

Management Report

2021

Committed to the **Sustainable Development Goals (SDGs)**, we contribute to the **harmony of life for a better world.**



Our Group



Our strategy: to evolve and grow beyond utilities, providing agile and innovative solutions for and with people and territories.

Business

- Power Generation
- Power Transmission
- Energy Distribution and Commercialization
- Natural Gas Distribution and Commercialization
- Water Supply and Commercialization
- Wastewater Management and Commercialization
- Solid Waste Management and Commercialization
- Commercialization New Solutions *

**As of December 31st this business has not started operations because it is in the formulation and study of initiatives stage, and it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.*



16,851
— Collaborators

Over 9 million
— Clients benefited in Latin America

11,110
— Suppliers and contractors

35,466
— External jobs generated

Water Supply – Grupo EPM

 COP 566 thousand million

— Investments

 1,682,719

— Clients

 97.63%

— Universalization Colombia




Progress on Phase II of the North Desalination Plant ADASA, to expand production capacity from 1000 L/s to about 1400 L/s, in Antofagasta, Chile.




La Lucila II storage tank, improving the continuity of water service from 13.75 to 19.03 hours in Turbo, Antioquia.


Water Supply EPM

 COP 378 thousand million

— Investmens

 1,362,502

— Clients

 98.05%

— Universalization



- Nearly **45,000 Itagüi users** benefited with the expansion of the primary infrastructure of the Itagüi-Manzanillo-Ajizal system.
- **2,277 households in Medellín** connected to the water supply thanks to the **Conexiones por la Vida Water Program**.
- **30,313 m3 of potable water** supplied in the settlement **Granizal** in the municipality of **Bello**, one of the largest ones in Colombia.
- **Start of operation** of the **new La Bocaná intake**, reducing by **95%** the probability of water service interruptions in sectors of central-eastern Medellín.

Wastewater Management – Grupo EPM

 **COP 303 thousand million**

— Investments

 **1,637,886**

— Clients

 **94.45%**

— Universalization Colombia

Grupo 



Pumping station for wastewater of Villa Elena sector, eliminating two wastewater discharge points into Pantanillo River. **3,250 people** benefited.



1.6 km of sewage collectors in the northern zone of Chigorodó and El Milagro in Carepa, eliminating 2 dumping points.




5 plants recovered in Mexico, expropriated by local authorities in that country.


Wastewater Management - EPM

 **COP 209 thousand million**

— Investments

 **1,341,700**

— Clients

 **96.11%**

— Universalization



2,217 families in the Aburrá Valley benefited, who only had an aqueduct, providing them with access to sewerage service through the **Gap Closure Program**.

Progress in the development of projects of the Sanitation and Wastewater Management Plan (PSMV), contributing to the decontamination of Aburrá Medellín river. **COP 109,085 million invested**.

We consolidated the **commercial offer of non-domestic wastewater treatment**. **COP 5,996 million in revenues**.



Generation and Commercialization of Energy – Grupo EPM

 COP 1.6 billion



— Investments



30% reduction in maintenance time without the use of water or chemicals at the Bonyic power plant in Panama, thanks to the implementation of cryogenic cleaning technology.



Start of phase 1 of the pilot for sustainable sediment management of the Cameguadua and San Francisco reservoirs, thanks to the authorization process with the ANLA, thus implementing strategies for optimal control of the useful life of the reservoirs.



Completion of the infrastructure diagnostics of the Ínsula power plant, which will allow us to advance in the formulation stage of intervention alternatives to extend its useful life for 30 years.

Energy Generation and Commercialization - EPM

 COP 1.6 billion



— Investments


83 MW of solar energy awarded, for which, with the **Tepuy project**, we will build a solar park located in the municipality of La Dorada, Caldas.

Start of operation of unit 3 of the modernized Porce II hydroelectric power plant and unit 2 of La Tasajera hydroelectric power plant, aiming at the Company's operational safety and system reliability.


Completion of recovery activities at the Playas hydroelectric power plant.

Hidroituango



 **86.9%**

— work progress at the end of 2021

 **87.70%**

— completion as of March 2022

 **COP 1.5 billion**

— invested in infrastructure in 2021

 **COP 32 thousand million**

— invested in improving the living conditions of families in 2021

 **COP 54 thousand million**

— Invested in the last 3 years in research and conservation of Cauca River

 **120**

— community development and infrastructure projects

Milestones paving the way for the start-up of the future generation plant Hidroituango



- Recovery and stabilization of **main caverns**.
- Progress in the installation of **instruments for monitoring mountain behavior**.
- Progress in the **reconstruction of tunnels** and wells that carry water to the generating turbines.
- Completion of the **return of 2,255 evacuated families**.
- Installation of **main equipment for the first generation units**.
- **Planting of more than 60,000 trees** for the recovery of Hidroituango's forests
- **Renewal of contracts** for auditing, consulting and civil works.
- **Voluntary prepayment in advance of the total outstanding balance of the loan signed with IDB Invest** for the partial financing of the Project.
- **Signing of transaction agreement in the TRCM policy between EPM and Mapfre for USD\$ 983.8 million**, closing the Project contingency claim.

Energy Transmission – Grupo EPM

COP 110 thousand million

— Investments

Grupo

Energy Transmission - EPM

COP 5 thousand million

— Investments



Start of operation of 6 power transmission projects with our subsidiary Trelec, to contribute to the improvement of the quality of energy supply in Guatemala.

Modernization of the Guadalupe substation, too of the connection to the transmission system of the Tasajera power plant and upgrade of remote terminals in Energy Transmission and Distribution substations, to contribute to the reliability of the System.

Start of operation of the second San Lorenzo-Calizas line to strengthen the electric system in the area where the Oriente and Magdalena Medio Antioquia converge.

Energy Distribution and Commercialization – Grupo EPM

COP 1.6 billion

— Investments

8,819,791

— Clients

97.18%

— Universalization Colombia

Grupo



7,807 connections made, benefiting **around 25,000 Colombians**, with the Rural Electrification program.

Construction of the **El Volcan substation** and modernization of the power grid in **El Tunco Surf City beach in El Salvador**.



Recognition of Trelec as one of the 6 companies with the best safety performance, among 140 organizations in 14 countries, by CIER, for 3 years without workplace accidents.


Energy Distribution and Commercialization - EPM

 **COP 420 thousand million**

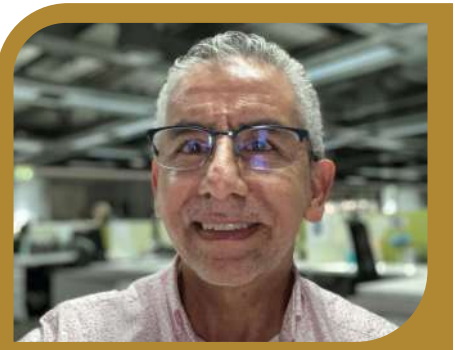
— Investments

 **2,662,104**

— Clients

 **97.35%**

— Universalization



"The success of this D-FACTS technology project is the fruit of years of study and monitoring of the technology, in which we believed from its origins, and the work of more than 100 internal and external people who made its implementation possible."

Giovanni de Jesús Marín Ávalos
Professional Unit Planning
of Infrastructure Transmission
and Distribution Energy EPM.

- **Start of operation** of the substations **Nueva Colonia** in Urabá, **El Limón** in Santo Domingo, and **Yondó** in Yondó, contributing to the strengthening of the energy infrastructure.
- **We implemented the Santa Rosa digital substation, in phase 2**, which allows signal communication through fiber optics, reducing conventional wiring, reducing civil infrastructure, and entering the digital model in the business.
- **We completed a pilot of D-FACTS technology** that allows us to avoid or postpone the construction of new power distribution lines or the repowering of existing ones.

Afinia

We celebrate the **first year of incorporation** to Grupo EPM

 **COP 543 thousand million**

— invested in infrastructure, **equivalent to 8 times the average investment of the last 8 years.**

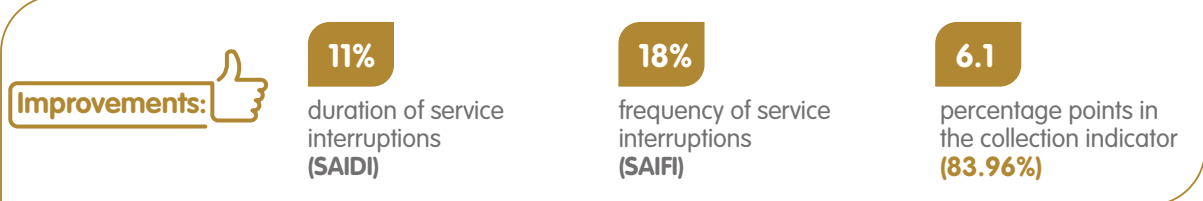
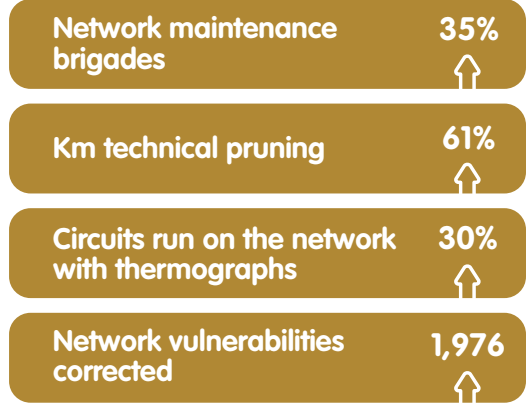
New infrastructure

- **3 substations:** Cereté and Nueva Montería in Cesar, and Manzanillo in Bolivar.
- **2 lines:** Montería Pradera and Copey- Bosconia.
- **20 circuits.**
- **5 transformers.**
- **126 renewals and replacements.**

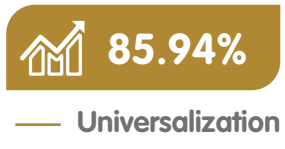
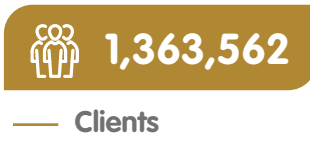
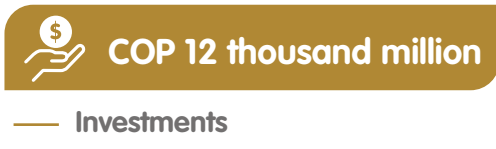


Afinia

Achievements in **our first year of joining** Grupo EPM



Distribution and Commercialization - Gas EPM



- **Contract with Canacol Energy** for the supply of natural gas from 2024 for **11 years**.
- **4,866 families** in Medellín benefited with 100% subsidies on the cost of connection to the natural gas network through the **Conexiones por la Vida** program.
- **5 new decompressor stations** migrated to the new **Liquefied Natural Gas (LNG)** technology to serve 29 towns and a large industry outside the Aburrá Valley.

Solid waste management and commercialization – Grupo EPM



COP 31 thousand million

Investments



906,667

Clients



99.29%

Universalization Colombia

Grupo **epm**



envarias

142 containers with the **Containerization Program**, contributing to an orderly presentation of ordinary and usable waste.

42 municipalities in **Antioquia** benefit from **La Paradera sanitary landfill**.

We adapted the **Altair basin**, guaranteeing the continuity of an optimal operation for the final disposal of solid waste in La Pradera.

We made progress in the licensing of the new **La Piñuela landfill** to increase the useful life of the landfill by 7 years (2023-2030).

32,191 tons/year harvested and commercialized.

9.71% utilization of the total tons collected.



Composite SDGs

Climate change

- **2.36 million Green Energy Certificates (I-RECs) sold**, representing an income of **COP 4,058 million**.

Colombia, **4th country in the world** in I-REC commercialization.

- **3 million Certified Emission Reduction Certificates (CER) commercialized** to companies and clients that need to offset their carbon footprint or cover obligations derived from the carbon tax in Colombia.
- **100% self-supply of electricity at the Aguas Claras WWTP** using, among others, energy sources such as biogas generated from sludge digestion.
- **First phase of the project that will take biogas from the San Fernando WWTP**, to add it and inject it as renewable natural gas into our grid.





Climate change

- **Panels for energy self-supply** in the EPM Building and other administrative offices of the Group: Ensa, Delsur and CHEC.
- **2.14 MWp** installed in self-generation solutions for non-residential customers with high energy consumption.
- **34 additional projects** accepted, in self-generation solutions for non-residential customers with high energy consumption, which will add up to an installed capacity of 18.36 MWp.

Acumulated: **2.72 MWp**

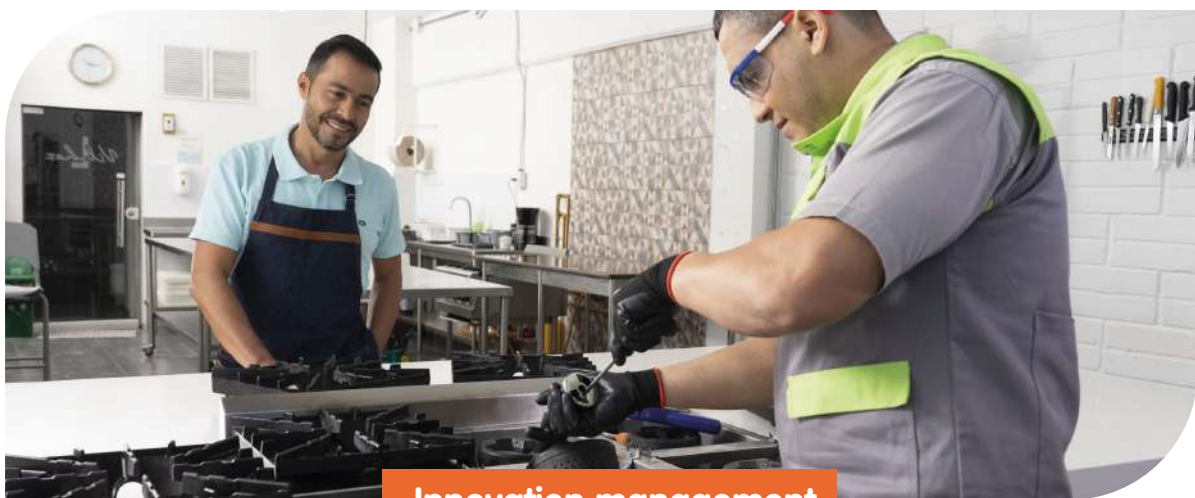
Integral Management of Water Resources and Biodiversity

As Grupo EPM, we are one of the largest contributors to the joint action to protect and restore national ecosystems, combat climate change and increase biodiversity.



- **9,246 hectares protected** in the Grupo EPM's watersheds.
- **Cumulative: 106,773 since 2016.**
- **More than 11.7 million trees planted and delivered**, since 2018, contributing to the national goal of planting 180 million trees (2018-2022).
- **More than 800 km2 of conserved land** owned by Grupo EPM.

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND



Innovation management

COP 30 thousand million

— Investments Grupo EPM

EPM Ventures Program: investment in ventures that incorporate science or technology components applied to utilities:

- Advanced analytics in energy, water and gas loss management.
- Telemetry and remote management in the water catchment process.
- Natural Gas Vehicle (NGV) loyalty program.
- Acquisition of new capacities and new business models (solar offer for residential, industrial and commercial customers and structuring of new offer for efficient waste management).

Launching of EPM's new portfolio of services at your door: installation, maintenance and repair of household appliances and gas appliances for homes and businesses in Aburrá Valley.

Digital Transformation Project



Digital strategy embedded into the corporate strategy



School of Digital Technology and Innovation in operation.
Definition of new roles for agile teams



Activation of digital transformation teams in the subsidiaries **CENS and EPM Guatemala.**



7 Virtual Centers of Excellence



22 agile teams and innovation in operation, with standardized methodologies and working schemes



Pandemic Care, Mitigation and Containment



Biosafety protocols, surveillance and control of COVID-19 at work; accompaniment of collaborators and education on epidemic safety.



91% of collaborators vaccinated against COVID-19 by the end of 2021.



Jobs generated
16,851 Grupo EPM
8,406 EPM

Suppliers Grupo EPM



35,466 external jobs in Colombia, contributing to the country's development.



64% of EPM's contracts were made with local suppliers. **47%** of the total contracting value.



Initiation of the development of a **practical guide on human rights due diligence** in **13 prioritized SMEs** in the supply chain. (Supported by the Guías Colombia initiative).



Diversity, inclusion and gender equity



20 people with disabilities, during 3 years, have been part of 60 work teams of EPM to contribute with their potential and talent to the organizational objectives.

Commitment to gender equity:

- epm** Equipares Labor Equity seal, Silver level (Antioquia).
- chec** Equipares recognition (Caldas).
- ENSO** Award of Happiness - Women Empowerment (Panama).
- DELSUR** Recognition of Plan International (El Salvador).

Customer-focused EPM



34% of the transactions were carried out in digital media.
 ↑ 117%



Start of operation of **Ema as a humanoid robot version**, to guide customers, teach efficient use of services, consult bill balance, and generate credits.



Simplification of the process for requests for connection of the water supply service and energy housing habilitation, eliminating some documents, optimizing procedures, time, and money of our customers



Composite SDGs

EPM Foundation



Fundación **epm** COP 26,000 million. Earmarked for the execution of **programs and projects** hand in hand with the community, in the area of influence of the Grupo EPM.

2,131,762

— people benefited.

Revenues



Ebitda



Result for the period



Statement of financial position Grupo EPM

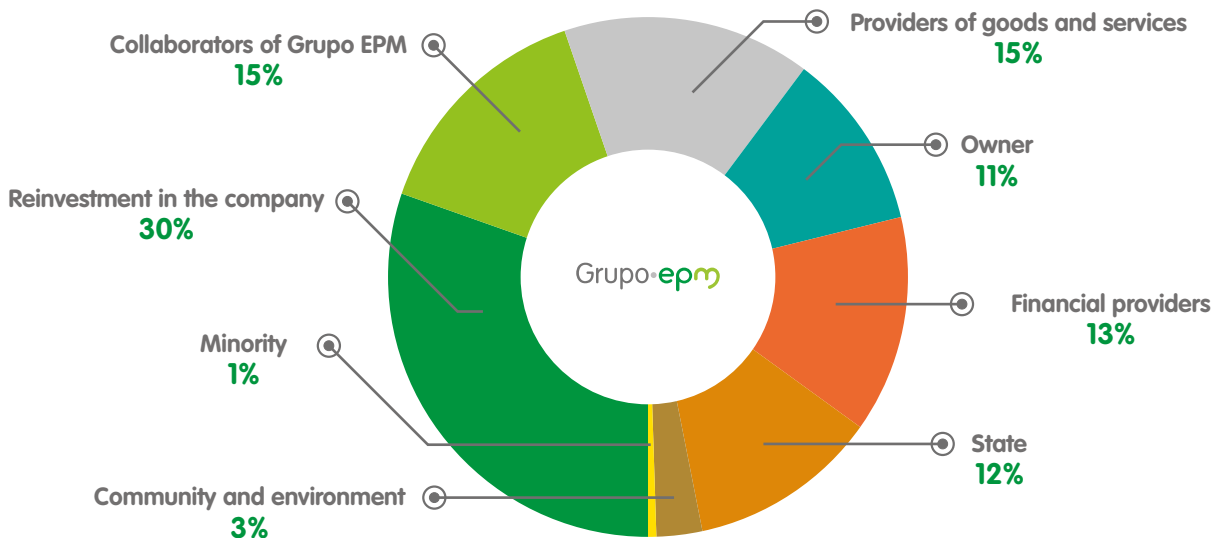


Transfers delivered to the Municipality of Medellín in 2021



Connected to the world:

COP 12.6 billion. Contributions to the economic development of the Grupo EPM's stakeholders



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



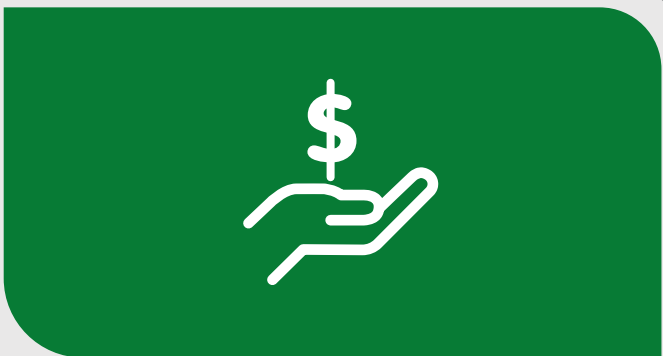
10 REDUCED INEQUALITIES



Management report

2021

SUSTAINABLE DEVELOPMENT GOALS



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Grupo•epm