenance of tanks and vessels (degassing, washing, repairs and painting, etc.) |