



**ECOPETROL USA INC.**

COMPLIANCE POLICY

**ANTI-FRAUD POLICY**


Date of approval: 05/17/2021

Version: 1

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**LIST OF VERSIONS**

<b>VERSION</b>	<b>DESCRIPTION</b>	<b>DATE</b>
1	ANTI-FRAUD POLICY	MAY 17 <sup>TH</sup> , 2021
<b>PREPARED BY</b>	<b>REVIEWED</b>	<b>APPROVED</b>
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**I. PURPOSE**

The purpose of this Anti-Fraud Policy (“Policy”) is to establish the processes for the prevention of, and response to, fraud at Ecopetrol USA Inc. (the “Company”).

**II. SCOPE AND APPLICABILITY**

This Policy applies to any fraudulent activity, or suspected fraudulent activity, involving Company employees as well as shareholders, directors, officers, contractors, consultants, vendors, transaction partners, agents, and/or any other party in a business relationship with the Company.

**III. DEFINITION OF FRAUD**


For purposes of this Policy, fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his/her detriment. Corruption, misconduct, misappropriation, embezzlement and bribery shall be encompassed into the word “fraud,” as well as any act that results from a deliberate attempt at concealment or false representation which could cause harm to the Company.

**IV. RESPONSIBILITIES**

**A. Employee Responsibilities**

It is the responsibility of every employee to be aware of and avoid acts that constitute fraud and to immediately report suspected fraud to the Compliance Officer or through the Company’s Ethics Hotline. Other employee responsibilities include, but are not limited to:

- Understanding how their roles and job procedures may be undertaken to manage and prevent fraud risk.
- Being aware of the Fraud Red Flags as found in Appendix A to this Policy.
- Reading and understanding this Policy, as well as other relevant policies related to fraud, i.e., the Anti-Corruption Policy and Procedures, the Anti-Corruption Policy and Procedures for Vendors and Transaction Partners, and the Company Code of Ethics and Conduct.
- Cooperating in the investigation of any potential fraudulent activity.

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- Acting with propriety in the use of the Company’s resources and in the handling and use of funds whether they are in cash or any payment system and when dealing with contractors, suppliers, partners or customers.

**B. Management Responsibilities**

Management is responsible for the detection and prevention of fraud, misappropriation, and other irregularities. Other manager responsibilities include, but are not limited to:

- Understanding the associated fraud risks in their department or which might occur within their employees’ job responsibilities and being alert for any indication of irregularity.
- Developing and maintaining effective monitoring, review and control procedures that will prevent acts of wrongdoing.
- Creating a culture in their department which makes it clear that fraud is not tolerated, any such behavior will be dealt with swiftly and decisively, and that good faith reporters will not suffer retaliation.

Authority to carry out the management responsibilities with respect to fraud prevention may be delegated by the manager to subordinates; however, accountability for the effectiveness of those responsibilities cannot be delegated and will remain with the manager.


**C. Compliance Officer Responsibilities**

The Compliance Officer is directly responsible for overseeing compliance with this Policy and shall have the following duties:

- Implementing and communicating the Policy to the Company as a whole.
- Facilitating the preparation of mitigation plans for identified fraud risks; performing follow-up to ensure implementation and effectiveness.
- Conducting (or delegating the conducting of) training sessions related to fraud matters and this Policy to those who are required to participate.
- Ensuring that fraud risk assessments are conducted and included in strategic plans.

**D. Audit Committee of the Board of Directors Responsibilities**

The responsibilities of the Audit Committee of the Board of Directors are:


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- Analyzing the risk reports on fraud, policies and control activities, and providing appropriate recommendations.
- Knowing and advising on the results of claims related to potential fraudulent activities.
- Performing follow-up activities and providing recommendations for the effectiveness of fraud prevention at the Company.
- Reporting to the Board of Directors on each of the foregoing.

**V. ACTS THAT CONSTITUTE FRAUD**

The following activities comprise some, but not all, of the behaviors that may constitute fraud:

- Any dishonest or fraudulent act.
- Misappropriation of funds, securities, supplies or other Company assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiting as a result of insider knowledge of Company activities.
- Disclosing confidential or proprietary information to outside parties without proper permissions.
- Disclosing securities activities engaged in or contemplated by the Company.
- Accepting or seeking anything of material value from contractors, vendors or other persons in exchange for giving or promising to give Company business.
- Destruction, removal or inappropriate use of records, furniture, fixtures or other Company equipment.
- Any dishonest statement or publication that casts a negative reflection on the Company's financial position or hinders its goodwill.
- Wrongful alteration or allocation of the Company's finances for tax evasion, lower dividend distribution, manipulation of profit, positive performance or other reason.
- Wrongful adjustments in the Company's accounting books with the goal of hiding bribes, missing funds, or for the purpose of obtaining a personal benefit or providing a benefit to a third party.

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- Destruction or falsification of documents that support payments.
- Unauthorized payments.
- Failing to disclose conflicts of interest.

## **VI. RED FLAGS**

There are numerous red flags that should be considered warning signs for potential fraudulent events. Some of those red flags are listed in Appendix A to this Policy.

## **VII. FRAUD PREVENTION IN THE COMPANY**

At least once every two years, the Compliance Department shall lead a Company-wide fraud risk assessment in order to identify and assess risk factors for fraud, as well as schemes and fraud scenarios.

Following the identification of each risk in the fraud risk assessment, anti-fraud controls must be developed and put in place to address each risk. The appropriate person in the Company shall be designated as responsible for each control and ensuring compliance with any risk management procedures.

## **VIII. REPORTING OF CLAIMS AND INVESTIGATIONS**

Any person who suspects a fraudulent activity must immediately report to the Compliance Officer or through the Company's Ethics Hotline and the report shall be investigated in accordance with the Company's Complaints and Internal Investigations Manual.

## **IX. TRAINING**

In order to strengthen the prevention of fraud risks in the Company, the Compliance Department shall regularly provide training sessions to the following audiences:

- Employees: Selective training must be performed according to the departments or job responsibilities identified as high risk in terms of corruption.
- Managers: Training should focus on the development of skill sets that allow them to detect and prevent acts of fraud within their department.

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**X. ZERO TOLERANCE POLICY**

The Company abides by a principle of zero tolerance for acts of fraud. Fraudulent activity could lead to loss of reputation, higher cost of capital, loss of assets, business disruption, or criminal or civil proceedings against the Company. Non-compliance with this Policy shall be subject to disciplinary action, up to and including termination and/or civil or criminal prosecution.

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## APPENDIX A FRAUD RED FLAGS

### 1. Accounting Books and Records

- Missing documents
- Significant adjustments at the end of the accounting period
- Lack of supporting documentation

### 2. Purchasing Activities and Invoice Payment

- Inventory shortages
- Purchases of goods being excessively stored in warehouses but which are still within their useful life
- Excess purchases
- Duplicate payments
- Rounded-amount invoices
- Abnormal invoice volume
- Invoices just under approval amounts
- Suspicious vendor addresses or bank accounts on invoices
- Recurring same-amount payments to suppliers
- Multiple suppliers with the same or similar names, telephone numbers, email addresses or bank accounts
- Multiple addresses for the same supplier
- Multiple consecutively numbered invoices from the same supplier
- Significant payments registered as expenses and not as payment for goods or services

### 3. Employee Expense Reports

- Expense reports justified by only a copy of the credit card statement and not an actual receipt
- Significant increase in expenses over time without justification
- Multiple expenses just under amounts that do not require a receipt
- Fictitious or tampered receipts

### 4. Estimating Reserves

- Reserve amounts added outside of the normal review and oversight process
- Unjustified changes to the formulas, tables or other information systems used to estimate reserves














# Anti-Fraud Policy 20210517


Final Audit Report

2021-07-10


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