

Grupo EPM Management Report

2021

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



SUSTAINABLE DEVELOPMENT GOALS

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Letter from
EPM's CEO
and Grupo
EPM leader

Members of EPM's Board of Directors

Our fundamental commitment at Grupo EPM is to provide energy services, water supply, natural gas, wastewater and solid waste management, with high standards of quality and efficiency, to more than nine million customers and users located in Mexico, Guatemala, El Salvador, Panama, Chile and Colombia; connected with the **higher purpose of contributing to the harmony of life for a better world**, which drives us to transcend beyond the operation of our businesses to tune in with the realities and needs of the world.

Reconciling the achievement of our business goals with sustainable human development and contributing to the attainment of the Sustainable Development Goals (SDGs), defined in the 2015-2030 Global Development Agenda of the United Nations (UN), is a challenge that allows us to recognize that we are part of a planet, in which we are all interconnected through our actions.

As a business group we identify how our operations contribute to global challenges that seek a sustainable future for all, therefore, from our projects and programs we propose initiatives that contribute to the achievement of SDGs such as Clean water and sanitation (6); Affordable and clean energy (7); Responsible production and consumption (12); Industry, innovation and infrastructure (9); Decent work and economic growth (8); Reducing inequalities (10); Peace, justice and strong institutions (16); Life of terrestrial ecosystems (15); Climate action (13); as well as others indirectly.



In 2021, we continued to face the effects of COVID-19, with a slightly lesser impact, which allowed us to fully comply with the provision of public services, overcoming challenges posed by the pandemic, as well as some restrictions derived from the difficulties in global trade.

The step towards a new normality was taken thanks to the development of vaccination programs defined by the different governments in the countries where the Grupo EPM is present, combined with the efforts made by our subsidiaries, which shed a light of hope not only for the nearly 17 thousand employees of the Organization, but in general for the whole society. In this way, and gradually, the process of normalization of social and economic activity began, with the return to workplaces, schools, public places, among others.



As a result of this reactivation, the **performance of energy demand**, which reflects the dynamism of the world economy, presented growth rates in countries of the region such as Colombia (5.2%), Mexico (2.8%), Guatemala (8.4%), El Salvador (10.4%), Panama (7.0%) and Chile (2.9%).

We managed the response, mitigation and containment of the COVID-19 pandemic, with the continuity of bio-security protocols and surveillance and control measures in the workplace by the companies of the corporate group. Our intention to take care of our human talent was maintained through promotion and prevention activities, including mental health control and support for employees and their families.

We also reinforced educational initiatives on epidemic safety, establishing self-protection guidelines for employees focused on increasing their awareness of risk prevention and the importance of vaccination, which allowed us to begin the gradual alternating return of employees to their work sites, always under adequate safety conditions.

Last year **we participated in the third auction of non-conventional renewable energies in Colombia**, in which we **were awarded 83 MW of solar capacity corresponding to the Tepuy project**, located in the south of the municipality of La Dorada, in the department of Caldas, Colombia. This is an important milestone for the Grupo EPM, as it allows us to confirm our vocation as a relevant actor in the promotion of renewable energy sources.



In the **Caribbean region Afinia completed its first year as a company of the Grupo EPM**, during 2021 we focused on gradually improving service for the more than six million inhabitants of the 134 municipalities where the subsidiary operates, in turn, we contribute to the development of these territories and work harmoniously with all stakeholders in the region to leverage positive impact initiatives for the communities.

Thus, we closed the year with an investment execution of COP 543 thousand million, a figure that is equivalent to eight times the average investment made during the last eight years in the coverage area of what is now AFINIA. **Firm in our commitment to the quality and improvement of the service provided in the Caribbean region**, the subsidiary closed 2021 with significant improvements of 11% and 18% in the indicators of duration of service interruptions -SAIDI- and frequency of interruptions -SAIFI-.



In Antioquia, the future Itaipu hydroelectric power plant reached a progress of 86.9% as of December 2021 in its works, as well as the execution of important actions in the technical, environmental and social management of the area of influence and downstream of the dam, with an advance of the accumulated cost of COP 11.6 billion, which includes the payment of insurance as a lower value of the assets. **These facts allow us to show Colombians that Hidroituango is evolving. We are on the right track to put into operation, in 2022, the first two generating units of this plant, which in its totality will provide 17% of the energy required by Colombia.**

In line with our commitment to care for the environment, watershed protection is one of the fundamental axes of our management, therefore, from the Grupo EPM we contribute to the protection of 9,246 hectares in the watersheds supplying our systems and reservoirs, for an accumulated 106,773 hectares as of December 2021, counted since 2016.

With water protection initiatives we also contributed, since 2018, with more than 11.7 million trees planted and delivered, mainly through the EPM Forestry Promotion program, with which we contribute to the goal of 180 million trees proposed by the Colombian National Government for the period 2018-2022; thanks to this management, the Grupo EPM is positioned as one of the largest contributors that join the joint action to protect and restore ecosystems, combat climate change and increase biodiversity.

In Mexican territory, as a result of legal actions and an **arduous administrative management carried out for more than a year by the subsidiary TICSA and EPM, we recovered the operation of five wastewater treatment plants**, three in the state of Tamaulipas and two in the state of Chiapas, which were expropriated by local authorities in Mexico months ago. The recovery of these assets is of strategic importance and very significant for the Group, not only for the economic benefits they generate, but also for the environmental, social and sustainability impact they imply for the territory.

Both EPM and its subsidiaries face great challenges, ranging from being an active part of the economic reactivation processes in the areas where we have influence, to the need to guarantee the liquidity required to finance the different business plans and programs. All this in an environment of modernization and technological transformation aimed at optimizing financial processes, supply of goods and services and asset maintenance, adopting the best practices in the industry and leveraging digital transformation and the development of new capabilities in the business group.

In financial terms, the Group's EBITDA grew 29% compared to the previous year, reaching a value of COP 7.4 billion, mainly explained by the management of two businesses, Energy Distribution, with higher energy sales and tariff option, and costs and expenses that grew in lower proportion to revenues; and Energy Generation, with the increase in stock market sales due to high generation and lower units purchased due to higher generation.

We highlight the dividends received by EPM from the companies of the corporate group, which amounted to COP 767,974 million, with an increase of 67% with respect to the previous year, of which 80% came from subsidiaries and the rest from non-controlled companies.

As Grupo EPM we generated **added value for COP 12.6 billion in the period**, thus contributing to the development of the territories where we are present. In this sense, we highlight that the suppliers of goods and services received COP 1.9 billion, which is reflected in an important contribution to the generation of employment and economic growth. We also highlight the COP 366 thousand million we allocated for the development of communities and environmental care.



With a view to the future, we are moving forward in the review and adjustment of the strategic direction of the company, of the Grupo EPM, focusing the Action and Results components. This exercise resulted in the redefinition of our strategy that seeks to "evolve and grow beyond residential public utilities", so we went from a route focused on optimization and growth in current businesses, to go beyond and explore new horizons that allow Grupo EPM to grow hand in hand with its stakeholders.

A first result of this adjustment is the emergence of a new business called **Commercialization of New Solutions**¹, as well as the **definition of six strategic fronts** that will mark the route for the materialization of the corporate strategy: Energy Transformation, Circular Economy, Digital Transformation, Corporate and Financial Optimization, Project Management, and Business Evolution; whose fundamental objective is to adapt the Organization to the changes in the environment and allow it to take advantage of the new opportunities that arise, for which we have the challenge of being increasingly agile and efficient.

I invite you to consult **our 2021 Management Report**, in this document you will know in more detail the initiatives, projects, achievements and challenges that we live and face in 2021. We are committed to transparency and openness of information to our stakeholders. In that sense, we want you to know and feel part of the management of a business group that moves to articulate, manage and execute initiatives in favor of the **sustainable development of all the territories that we impact with our operation.**

¹ This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study of initiatives stage, also 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.

The pandemic has shown us that working collaboratively and in networks generates positive impacts and lasting achievements. When we connect our points of view, interests and expectations, it makes it easier for us to work together, and we are strengthened to achieve collective purposes, such as **contributing to the harmony of life for a better world.**



Our 2021 Management Report responds to our **commitment with the "Communication on Progress"** to inform about the practices of the business group derived from the conviction and commitment we have with the ten principles on human rights, labor standards, environment and anti-corruption. We renew our willingness to remain adhered to the United Nations Global Compact, as we have done annually since 2006, in accordance with the purpose we live day by day and in which we resolutely seek to contribute to the harmony of life.

Jorge Andrés Carrillo Cardoso

EPM's CEO and Grupo EPM Leader

Strategic direction and alignment with the SDGs

Our **strategic direction** seeks to guide us as a business group and lead us to a desired future position, and is supported by the Sustainability Model as a fundamental basis for the construction of each of its components. Thus strengthening the vision of a business management model that understands that economic growth must respect social and environmental limits.

Conceiving the protection and generation of value for the companies and society from the core business activities, taking distance from the philanthropic or welfare approach and without supplanting the competencies of the State or any other actor, is part of the sustainability vision established in the Grupo EPM.

The **strategic direction** is born from what inspires our existence and work as a business group, and in this sense we define a **common purpose** that drives us to **contribute to the harmony of life for a better world**, in which we reconcile the achievement of business goals with sustainable human development, from the **contribution to the achievement of the Sustainable Development Goals (SDGs)**, proposed in the Global Development Agenda 2015 - 2030.



We are part of a whole, which calls us to connect with the world in the fulfillment of global challenges such as the SDGs, to which we contribute with the achievement of strategic objectives and the management of material issues. In this sense, **this Management Report highlights the main initiatives and achievements in each of the SDGs on which we had a direct impact as Grupo EPM**, according to the sustainability principles defined with the vision of stakeholders, as well as those to which we contribute indirectly.

On the other hand, in a process of continuous analysis and verification, during 2021 we carried out an **update to the Grupo EPM's strategy** mainly in the **Action and Results** components, which are due to movements in the environment derived mainly from issues such as the health emergency, technology and the expectations of customers and users.

The new strategy retains the components of **Purpose and Identity**, expressed in the values and principles of action; the changes are presented in the **corporate strategy**, which goes from an orientation focused on optimization and growth in the current business to a **strategy that seeks to evolve and grow beyond residential public utilities**.

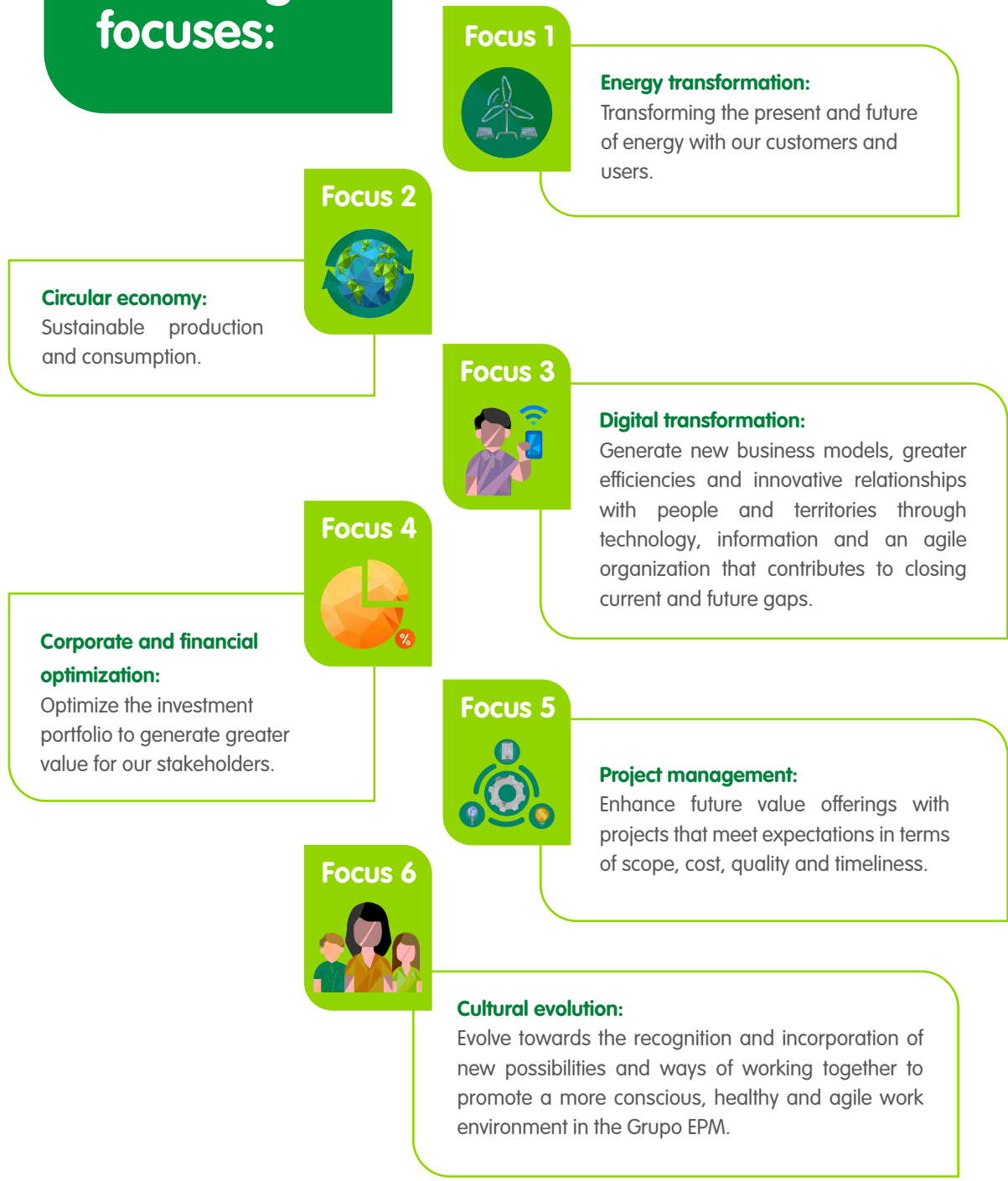
The seven current businesses: Energy Generation and Commercialization, Energy Transmission, Energy Distribution and Commercialization, Gas Distribution and Commercialization, Water Supply and Commercialization, Wastewater Management and Commercialization, and Solid Waste Management and Commercialization are maintained and **a new one emerges, called Commercialization of New Solutions** ².



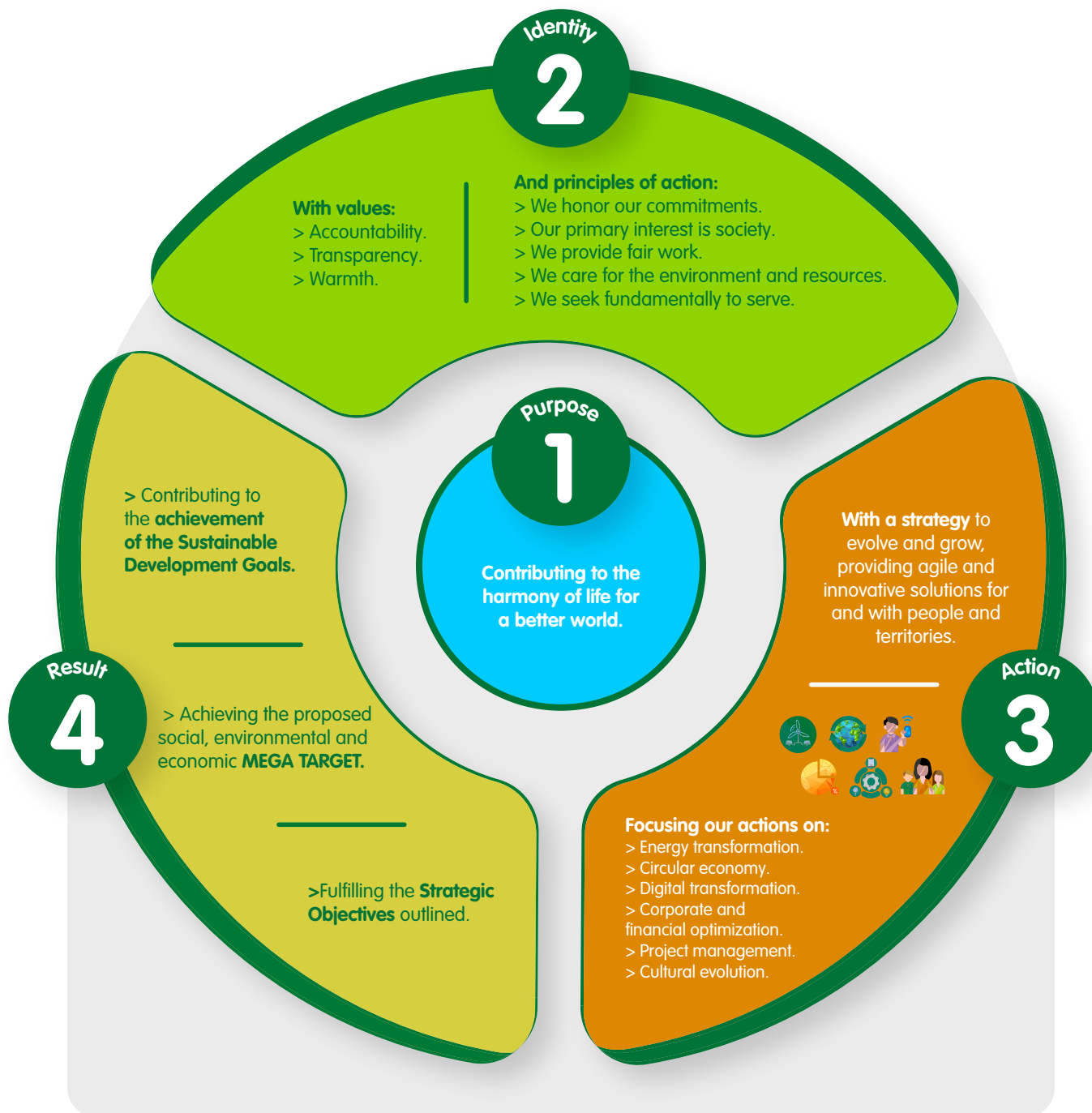
² This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study stage of initiatives, also 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.

In addition, we redefined six strategic focuses that will materialize the formulated corporate strategy:

6 strategic focuses:



Grupo EPM Strategy Summary



Grupo EPM

We are a multi-Latin business group:



▼ **8 Business**

- Power Generation
- Power Transmission
- Power Distribution
- Gas
- Water Provision
- Wastewater Management
- Solid Waste Management
- Commercialization of New Solutions³

***Affiliates in Colombia:**
EPM , CHEC, EDEQ, CENS, ESSA, Afinia, Aguas de Malambo, Aguas Regionales, Aguas de Oriente, Aguas Nacionales and Emvarias.

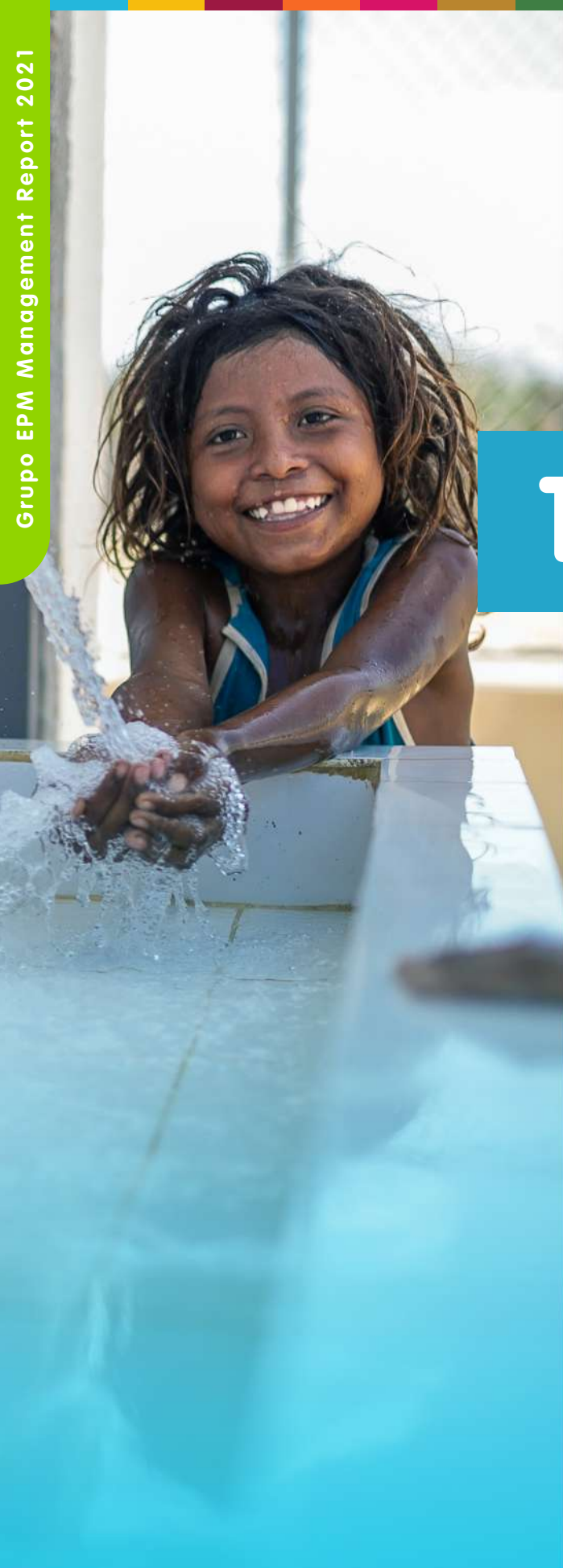
16,850
employees

9,074,242
customers and users

COP 4.2 billion
in infrastructure investments

35,466
external employment for suppliers and contractors

³This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study stage of initiatives, 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.



1.

SDG 6 Clean water and sanitation

At Grupo EPM we are inspired by protecting water as a resource that provides life, through the contribution to universal and equitable access to drinking water and basic sanitation, as well as the reduction of pollution through wastewater treatment and the protection of water-related ecosystems.



1.1. Water Supply and Marketing

With our **Water Supply and Marketing** business, we have reached two countries: **Colombia** with EPM, Aguas Regionales, Aguas de Malambo, Aguas del Oriente and Aguas Nacionales -under the brand Aguas del Atrato-; and **Chile** with **Aguas de Antofagasta** and **HidroSur**.





Grupo EPM

Second company with the most users in Colombia



1,682,719

customers and users



97.63%

universalization of service in Colombia



14.1%

Grupo EPM's participation in Colombia



39

water treatment plants with an installed capacity of 20.29 m³/sec.



230

storage tanks



6,602 km

of aqueduct networks



The water delivered to our customers and users is fit for human consumption in all the territories where we have a presence with this service, **guaranteeing a continuity greater than 99.8%, weighted per user.**

In terms of efficiency and system optimization, the level of water loss in the Group in Colombia is 6.33 m³ per billed user, weighted by user, very close to the target established by the Water Regulation Commission (CRA) of 6.0 m³ per billed user for the year 2026.



In figures...

Water Provision and Commercialization in the Grupo EPM

Revenues:

COP 1.5 billion

15%



EBITDA:

COP 802 thousand million

25%



COP 566 thousand million invested in **infrastructure of the Grupo EPM's Water Supply and Marketing business** to supply **drinking water** to communities with criteria of quality, continuity and reliability.



Relevant milestones 2021



"The neighborhood before Conexiones por la Vida was very uncomfortable, first because we did not have household services and second because we did not have paved streets, it was a swamp every time it rained. From every point of view, this program improves our quality of life, because we cannot live without water. We are now having a dignified life. We feel happy, rich."

Feliciano Córdoba Mosquera.

Community leader Tropical Oasis
Beneficiary of Conexiones por la Vida water program



With the **Conexiones por la Vida Program**, in conjunction with the Municipality of Medellín, we contributed to improving the quality of life of 2,277 households located in areas of the city that were difficult to manage and did not have water and/or sewage services.



Contracted with EPM for the **supply of bulk water for the northern sector of the municipality of El Retiro**, benefiting approximately 3,000 inhabitants in this area. The solution is estimated for three years, during which time storage tanks with a capacity of 600 m3 will be built.



We built the **La Lucila II storage tank** with a capacity of 2,000 m3, increasing the continuity of water service from 13.75 to 19.03 hours.



We managed COP 22 thousand million in resources from the Nation, which do not go to the tariff, with which we advanced projects such as **potable water storage tanks to increase the continuity of the service, as well as sectorization and optimization projects of aqueduct networks** to reduce water losses and normalization of clients in the central sector.



We made progress in the **North Desalination Plant Phase II project**, by obtaining maritime concession, environmental permits, acquisition of critical equipment and developing of the engineering for the construction of the project, which will expand the desalinated water production capacity from 1000 L/s to close to 1400 L/s.

In addition, **Aguas de Antofagasta was recognized by the Chilean Safety Association (ACHS) for having been accident-free for more than two years.**



1.2. Wastewater Management and Marketing

With the **Wastewater Management business** we are present in three countries: **Colombia** with EPM, Aguas Regionales, Aguas de Malambo, Aguas Nacionales and Aguas del Oriente; **Mexico** with TICSA; and **Chile** with Aguas de Antofagasta.

Grupo EPM



1,637,886

— customers and users



94.45%

— universalization of the service in **Colombia**



14.7%

— participation in **Colombia**



22

— **WasteWater Treatment Plant (WWTP)** with a capacity of total treatment capacity of 11.97m³/2



6,539 km

— Sewage Systems



In figures...

Wastewater Management and Commercialization in Grupo EPM

Revenues: **COP 902 thousand million**  5%

EBITDA: **COP 357 thousand million**  33%

We invested **COP 303 thousand million** in the **Wastewater Management and Commercialization business in the Grupo EPM** to improve the environment and contribute to the quality of life.

The results of Wastewater Management were mainly impacted by the application of the impairment to the account receivable associated with the recognition of goodwill to the Municipality of Bello, generated by the valuation of the land owned by EPM associated with the Aguas Claras treatment plant.



Relevant milestones 2021



We continue to contribute to the decontamination of the Aburrá-Medellín river and its tributary streams through the Wastewater **Management Sanitation Plan (PSMV)**, with investments of COP 109,085 million during 2021, for an accumulated investment of COP 693,141 million.

Through the development of the Interceptor Sur, Otras Cuencas, Centro Parrilla, La Iguaná, La García, Rodas, Piedras Blancas and El Salado basin projects, **338 wastewater discharges** have been eliminated, of which 25 correspond to 2021.



aguas regionales[®]

We managed resources with conditional contributions -ABC- in the amount of COP 26,000 million for the construction of **sanitation works in the Turbo district**, including the construction of 1.6 km of wastewater collectors; in the northern zone in Chigorodó and El Milagro in Carepa, eliminating two dumping points; and the construction of a wastewater pumping station (EBAR) in Turbo with a capacity of 170 L/s.



Aguas del Oriente

We sought to **improve service provision with the construction of a pumping station for wastewater from the Villa Elena sector** in the municipality of El Retiro, eliminating two water discharge points into the Pantanillo River, benefiting 3,250 people.



We closed new business for USD 59 million. Additionally, as a result of legal actions and an arduous administrative process carried out for more than a year by the subsidiary Ticsa and EPM, **we recovered the operation of five wastewater treatment plants**, three in the state of Tamaulipas and two in the state of Chiapas, which were expropriated by local authorities in Mexico months ago.



EPM and Aguas Nacionales received the **Antioquian Engineering Award** from the Antioquian Society of Engineers and Architects (SAI) for the **operation and stabilization of the WWTP**, located in the municipality of Bello, in recognition of EPM's commitment to the sanitation of the Aburrá-Medellín River, environmental care in the region and the quality of life of millions of people of people living in the Aburrá Valley.



2.

SDG 7 Affordable and clean energy

Expanding the coverage of energy and gas in optimal conditions of quality and continuity of service. **Implementing energy efficiency actions and providing solutions through non-conventional renewable energy sources,** which allow bringing the service to areas of difficult access and satisfying customers and users who demand alternative solutions, **are the priorities of the Grupo EPM in the SDG Affordable and clean energy.**



2.1. Power Generation and Commercialization

With the **Generation business** we are present in two countries: **Colombia** with EPM and the subsidiaries CHEC, in the department of Caldas, and ESSA, in Santander; and **Panama** with Hidroeléctrica del Teribe (HET).

Grupo EPM

1st agent in energy production in Colombia

2nd agent in net effective capacity in Colombia



24.6%

— of participation in the National Interconnected System (SIN) in Colombia.

19.5%

— share of net effective capacity in Colombia.

15,774 GWh

— of generation in the Grupo EPM.

3,481 MW

— of effective net capacity in the Grupo EPM.

36

— hydropower plants
— 14,367 GWh of hydroelectric generation in the Grupo EPM



— 2 thermal plants of high capacity (>20MW)
— 1 thermal plant self-generation
— 1,342 GWh natural gas-fired thermal generation

6

— Distributed solar power generation systems
— 1.3 GWh of distributed solar generation

1

— Wind Farm system
— 60 GWh generated by wind power



Compared to 2020, total generation increased, mainly due to the increase in water contributions caused by the La Niña phenomenon, which increased rainfall above historical average values during almost the entire year, thus increasing hydroelectric generation.

Regarding the availability of Grupo EPM's plants, in the hydro and wind power plants we achieved, in general, a good performance, meeting and, in some cases, exceeding the planned goals. However, in the thermal plants there were events that affected their availability, impacting the compliance of the Group's thermal availability, which reached 79.8%, below the planned -92.95%-. These events have resulted in attention plans and initiatives to improve the process.



In figures...

Generation and Commercialization of Energy in Grupo EPM

Revenues:

COP 5.4 billion

7%



EBITDA:

COP 2.5 billion

29%



We invested **COP 1.6 billion** in **Power Generation Infrastructure and Commercialization business in the Grupo EPM** to contribute to the operational safety and reliability of the system.





Relevant milestones 2021



In the **third auction of non-conventional renewable energies**, organized by the National Government, we were **awarded 83 MW of solar energy for the Tepuy project**, located south of the head of the municipality of La Dorada in the Caldas department, with an intervention area of 220.39 hectares. This project counts with an environmental license for the park and the subsidiary CHEC's connection line.

The **future Ituango hydroelectric power plant reached 86.9%** progress as of December 2021, with a view to start operation of the first two generating units by 2022. As a whole, **this plant will provide 17% of the energy required by Colombia.**





chec

We obtained **authorization from the National Environmental Licensing Authority (ANLA) to begin Phase 1 of the pilot phase for sustainable sediment management** of the Camedguadua and San Francisco reservoirs, which will allow us to implement sediment management strategies for optimal control of the useful life of the reservoirs.

ESSA

We were able to **sell unproductive energy generation assets**, located in the Barranca and Palenque thermoelectric plants, obtaining revenues of COP 5,500 million.



HIDROECOLÓGICA
DEL TERIBE, S.A.

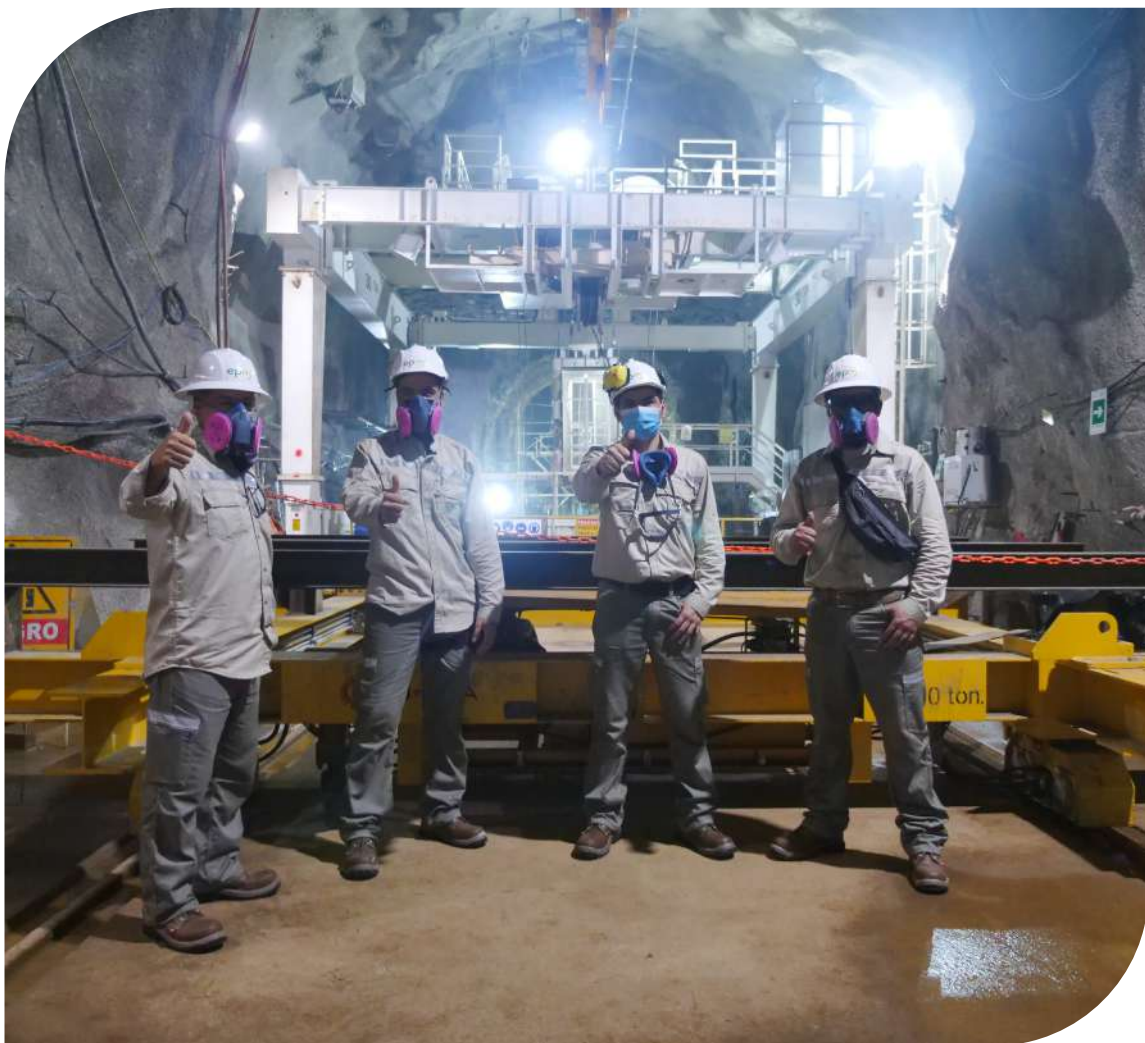
We implemented the **Dry Ice Blasting technology in the major maintenance of the Plant**, an innovative method that consists of using dry ice to clean the surfaces of the generators without the need for water or chemicals, thus replacing the manual cleaning work. This reduced the maintenance time to 12 days for each machine, equivalent to a 30% reduction in maintenance time and guaranteeing the cleaning of the equipment without damage.



2.2. Hidroituango evolves: development for Colombia and quality of life for millions of people

What in 2008 was the completion of the design studies for the most ambitious engineering project in Colombia is now becoming a reality that is advancing by leaps and bounds, with milestones being reached that bring us closer to the peak of the project's entry into operation.

In 2021, as in previous years, **Hidroituango has been accompanied by a tireless struggle on the part of each one of the collaborators who work day by day in the future power plant**, who feel an enormous commitment with the entry into operation of one of the largest engineering works in the country.





Relevant milestones 2021

Technical management



"We had many difficulties with coexistence; there were many nicknames among the students. With these Territorio de vida activities we have improved coexistence among them by 90%.

I thank EPM and UNDP who have made it possible that with this initiative they have changed and are putting all the values into practice".

Nohelia Arrieta
Teacher in the village of Palomar, Caucasia - Beneficiary of the Territorio de Vida initiative in Bajo Cauca.

- **Hidroituango plan progress: 86.9%** at the end of 2021.
- Significant **actions in technical, environmental and social management, with an accumulated cost advance of COP 11.6 billion** (including insurance payments as lower value of assets).
- **Recovery and stabilization of main caverns**, which house the generation units and their associated equipment; with excavation works, pouring of new concrete, additional treatments to strengthen the stability of the rock; and the **placement of instrumentation to monitor the behavior of the mountain** and the structures in general.





Progress in the reconstruction of the tunnels and shafts belonging to the pipelines, which are responsible for carrying water from the reservoir to the generating turbines; and the placement of concrete and installation of main, support and secondary equipment for the first generation units.



From the beginning of the assembly of the first generation unit, from the arrival of the steel sheet ducts and the entry of the first power transformers to the powerhouse, we were certain that we were on the right track in the search for a definitive technical milestone: to put into operation the first two generating units of the future hydroelectric power plant, which in its totality will provide **17% of Colombia's energy**.





In addition to the aforementioned works, **EPM will position itself as a pioneer in the region in the execution of underwater mechanical works with drones and expert divers**, carried out at depths of more than 50 meters.

The **technical advances** that pave the way for the entry into operation of the future generation plant are accompanied by results in **environmental and social management**, aimed at preserving life and making the positive insertion of the mega project in the region's environment feasible.



"EPM came at the most opportune moment, it strengthened us with centrifuges, with pans, with beehives and above all the training it gave us that allowed us to better create our association and we now have our hut, now we can say that our quality of life has improved and we will continue to improve it day by day".

Denys del Socorro Mejía,
Environmental association of
the municipality of Cáceres



"To evolve is to learn to grow in community, where there are good opportunities for everyone, to evolve all companies in a territory must work hand in hand with the community. Thanks to the social contracting with EPM, Ituango has had a positive impact that has had a significant impact on employment Ituango has had a positive impact in terms of employment, knowledge opportunities that make Ituango dream of a better future. The Ituango Hydroelectric Project is an opportunity for growth and development, not only for Ituango, but for all of Colombia".

Juan Chavarriga
Urban Social JAC
Municipality of Ituango



Relevant milestones 2021

Social management



"We have been in the market for 6 years and EPM has been our ally, it has been the main support for our company to move forward. We are generating employment for 35 people who, with their families, are indirectly benefiting around 140 people. EPM is our right hand, it gave us the vision to be able to move our project forward".

José Mauricio Zapata
Associate ASPROASIR,
Municipality of Ituango

Recognition for damages and reestablishment of living conditions for families in Valdivia and Tarazá for COP 16 thousand million.



We reached agreements with 94% of the merchants affected in their economic activity, with payments for more than COP 13 thousand million.

We delivered 23,000 school packages for the benefit of children and young people in the 12 municipalities in the area of influence of the future power plant and six municipalities in Bajo Cauca, adjacent to the dam site.





In Valdivia, we started the construction of the **Simón Bolívar bridge**, made progress in the actions to modernize the **municipal aqueduct and completed the return process of the 2,255 families** evacuated as a preventive measure due to the 2018 contingency.



We made investments to improve the rural connectivity of the municipality of Liborina and its **road infrastructure**, while we made important **adjustments to the rural educational institution**, we promoted culture and sports, we joined academic and cultural agendas in the area, and we managed **more than 120 community development and infrastructure projects** through social contracting.

In this way, **we continue to strengthen dialogue and trust in EPM**, to enrich relations and the development of a territory that has been transformed by its proximity to what will be the largest hydroelectric power plant in the country.



Relevant milestones 2021

Environmental management



We carried out **activities aimed at protecting wildlife**, such as the planting of **more than 60 thousand tree individuals for the recovery of the Hidroituango forests** and the rehabilitation of 90 hectares of forests, since 2018.



We invested more than **COP 54 thousand million to research and protect the Cauca River**, the first experience in Colombia in which 11 institutions joined forces to study the second most important river basin in the country.

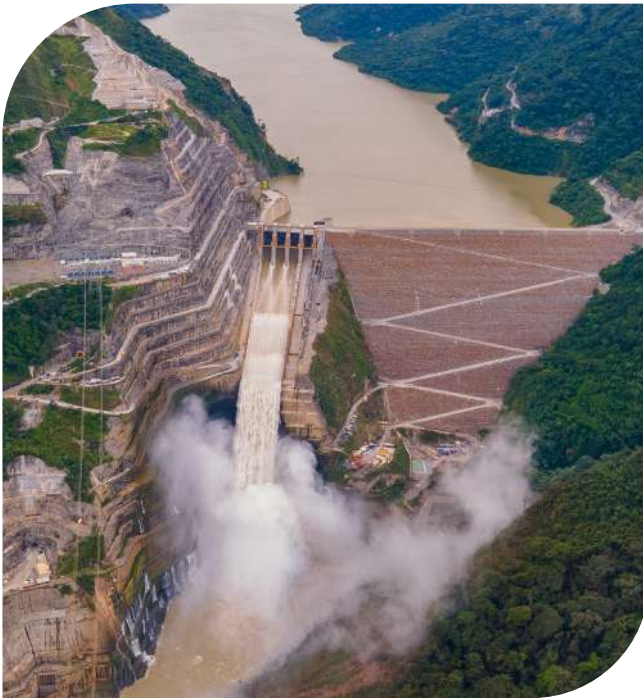


We reached **agreements with the Cauca River Guardians organization** to support their territorial development in four basic lines of action: protection of swamp ecosystems, conservation areas, productive projects, and participation and governance.



The magnitude and impact of Hidroituango called us to work on other fronts, such as the **extension of the term of the auditing, consulting and main civil works contracts, and the agreement between EPM and Mapfre Seguros Generales de Colombia** for indemnification under the All Risks Construction and Erection (TRCM) policy, which allowed us to improve the risk condition of the future generation plant.

In this way, **Hidroituango evolves overcoming different challenges**, as defying as they are definitive, faced with the rigor, tenacity, dedication, commitment and discipline that characterizes EPM and its team of collaborators.





2.3. Power Transmission

The Grupo EPM participates in the **transmission business in two countries: Colombia** through EPM, ESSA, CENS and CHEC; and in **Guatemala** with Transportista Eléctrica Centroamericana S.A. (TRELEC).

**Grupo
EPM**



8.49%

— is the transmission market share in Colombia



25.84%

— is the transmission market share in Guatemala



1,312 km

— of transmission networks in Colombia



745 km

— of transmission networks in Guatemala



99.98%

— average availabilities for reliability in Colombia



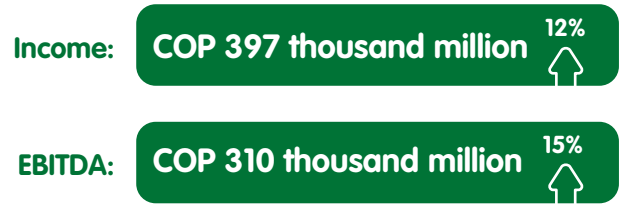
98.64%

— average availabilities for reliability in Guatemala



In figures...

Power Transmission in the Grupo EPM



COP 110 thousand million invested in **infrastructure for the Energy Transmission business in the Grupo EPM** to transport the energy needed by the territories and contribute to the strengthening of the energy infrastructure.



Relevant milestones 2021



We modernized the **Guadalupe substation and the connection to Tasajera's central transmission system**, likewise, we made **updates to the energy transmission and distribution substations' remote terminals**, contributing to the system's reliability.



We entered **six projects of the National Transmission Expansion Plan** into Guatemala's electrical energy transmission system, awarded through public bidding, contributing to the improvement of the quality of energy supply in the eastern region of the Republic of Guatemala.





2.4. Energy Distribution and Commercialization

In the Grupo EPM, with the **Energy Distribution and Commercialization business**, we have reached four countries: **Colombia** with EPM, ESSA, CENS, CHEC, EDEQ and Afinia; **Panama** with ENSA; Guatemala with EPM **Guatemala**, formed by EEGSA, Comegsa and TRELEC; and **El Salvador** with Delsur.

Grupo EPM

First place in energy distribution and commercialization in Colombia



8,819,791

customers and users



97.17%*

universal service in Colombia



38.5%

market share in Colombia



41%

market share in Panama



43.5%

market share in Guatemala



25.1%

market share in El Salvador

More than 294,000 km

network

*Percentage does not include Afinia. The corporate group is currently carrying out validations to incorporate this information.



Regarding the **management and energy loss controls** in the Grupo EPM in Colombia, there has been a growing trend due to regulatory changes; the effects of the pandemic, which were reflected in increases in fraud and its recurrence; the increase in areas of difficult management -invasions, public order, high risk, illegal mining, among others-; and the difficulties presented in the continuity of new labor contracts.

In terms of **service quality in Colombia**, we generally performed well, with the exception of EPM parent company, due to a deterioration in the indicators with respect to the previous year: in duration of interruptions we went from 11.46 hours in 2020 to 13.39 hours in 2021 and in frequency of interruptions we went from 6.67 times in 2020 to 8.18 times in 2021.

This happened mainly due to the effects on the distribution system during the winter season and the shortage of materials during the year due to the effects of the pandemic and the global logistical situation. Consequently, we are conducting a root cause analysis to determine the corresponding actions to be implemented to prevent this type of damage from occurring again in 2022.



In figures...

Distribution and Commercialization of Energy in Grupo EPM

Income: **COP 17.7 billion** **36%**

↑

EBITDA: **COP 3.3 billion** **43%**

↑



COP 1.6 billion invested in **Energy Distribution and Commercialization infrastructure in the Grupo EPM**

to deliver energy that dynamizes the economy and generates development.



Relevant milestones 2021



"In the family we are very happy because they put the energy in the house that our son built. You always want to have your energy because it is very necessary and we always had to wait more than a year to have that blessing."

José Albeiro David Ortiz
Inhabitant of Buenos Aires, town of San José of Apartadó. Beneficiary Rural electrification

We made **7,807** connections with the Rural Electrification program in the Grupo EPM nationwide, benefiting close to **25 thousand** people, with an investment of COP 32,409 million. Particularly in EPM we executed 5,724 connections benefiting approximately 17,800 people. During the Program's trajectory, 116 municipalities in Antioquia and the municipalities of Carmen de Atrato, Carmen del Darién and Riosucio in the department of Chocó have benefited, thus contributing to the growth of service coverage.

We advanced the **Distribution Efficiencies project** through the development and implementation of the optimal network expansion model in EPM and in the subsidiaries that participate -CHEC, EDEQ, CENS and ESSA-, which develops and implements artificial intelligence applied to the optimization of investments to be made in the system. In 2021, we won the CIER award for Innovation in the Electricity Sector at the national level in the Digitalization category for a project associated with the optimal planning of distribution systems in the Grupo EPM.



As an important contribution to the profitability of business operations, the results of the **Field Productivity** project are being extended to other subsidiaries of the Grupo EPM; for example, in 2021, EPM will support initiatives in EEGSA and DELSUR.

In this way, the lessons learned from the Project were also contributed in the joint venture with Afinia, to include important efficiency recommendations in the organizational structure and contracting models for the corrective and preventive maintenance activities of this subsidiary.

Additionally, during the year we implemented software for the management of field services as a technological enabler of opportunities to improve the scheduling, monitoring and follow-up of field personnel, as well as improving the quality and mobility of information in the process of preventive maintenance at the subsidiaries EDEQ, CHEC and CENS, and in the process of damages at EDEQ.

This contributes to the efficiency of the Grupo EPM with the standardization of systems and good practices in business processes.

Since 2014, all the national energy subsidiaries of the Grupo EPM have resolutely embarked on the path of **managing a balance between cost, risk and performance**, in order to maximize the value obtained from the management of productive physical assets.

In 2021, we made progress on the roadmap to certify the **Asset Management System of the Distribution business** of each subsidiary, based on the ISO 55001 standard and the parameters of Resolution CREG-015-2018. The greatest progress is currently being made by EPM, CHEC and EDEQ, companies that expect to be certified in 2022.



We successfully completed the pilot of the **D-FACTS technology** or **Distributed Flexible Alternating Current Transmission Systems**, which allows avoiding or shifting to the future the construction of new lines or the repowering of existing ones, while promoting the conservation of the environment and not affecting nearby communities. This pilot project earned **EPM** recognition in the electricity sector with the **AMBAR award**, granted by **ASOCODIS** in the Innovation and Innovation category.



"The success of this project is the result of years of study and monitoring of the technology, in which we believed since its origins, and the work of more than 100 people internal and external to EPM who made its implementation possible."

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



We were **recognized by CIER** as one of the six companies with optimum performance, among 140 companies in 14 countries, for our levels of excellence in safety, having achieved **three years with no occupational accidents**, either among our own personnel or contractors.



We implemented the **electrical grid modernization project at El Tunco Surf City beach and built the El Volcán substation** to improve the continuity and quality of service.

In addition, the risk rating firm **Fitch Ratings** granted the Company an **AA rating**, improving it after 12 years.





● ENSO

We reduced unrecognized losses by 20.2 GWh compared to 2020, for a value equivalent to US \$4.0 million. Also, in a demonstration of financial soundness and the confidence of the investment market, **the risk rating firm Fitch Ratings granted the company a BBB rating, investment grade with stable outlook, higher than that of Panama.**

● ESSA

We achieved **strategic alliances with the Universidad Industrial de Santander (UIS), the Agency for Reincorporation and Normalization and SENA**, for the execution of initiatives aimed at benefiting students, people in the process of reincorporation and people from the municipalities of Sabana de Torres, San Alberto and Puerto Wilches through scholarships, so that they can complete their academic training or be trained in electricity techniques, contributing to the construction of the territory.



2.5. Afinia

Afinia's main focus is to **gradually improve service** for the more than six million inhabitants of the 134 municipalities where it operates, as well as to **contribute to the development of these territories** by working in harmony with all the stakeholders in the region.



To achieve this, at the end of 2021, the subsidiary of the Grupo EPM has an infrastructure for the provision of the service with 158 substations, 227 power transformers, 420 circuits, 130 high voltage lines, 48,708 distribution transformers and 41,015 km of network, on which we work and make the necessary investments for its updating. In this sense, we closed the year with an investment execution of COP 543,000 million, a figure equivalent to eight times the average investment made during the last eight years in its area of coverage.





COP 543 thousand million in investments in infrastructure, equivalent to eight times the average investment made in the last eight years, before becoming part of the Grupo EPM. Thus, Afinia continues working to improve the quality of service for its customers and users.



"I thank the company Afinia for the investment it made in the Cereté substation, because it has improved service throughout the municipality, both in the rural and urban sectors."

Alfonso Spath

President of Asocomunal Cereté, municipality benefiting from the Cereté Substation in Córdoba.



Relevant milestones 2021

Technical front



- **Cereté and Nueva Montería substations** in the department of **Cesar**, impacting 116,000 users.
- **Manzanillo substation** in **Bolívar**, benefiting 32,000 users.
- **Network maintenance activities**, where we increased the number of brigades by 35%, from 127 in 2020 to 172 in 2021.
- We carried out **29,933 km of technical pruning**, 61% more than in 2020.
- We corrected **1,976 vulnerable points in the network**.
- We used **thermographs to cover 246 circuits**, 30% more than in the previous year.
- **Significant improvements of 11% and 18% in the service interruption duration (SAIDI) and service interruption frequency (SAIFI) indicators**, respectively, based on the previous year's results, maintaining the commitment to quality and improvement of the service provided in the region.



Relevant milestones 2021

Environmental front



We deployed actions that reflect our alignment with the SDGs through **forest compensations and the updating of forest inventories.**

We incorporated in the Company Plan 2022-2025 initiatives aimed at energy transformation, such as **the replacement of the Company's vehicle fleet with electric vehicles**, with a goal of 15% by 2022, as well as **offering users electrical installations for charging points for electric cars.**



Relevant milestones 2021

Social front



We impacted more than one million people with the **"Learning from energy" lines of action** with workshops, socialization and dissemination through community radio stations, contributing to the strengthening of relationship with the community, which is a priority for Afinia.





We improved by 11% the hours without energy service

for customers and users in the departments of Bolivar, Cesar, Cordoba, Sucre and 11 municipalities in southern Magdalena, during 2021.

Regarding the Company's value levers, we closed 2021 at 83.96% of collection, improving 6.1% compared to the closing of this KPI in the previous year. Similarly, we **made decisive progress in actions aimed at reducing energy losses**.

For 2022, we have challenges that aim at the continuous improvement of Afinia's processes and that result in better service provision. Leveraged on the COP 1.06 billion investment plan, we will maintain a good pace in improving service and will seek, in the medium term, the operational and financial sustainability of the Company.



2.6. Gas Distribution and Commercialization

The **business of Distribution and Commercialization of domiciliary natural gas** is provided by EPM in the department of **Antioquia**, Colombia, with 23 years of operation.

Grupo EPM

2nd largest distributor of natural gas in Colombia



1,363,562

— customers and users



85.94%

— universalization of service in Antioquia

— 92 municipalities and 120 towns in Antioquia enjoy gas service



13%

— market share in Colombia

88 km

— steel netting

8,539 km

— polyethylene netting



17

— EPM brand service stations (EDS)



During 2021, we met 100% of the quality indicators in the provision of service, with respect to the requirements of current regulations. Additionally, we guaranteed the essential demand -residential, commercial and public transportation-, in accordance with the provisions of the Ministry of Mines and Energy.



In figures...

Gas Distribution and Commercialization at EPM

Income: COP 1.3 billion 12% 

EBITDA: COP 182 thousand million 41% 



COP 12 thousand million in infrastructure investments in EPM's Gas Distribution and Commercialization business to activate industries, commerce, residences and transportation.



Relevant milestones 2021

epm[®]

We have signed a contract with Canacol Energy for the long-term supply of natural gas, starting from 2024, to meet EPM's demand in Antioquia for a period of 11 years. This supply contract, together with the construction of a new gas pipeline to be managed by Canacol Energy, will allow Antioquia to guarantee its long-term natural gas supply security, since it will have a new and growing natural gas supply source to complement the existing ones.



Additionally, we will be able to offer customers in the unregulated market the possibility of signing long-term contracts, driving the decarbonization process with stable price signals. Among these customers are Natural Gas Vehicle (NGV) refueling stations, which will strengthen confidence in the linkage of vehicles converted and dedicated to gas in the Colombian vehicle fleet, as a fundamental part of the energy transition



With the **Conexiones por la Vida gas program**, in agreement with the Municipality of Medellín, we will reach 4,866 new families in the city in strata 1, 2 and 3 by 2021, for a total of 24,108 families. families since 2019.

These families received a subsidy of 100% of the value of the connection to the natural gas network, which allows them to enjoy a more economical energy basket, representing savings in their monthly expenses and the appreciation of their homes, thanks to the security provided by the continuity and quality of a service with high standards.

During 2021 we migrated to the new **Liquefied Natural Gas (LNG) technology five new Decompressor Stations (DS)**, to serve 29 populations and part of the large industry outside the Aburrá Valley. This allowed us to achieve greater operational efficiency for the business and ensure continuity in the provision of services, through increased gas storage capacity in each of these destinations.



We are the **first company in Colombia to implement LNG technology for the distribution of natural gas**, in order to guarantee continuity in the provision of service through the largest gas storage capacity in each of these destinations.



3.

SDG 12 Responsible consumption and production

In the Grupo EPM we **manage and commercialize solid waste through the subsidiary Emvarias and the progress made in the circular economy strategy**, which is part of the key issues that guide the long-term vision of the business group. Through these initiatives we contribute to SDG 12 Responsible production and consumption, with the purpose of decoupling economic growth from environmental degradation, increasing efficiency in the use of resources and promoting sustainable consumption and production modalities.





3.1. Solid Waste Management and Marketing

This business is based in **Colombia** with **Emvarias** in Medellín and with **Aguas Nacionales**, through the **Aguas del Atrato** brand, in Quibdó. In Medellín we reached 906,667 customers and users with Emvarias.

Grupo EPM



 906,667

— customers and users

 99.29%

— universalization of the service in **Medellín**

 6.67%

— market share in the **Colombian** cleaning

 1 landfill

— called **La Pradera**

 1,239,713

— tons entering for final disposal at La Pradera

 42

— municipalities of **Antioquia** dispose of their waste at La Pradera

 1 leachate

— treatment plant, with 351,940 m³ treated/year.



In figures...

Management and Commercialization of Solid Waste in Grupo EPM

Income:

COP 266 thousand million

6%



EBITDA:

COP 66 thousand million

8%



COP 31 thousand million invested in **infrastructure for the Solid Waste Management business in the Grupo EPM** to preserve resources and take care of the our planet.



Relevant milestones 2021

We installed 142 containers with the **Conterization program**, for a total of 968, which allowed us to reduce the critical points of Medellín and the contribute to an orderly presentation of ordinary and usable waste, achieving efficiencies in the operation.





At Emvarias' **Classification and Utilization Station (ECA)**, we use and market 32,191.56 tons/year, which represents 9.71% of the total tons collected.



EPM and Emvarias signed the Deed of Transaction for the Management of the **Construction of a transfer station for the city of Medellín**, during 2022 and 2023. This project will optimize collection times, fleet and operating costs, and will contribute to the reduction of environmental emissions.

We adapted the Altair Vessel to guarantee the continuity of an optimal operation for the final disposal of solid waste.

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

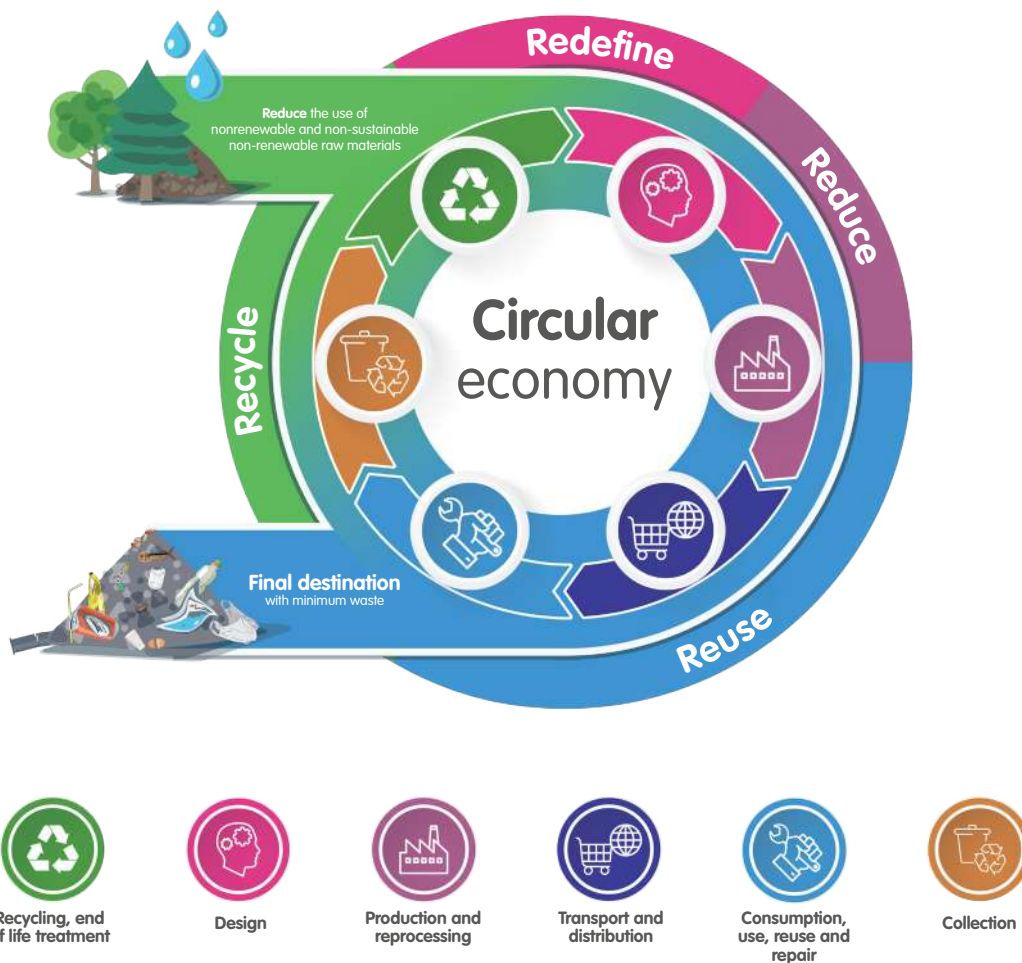
Through the **Solid Waste Growth** project, we seek, first, to implement viable business lines with landfills, recycling, hazardous waste and construction and demolition waste; second, to define the technological configuration for the recovery of waste not separated at source. In this regard, during 2021 we made progress in the characterization of the materials in the projects and works to determine their level of use and we evaluated different alternatives for the location of the pilot plant for Construction and Demolition Waste (CDW), which would be executed during 2022, as well as the feasibility of the waste recovery solution, which is in the process of contracting.



3.2. Circular economy

Responsible production and consumption are closely related to the circular economy, as they constitute an opportunity to optimize the use of natural resources and raw materials in activities necessary for the provision of public services, as well as to influence the practices of suppliers and contractors, and to guide changes in the habits of customers and users, so that they contribute to the **transition from a linear development model to a circular one.**

Under this premise, **in 2021 we advanced in the formulation of the Circular Economy strategy,** whose objective is to evolve the value proposition of the Grupo EPM to strengthen good practices driven by innovation in the provision of services, the closing of production cycles and the promotion of a circular economy culture, which enables the development of new business models in a long-term vision, in which **circularity is recognized as a fundamental element of sustainability.**





Throughout the year, we developed some actions framed in different areas of this report, such as business performance and the results of the Integrated Water Resource and Biodiversity Management strategy, and the Climate Change Strategy. These actions are aligned with the National Circular Economy Strategy, based on the logic of "**producing by conserving and conserving by producing**":

- **Energy flow:** we made progress in the installation and operation of solar panels in the Grupo EPM to generate 590.60 MWh/year of self-consumption energy in our own infrastructure, with a growth of 97%; the offers and sales of photovoltaic solar energy to customers; the increase in the participation of renewable energies in the generation matrix; the reduction of electric energy losses in the networks; the self-supply and energy use of 41,479 MWh/year in the Grupo EPM's wastewater plants, with an increase of 52%; the installation of more efficient air conditioners with ecological refrigerants in administrative and operational areas; the replacement of diesel or gasoline vehicles with electric or natural gas vehicles; participation in city actions for sustainable mobility; and finally, the project to use biomethane at the San Fernando WWTP as a renewable gas for injection into the grid.
- **Materials and biomass:** we advanced actions for the use of biosolids in soil recovery; the use of plant waste from logging and pruning and organic waste in composting with the production of approximately 250 tons of organic fertilizer in EPM's nurseries, avoiding the disposal of 500 tons of organic waste in the La Pradera landfill and about 82% of logging and pruning waste used -25,700 tons- in the entire Grupo EPM; the prevention of waste generation; the use of some special and hazardous waste; the management of waste that reaches reservoirs and water treatment plant intake grids; the reincorporation of materials, by-products or waste to other production processes; and the precise dosage of chemical products in water treatment according to water quality, among others.
- **Water flow:** we implemented actions for the protection of forests, water recirculation in the Grupo EPM in Drinking Water Treatment and Power Generation processes, with 39 million m³, 8% higher than the previous year, and the reduction of water losses in distribution networks, among others.



4.

SDG 9 Industry, innovation and infrastructure

Based on the corporate strategy, as **Grupo EPM** we contribute to **SDG 9** through an innovation model that develops new lines of business, new or improved products and **technology transfer** to optimize internal processes and improve the services offered.





4.1. Innovation

In the **Grupo EPM** we are committed to innovation as an intentional, structured, articulated, methodical and progressive process that contributes to sustainability, growth and generation of value propositions for each of the businesses. In this sense, in 2021 we undertook the implementation of a **Group-wide innovation plan** to gain synergies and strengthen our innovation model.



- **Ventures EPM:** in our **open innovation** work scheme with this program of the Grupo EPM, we invest COP 14,346 million through capital funds in ventures that incorporate science or technology components applied to public utilities, to **drive innovation with great speed and quickly access new solutions**.

Thus, in 2021 we made progress with the companies invested in Fund I, representing **operational savings** associated with advanced analytics in energy, water and gas loss management; telemetry and remote management in the water collection process; and the Natural Gas Vehicle (NGV loyalty program). We also acquired **new capabilities and business models** related to solar offerings for residential, industrial and commercial customers, as well as the structuring of new offerings for efficient waste management.

In Private Equity Fund II, which began operations in February, we are making progress in identifying investment opportunities in line with the strategic needs of the Organization's businesses and expect to make the first investments in 2022.



- **Innóvate Grupo EPM "Discovering"**: with the purpose of being a highly innovative company, we highlight this initiative that enabled the training of approximately 60 teachers and 900 students from public and private educational institutions in Medellín, the Metropolitan Area and the Eastern Antioquia region on issues related to energy transformation, digital transformation and circular economy.
- **Innóvate Grupo EPM "Emprendiendo"**: in its sixth version, 27 initiatives passed the first filter in the thematic lines: circular economy, digital transformation and energy transformation. Among the participants were employees of the companies of the Grupo EPM: ENSA, Eegsa and EPM; in addition to university students from Antioquia and areas of influence where the business group is present. In the end, five projects were the winners of this version, whose prize was to access an acceleration phase of their innovation proposal.



At Grupo EPM we are passionate about research, technological development and innovation, to consolidate our position in these fields we have invested more than COP 21 thousand million in EPM and close to COP 9 thousand million in our subsidiaries.

- **New portfolio of EPM services at your door**: in our constant search to be at the forefront, we analyze the global transformations that are taking place in the public utilities sector and the implications they have for the future of business. Therefore, seeking to maximize the value of the Grupo EPM, **we launched this new portfolio in April, with which we offer installation, maintenance and repair services of household appliances and gas appliances for homes and businesses in the metropolitan areas of the municipalities of the Aburrá Valley.**



Income: **COP 869 million**

Services provided: **9,289**

Linked households: **271**
to membership products

Satisfaction KPI: **74%**
in the stabilization phase



Between October and December we granted financing for 309 technical services through the CrediSOMOS service invoice, which allows us to provide payment facilities and access to services where the customer does not find financing available in the market.

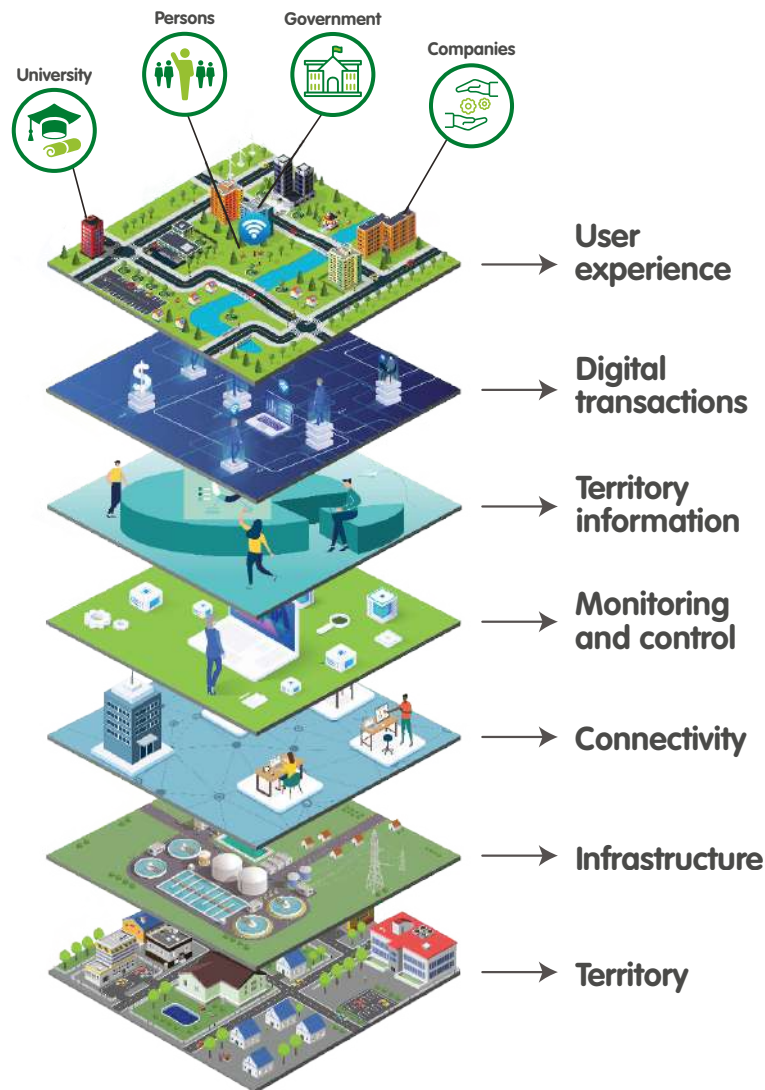


We are launching EPM at your door, a new service portfolio that offers **installation, maintenance and repair services of household appliances and gas appliances for homes and businesses** in the metropolitan areas of the municipalities of the Aburrá Valley.



4.2. Digital transformation

In harmony with the recent update of the Grupo EPM's strategy, **one of the strategic focuses that will guide our long-term vision is digital transformation**, oriented towards the generation of new business models that will allow us to expand our portfolio of products and services; achieve greater efficiencies; establish an innovative relationship with people and territories through technology, information and an agile organization; and contribute to the closing of current and future gaps. In this way, we will consolidate our position as a relevant player in the construction of sustainable and intelligent territories.



New business models, greater efficiencies and innovative customer relationships through technology, information and an agile organization.



In order to leverage even more speed in the development of our businesses, we are committed to digital transformation to deliver different and innovative solutions; to have a better relationship with customers by transforming traditional processes into customer-centric processes; and to make the best use of data and have greater analytical capabilities that allow us to operate, invest and explore new opportunities.

- **Digital Transformation Project:** during 2021 we consolidated the proposal to lay the organizational foundations that allow the constant evolution of the Digital DNA capacity in EPM, through a virtual organization made up of **eight seed teams** focused on solving business challenges incorporating agile and innovation practices; **seven Virtual Centers of Excellence** that advance in the incorporation of new trends in information technologies, robotic automation of processes and advanced analytics; and the incorporation of the practice of integrating software development with the operation.

We also developed an **adaptive governance proposal for transformation and an Agile and Digital Operating Model (MOAD)** operating on an experimental basis to generate new digital products.



Additionally, **we activated the Digital Transformation teams of the subsidiaries CENS and EPM Guatemala;** in collaboration with the EPM University, we established the **Digital and Innovation School;** and 641 people were trained, during 2020 and 2021, in the attributes of the Digital DNA, including 143 managers who participated in training in leadership 4.0 and leadership in digital environments.

- **Advanced Metering Infrastructure Project-AMI:** seeking to generate new relationships with customers, take advantage of market opportunities and evolve in processes and technologies, we are executing this project, which includes the **definition and implementation of the most convenient advanced metering infrastructure for EPM and the national energy subsidiaries.**

During 2021, we obtained the business case and implementation roadmap with three horizons, the first, a controlled test environment; the second, the realization of a pilot at scale; and the third, a massive deployment. In addition, we built a diagnosis of the current state of the Grupo EPM in terms of **Advanced Metering Infrastructure-AMI,** referencing implementations in other geographies. Finally, we accompanied the deployment in the subsidiary Afinia.



- **Smart Grids Project:** seeking to build the vision, strategy and roadmap for the implementation of smart grids in Grupo EPM companies in Colombia, automating and optimizing current business operations and taking advantage of opportunities for new solutions and services; in **2021, we conducted a diagnosis and benchmarking with a multi-business vision; we implemented the controlled test environment**, where pilot tests of various smart grid use cases will be executed; in addition, we made progress in the **design and structuring of tests for the use case of coverage in non-interconnected areas with an innovative solution**, which is currently implemented at EPM's La 30 headquarters, which consists of paying for energy service by time available and not by energy consumption.

We also highlight the implementation of **telemangement on the Nutibara charging station**, in the case of electric mobility, which allowed measuring and reporting in real time the active and reactive energy, identifying the non-technical losses of the eco-station. It also made it possible to know possible adjustments to be made in the design and implementation of the eco-stations, the consumption curve and behavior of the station, among others.

- **Access Network Project:** To meet the telecommunications needs of the Grupo EPM's businesses in Colombia, taking advantage of opportunities for new solutions and services, as well as how to exploit the remaining capacity of the network, we developed this project in which we consolidated the Group's telecommunications needs map, made progress in the referencing of telecommunications technologies for AMI and Intelligent Networks, prepared the regulatory map of the electricity sector, obtained conclusions from the analysis of the Afinia network and developed the network for the start of sandbox testing (controlled testing environment and AMI).

Acknowledgments

We received **two awards for innovation management**.



EPM wins the **Ambar Award from ASOCODIS**, in the innovation and development category, for **the Distributed FACTS pilot project**, which tests a new technology to optimize power systems.



DELSUR, El Salvador branch, receives the award **CECACIER INNOVACIÓN** in the category of digitalization 2021.



5.

SDG 8 Decent work and economic growth

Committed to the protection of labor rights and the promotion of a safe working environment for all workers, both in our own operations and in those carried out through contractors, **in the Grupo EPM we contribute to SDG 8 Decent Work and Economic Growth, by supporting productive activities in the territories where we are present, generating decent employment and leveraging the development of our suppliers.**



5.1. People Grupo EPM

Grupo EPM people: 16,851 employees



- **Response, mitigation and containment of the pandemic:** one of the main management issues of the **Grupo EPM** companies was focused on maintaining bio-security protocols, surveillance measures and control of COVID-19 at work. As well as promotion and prevention activities that add to the control of mental health and the accompaniment of employees and their family environment; we also reinforced education on epidemic safety, establishing contrasted guidelines for self-protection of workers and increasing their awareness on risk prevention and the importance of vaccination.



Among the most relevant achievements, we highlight the **progress in the vaccination strategy** to join the immunization plan as a Group and as a Company, and the **gradual alternating return** of employees to the different work sites.



"We got vaccinated and now we can be safe to continue providing our service to the community. Thanks to the Grupo EPM, to the subsidiary Aguas Nacionales for allowing those of us under 40 years of age to get vaccinated, this is a process that benefits us all".

Janner Cardona Tobón
Aguas Nacionales EPM Beneficiary
agreement Entrepreneurs for
Vaccination

- **Vaccination strategy in Antioquia:** we made agreements with entities such as the Health Secretariat of the Department of Antioquia, Health Secretariat of the Municipality of Medellín, EPS SURA, ANDI -acquisition of SINOVAC vaccines -Empresarios por la Vacunación agreement-, Comfama and Comfenalco, for the application of the first and second doses for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango, for which EPM carried out 40 vaccination days in the eight sub-regions of Antioquia and in 10 municipalities of the Metropolitan Area.





The health and well-being of our human talent is a priority; therefore, from **EPM** we carried out **40 vaccination campaign** in **10 municipalities of the Metropolitan Area of the Aburrá Valley** for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango.



The balance of the vaccination campaigns was satisfactory and contributed to protecting the lives of employees and the continuity in the provision of public services.



- **Gradual and alternating return:** the passage of the pandemic has meant many changes, among these the dynamics of work, in which we went from a 100% face-to-face work to virtuality, maintaining quality standards in performance and care for the health and welfare of people. Under this dynamic of new normality, the companies of the **Grupo EPM** undertook a process of gradual and alternating return, which in EPM we completed in December with the return of 100% of employees who were working at home.
- **Teleworking:** since 2020 we have promoted the recognition of teleworking throughout the Grupo EPM as a measure that contributes to sustainable mobility and the well-being of our employees and their families.
- **Relations with labor unions:** during 2021 we achieved Collective Labor Negotiations of EPM and its subsidiaries Aguas Regionales, ESSA and Aguas de Malambo, with validity for three and four years. This in accordance with the legal provisions set forth in Colombian law and in the countries where it operates, is governed under the principles established in such standards, based on respect for **the right to union association, collective bargaining and freedom of association.**



EPM sixth most attractive company to work for in Colombia: the study conducted by the Spanish firm Merco, on the 100 most attractive companies in the country to work for, ranked EPM in sixth place. With this result we managed to remain for 12 consecutive years in the top ten of the general ranking, occupying the first place in the sector of public utilities -energy, gas and water-.



ENSA is the fifth best place to work in Central America: the Great Place To Work Institute ranked ENSA among the five best companies in the Central American region, in the range of 500 to 1,000 employees.



CIER General Ranking - Quality in Human Resources Management: EPM Guatemala's companies, **EEGSA** and **TRELEC**, ranked seventh and eighth, respectively, in the CIER ranking, among 60 companies in Guatemala. 14 countries.



Aguas de Antofagasta receives recognition Regional Development: the Regional Ministerial Secretariat (**Seremi**) of Labor highlighted **Aguas de Antofagasta's** support for employability in the Chilean region.



5.2. Suppliers and contractors

We also contribute to the economic growth of the territories where we are present through the generation of value chains and the strengthening of our relationship with close to 11,110 suppliers and contractors, who support the operations of the business group nationwide. Likewise, from the Grupo EPM we contributed to the dynamization of the economy with the generation of 35,466 external jobs during the year.



Together with the national subsidiaries of the Grupo EPM, we carried out different activities and initiatives for the development of suppliers and contractors, such as events, forums and talks for 2,352 people from 1,041 external companies. Likewise, we delivered newsletters impacting more than 2,348 people in the territories where the business group is present. Finally, in order to promote respect for human rights in EPM, we identified critical suppliers and began the implementation of a mechanism that allows us to know the management capabilities of the prioritized suppliers in this area.

As a next step, we began the design of awareness-raising spaces with suppliers identified as critical in this area. In this way, we began work with the Guías Colombia initiative to prepare a practical guide on human rights due diligence for SMEs, with the participation of 13 companies identified and prioritized in the supply chain.



6.

SDG 10 Reduced inequalities

Consolidating a **culture of inclusion and respect for diversity** is our commitment to **SDG 10**. To this end, we provide opportunities to close existing gaps and reduce inequalities in the workplace.



6.1. Cultural evolution

In the Grupo EPM we continue in a process of cultural evolution, as a commitment to a disruptive culture that connects with the emerging future and in which each collaborator is responsible for what he/she generates with his/her movement, placing his/her potential at the service of the Organization.

The main mechanism that leverages this evolution is conversation, which is why it becomes a valuable capital for our purpose and organizational strategy - **the conversational capital** - that makes possible the coordination of actions based on collaborative work.



To facilitate this cultural evolution, we established a number of drivers, among which we highlight **diversity, inclusion and gender equity**, with significant progress. We achieved the **approval of the Human Management policy in all subsidiaries**, in line with the Group's ethics, principles and values, contributing to the construction of a diverse and inclusive culture, with the objective of favorably impacting the territories and contributing to a better world.





Likewise, the business group has been developing actions and work plans associated with **labor inclusion and the reduction of gender gaps**. In this sense, **we obtained the following recognitions:**



We were recognized by **Award of Happiness - Women Empowerment** for having an organizational culture that promotes practices for the development and strengthening of empowering work environments, being considered one of the **best places for women to work**.



We received **recognition from Plan International for being a company that supports equity in El Salvador**, a work that this subsidiary has been actively developing in recent years.



chec

Committed to equality, we received **Equipares recognition** for complying with the corresponding requirements of the Gender Equality Management System standard. The award was given by the Ministry of Labor and the Colombian Presidential Council for Women's Equality.

epm[®]

We received **the Equipares Labor Equity Seal, Silver level**, from the Ministry of Labor and the United Nations Development Program (UNDP) for taking concrete actions to achieve gender equity in their work environments. With a score of 98.54%, the Company became the first public organization in Antioquia to achieve this level of certification.





7.

SDG 16 Peace, justice and strong institutions

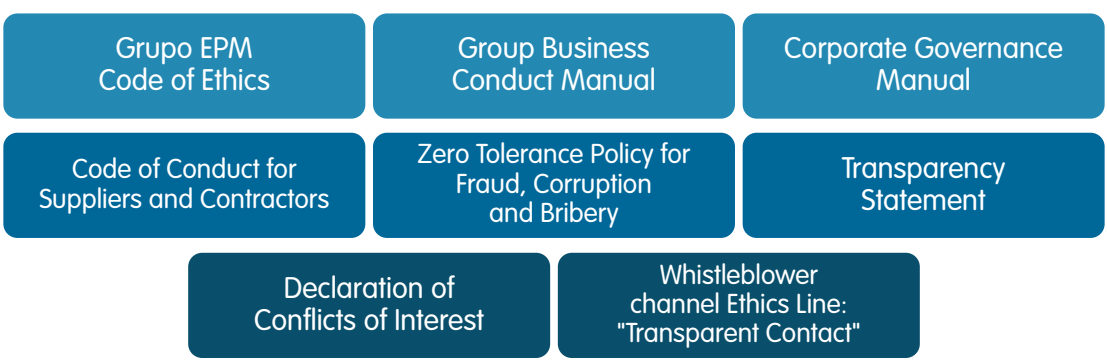
Our vision of competitiveness, growth and long-term permanence as a Group is aligned with SDG 16, thanks to the **pursuit of generating economic value, contributing to sustainable human development and increasing value for stakeholders.** Based on transparency practices that generate and maintain trust in the actions of the Organization.

7.1. Transparency

As Grupo EPM, from our business practice **we cultivate and maintain transparency**, with a view that goes beyond the creation of wealth for owners, transcending to the generation of value for society and contributing to the improvement of conditions of equity and welfare for the communities, which are beginning to demand corporate values such as honesty, impartiality, professional objectivity and trust in business, in order to avoid violations to the rights of stakeholders and the sustainability of the natural and social environment in which we operate.

Therefore, as a Group we apply initiatives, mechanisms and instruments of self-regulation for the prevention of fraud, corruption and bribery (FCS); in order to maintain our operation in an environment of security, transparency and trust, providing all stakeholders with general parameters for action, in order to minimize the materialization of risk situations related to FCS, money laundering and financing of terrorism, among others.

Self-regulation mechanisms and instruments:



Additional initiatives:





Relevant milestones 2021

Grupo·epm

Transparency and Conflict of Interest Statements:

from EPM we conducted disclosure and training in the subsidiaries EPM Guatemala; DELSUR, Aguas Nacionales EPM, including officials of the Aguas del Atrato project, and new members of Emvarias. These statements strengthen trust in the company-employee and company-citizen relationship and transparency in the work of the Grupo EPM.

Update of the Grupo EPM's Business Conduct Manual:

in accordance with Resolution 080 of 2019 of the Energy and Gas Regulatory Commission (CREG), this year the manual was updated to include new behaviors that allow evidencing the implementation of said resolution. The update was approved both in EPM and in the other energy and water subsidiaries at national and international level.

Ethical Climate Survey:

all national energy and water subsidiaries, and most of the international subsidiaries, carried out the **Ethical Climate** measurement in 2021, using the mechanisms offered by EPM parent company for such measurement.

Collective Action for Ethics and Transparency in the Electricity Sector:

five of the six national energy subsidiaries of the Grupo EPM are part of the **Collective Action for Ethics and Transparency in the Electricity Sector**, as a fight against corruption and promotion of free competition, promoted by the National Operation Council (CNO) and XM with the oversight of the Transparency Secretariat of the Presidency of the Republic of Colombia, Transparency for Colombia and the United Nations Office on Drugs and Crime (UNODC).

● **Money Laundering and Financing of Terrorism Risk Management System Manual (SARLAFT):** 11 meetings were held within the framework of the LAFT Committee of subsidiaries led by EPM, with domestic and some foreign subsidiaries, to share information, experiences and best practices, and thus align the management of LAFT risks in the Grupo EPM.

Additionally, we provided advice to subsidiaries in the implementation of the system and design of controls for LAFT risk management in TICSA Colombia, national subsidiaries, Emvarias, DELSUR, EEGSA, EPM Chile and ENSA; and we built the LAFT Manual (base) and Due Diligence Manual (base) for subsidiaries of Grupo EPM. We also carried out a diagnosis and recommendations for Afinia, in the areas of FCS prevention, LAFT and regulatory compliance of personal data protection.

● **Intellectual property and copyrights:** in compliance with Law 603 of 2000, we certify that the current regulations on intellectual property and copyrights were fully complied with. Thus, the trademarks of the Grupo EPM are duly registered, and the use of software products that the company uses for its normal operation is made by virtue of its ownership or through license agreements, which comply with the legislation in force.



7.2. Human rights

Through a work that involved the analysis of operations and consultation with the stakeholders of each company, we updated the Human Rights Risk Map in EPM, CHEC, ESSA, CENS, EDEQ, Aguas Regionales and Emvarias. Additionally, we defined the strategic axes to respond to the risks prioritized as a result of the aforementioned analysis, which will be implemented as of 2022.

We held the second forum on Business and Human Rights, an institutional space for reflection and to guide practices on the subject in the companies of the Grupo EPM. On this occasion we had the participation of the presidential advisor for Human Rights and Dante Pesce, former member of the United Nations working group. Finally, in EPM and with the support of the Colombia Guides initiative, we conducted a self-diagnosis of the practices associated with human management within the Company, based on the postulates of the Decent Work Guide published by the Initiative, based on these recommendations we will design a work plan to be implemented in 2022.

7.3. MIPG



In compliance with the requirements as a public entity, **both EPM and the national subsidiaries covered by this requirement, we completed four years in the implementation of the Integrated Planning and Management Model (MIPG).**

In 2021 we held meetings with the subsidiary companies of the business group, in order to share practices and provide recommendations on issues related to the implementation of MIPG.

This year, **Circular 004 of 2021**, issued by the Council for Institutional Management and Performance of the Civil Service, on the obligation or not of joint ventures to fill out the Single Management Report and Progress Form (FURAG) -those in which the public capital exceeds 95%-. In the particular case of the Grupo EPM, the national subsidiaries that must report the completion of the FURAG are EPM, Aguas Regionales and Emvarias.

During 2021, for EPM through the FURAG tool, we carried out the third annual measurement of progress in the implementation of MIPG, based on the previous year -2020-, in which as EPM we are located in quintile 5, a level where the companies with the highest scores are located.

In accordance with these results, we designed an improvement plan in each of the dimensions to be executed in 2022. It is important to mention that, in March 2021, the Public Function published version 4 of the MIPG operating manual, which will bring additional activities to review.

7.4. Corporate governance

Contributing to sustainability and competitiveness is the intention defined in the Corporate Governance of the Grupo EPM, with a clear vision aimed at **guaranteeing the quality, continuity and coverage in the provision of residential public utilities in the territories where we operate.**



In this sense, EPM understands corporate governance as "the system by which companies are directed, managed and controlled through the balance between ownership and administration, in order to guarantee their sustainability and growth, the rights of their investors, transparency and ethics in their performance and access to information for their stakeholders". The practices applied in this matter are compiled and disclosed in the **Corporate Governance Code of EPM and the Group.**

In order to materialize the principles proposed in the Code, **we continue to work on the implementation and strengthening of best practices, among which the following stand out:**



- **The attention of two popular actions against EPM's Corporate Governance model.** The first one, filed by the Industry Union of Professional Workers of Complementary and Related Public Utilities Companies (Sindicato de Industria de los Trabajadores Profesionales de las Empresas de Servicios Públicos Domiciliarios Complementarios y Conexos - SINPRO), advocates for the compliance with EPM's Corporate Governance. The second, presented by the Fundación Forjando Futuros, requests the suspension and adjustment of some of the components of the Model. As of December 2021, the first legal action was in the evidentiary stage; while the second, closed the year in the framework of the transfer for the response to the lawsuit.
- **We led the implementation and execution of the Corporate Governance Plan of the Grupo EPM,** which shows a 100% compliance in the fronts of Strengthening Property Management and Strengthening the Framework for Action Model of Governance and its relations.
- **We attended the changes in the composition of EPM's Board of Directors,** with the departure of members Jorge Andrés Carrillo Cardoso and Guillermo León Diosa Pérez, and the appointment of Sergio Andrés Restrepo Muñoz.
- **We accompanied the appointment of Jorge Andrés Carrillo Cardoso** as CEO of EPM.

The other achievements, management and main issues to be highlighted regarding the Corporate Governance of EPM and the Grupo EPM during the 2021 fiscal year, as well as the challenges for subsequent fiscal years, are detailed in **the Corporate Governance Report.**



8.

Composite SDGs

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8.1. Territorial Integration Model (TIM)

As Grupo EPM we know that we are part of a whole, an actor that from its management is integrated in the territories with other institutions to provide quality of life through access to drinking water, sanitation and energy services as proposed in **SDG 6** and **SDG 7**, to achieve this we contribute to the protection of ecosystems as contemplated in **SDG 15**.

To make this possible, as a business group we opted for a logic of territorial integration for our management as a convergent actor in territorial development, from its role as a provider of public services. In this sense, we have a **Territorial Integration Model (MIT)** for coordinated work as an actor in the territory with a long-term vocation, connecting corporate social responsibility with sustainable human development.



This model has been applied in EPM's operating territories in **Bajo Cauca** and **Urabá Antioquia**, where the subsidiary Aguas Regionales is also involved, resulting in the implementation of integration initiatives that contribute to the SDGs. Likewise, during the second half of 2021, we began the application of the **MIT in the CENS subsidiary in Norte de Santander**, where we managed to define the municipalities that are the object of the territorial systemic analysis and identify the challenges and opportunities that will allow us to establish and prioritize the homologated and articulated actions, according to the possible stakes and the realities of the territories.

TIM Urabá Antioqueño

In 2021, we prioritized two initiatives: in the first, **we guaranteed long-term residential water and sewage services for the Turbo-Apartadó-Carepa corridor** and provided comprehensive solutions in public services to industry; and in the second, we defined and implemented a **mechanism for water protection**.





Relevant milestones 2021



We began operating 13.8 km of aqueduct networks in Apartadó, representing less water collection at the source, due to the reduction of technical losses.

In the district of Turbo, we built the 2,000 m³ La Lucila II storage tank, increasing the continuity of water service from 13.75 hours to 19.03 hours; and we increased the extension of the sewer system in the Obrero neighborhood.

We began operating the expansion of the Carepa drinking water production plant, which allows us to increase the production flow from 80 L/s to 160 L/s, thus improving the continuity and coverage of the service.

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

We built a wastewater pumping station (EBAR) in Turbo with a capacity of 170 L/s.

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All these and other additional actions allowed us to increase the aqueduct coverage, which grew from 97.7% to 98.8%, with an important result in Mutatá. We also increased sewerage coverage from 80.3% to 85.2%, with Apartadó and Turbo being the municipalities with the best results.

Finally, we highlight the development of **actions for water protection with the BancO2 program in 1,177 hectares of forest**, located in the watersheds of the municipalities of Chigorodó, Carepa, Apartadó and Turbo.



"I have learned a lot from BancO2's training to take care of wildlife, the watershed and not to cut down any more forest, because that is very important to have water for us and for the people who live downstream. Thanks to this program I can live a little better with my wife Celmira and my daughter Edilia".

Esmeraldo Grialdo Quintero
 Inhabitant of the village of Bellavista
 Corregimiento de San José de Apartadó.
 Beneficiary of the BancO2 program

TIM Bajo Cauca

In the **Bajo Cauca** territory, we established seven initiatives that are combined with actions of other actors, which were managed in the inter-institutional and community articulation spaces existing in this territory.

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During 2021 we made significant progress, mainly in these four initiatives -1, 2, 5 and 6-:

- **Initiative 1 - Cooperate in relevant inter-institutional spaces and promote collaborative alliances and networks:** we made progress in strengthening relations and the management of territorial integration alliances through participation in the University, Business, State and Society Committee (CUEES) Bajo Cauca, in which we assumed leadership of the Planning and Environment Roundtable and participated in the Cáceres Integral and Participatory Action Roundtable, initiating its implementation in the Jardín-Tamaná district of Cáceres.

We also participated in the roundtables to promote the pillars of the Territorially Focused Development Program (PDET) on drinking water and sanitation, social management of rural property and education.

- **Initiative 2 - Advance in the universalization of energy service:** we connected more than 1,800 families to the energy service through the development of electrical interconnection works carried out between 2020 and 2021. At the same time, we made progress in the management of the isolated solutions project with the Photovoltaic Individual Solar Solution (SISFV), which provided access to energy for 279 new families living in dispersed areas.
- **Initiative 5 - Support initiatives that seek to improve the population's access to drinking water and basic sanitation:** we installed nine drinking water treatment systems in an equal number of rural schools in the municipalities of Valdivia, Tarazá, Cáceres and Nechí, benefiting more than 1,800 families in Bajo Cauca. In addition, we formed the technical roundtable for the presentation of projects and the water roundtable of the municipality of Nechí.
- **Initiative 6 - Contribute to the protection of water resources and biodiversity:** we achieved the reproduction in captivity of several native species of the Cauca River, as well as the study of migration routes and strategic sites for their reproduction, with the University of Córdoba.

Together with the Universidad Javeriana, we formulated an adaptive restoration plan for the prioritized sites. We also restored more than 180 hectares in the municipalities of Cáceres, Caucasia and Nechí in conjunction with the Government of Antioquia, Fondo Paz and Corantioquia.



8.2. Water resources, biodiversity and climate change

In the Grupo EPM we are committed to proactive comprehensive environmental management with criteria of business competitiveness and environmental, economic and social sustainability; to contribute directly, and in partnership with other stakeholders in the territory, in the common challenge of working for water security and satisfy in the long term the diversity of uses of water resources, such as clean water and sanitation (SDG 6) and affordable and clean energy (SDG 7).

Preservation should be achieved through actions for water protection and efficiency in its use, care for ecosystems and biodiversity, and mitigation and adaptation to climate change, as proposed in SDG 15 Life on Land and SDG 13 Climate Action.

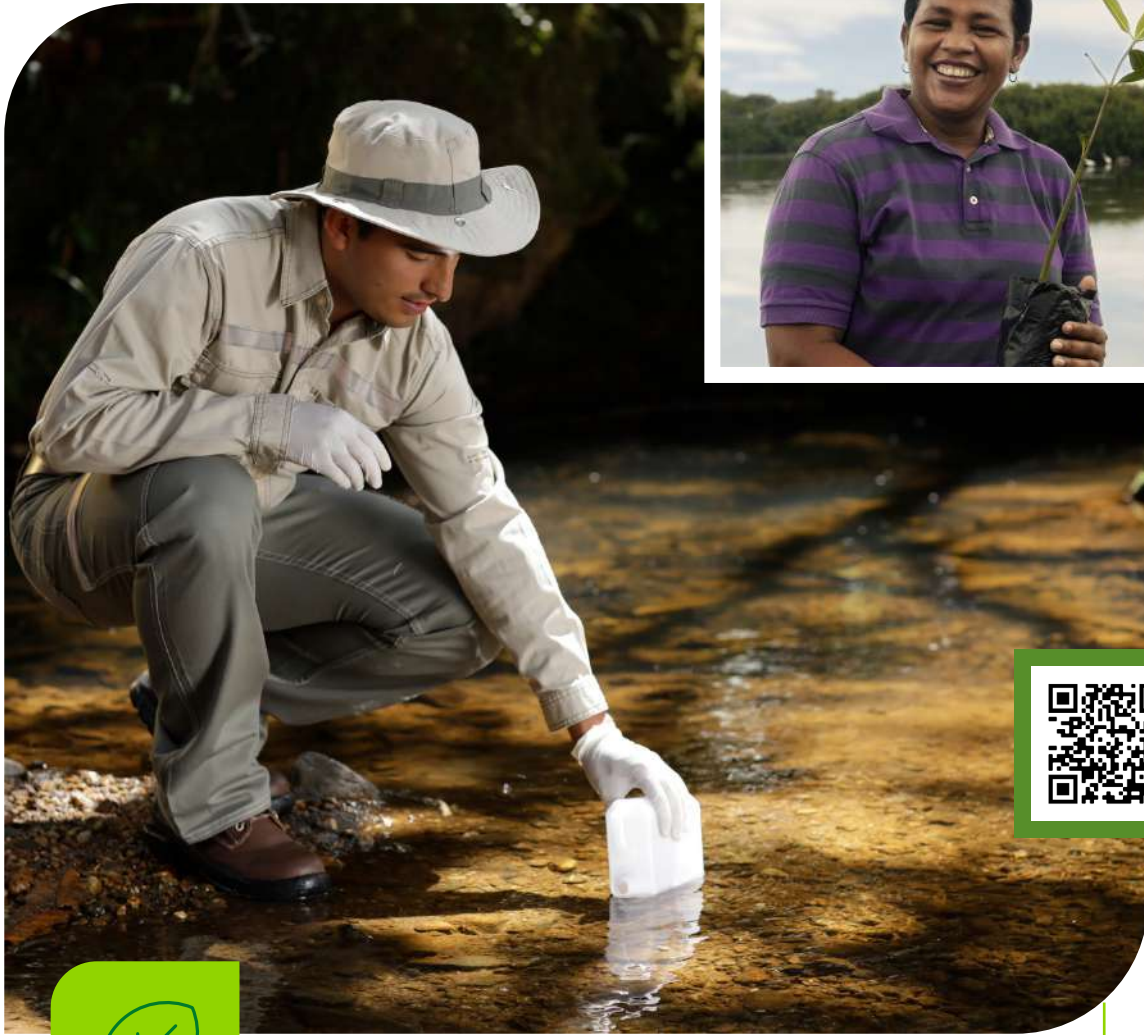


In relation to the above, we highlight two initiatives that are fundamental to this purpose: the **Strategy for the Integral Management of Water Resources and Biodiversity**, and the **Climate Strategy**.

Integrated Water Resource and Biodiversity Management Strategy



In the Grupo EPM we decidedly committed to contribute to the protection of 137,000 hectares in the watersheds that supply our systems and reservoirs by 2025. To this end, we jointly implemented with other stakeholders initiatives related to forest conservation, restoration and reforestation, sustainable practices and land use, compensation and acquisition of new protected areas.



In this way, **as a business group we contributed to the protection of 9,246 hectares** during 2021, of which **7,266 hectares** were contributed by EPM; for an accumulated since 2016 of **106,773 hectares**.

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Water protection initiatives have also contributed since 2018 with more than **11.7 million** trees planted and delivered, mainly through the **Fomento Forestal EPM program**, which contribute to the **national goal of planting 180 million trees in the 2018-2022 period**.

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.

The business group also contributes to the conservation of water and biodiversity through the conservation of land it owns, with a total area of more than 800 km², 93% of which is in declared protected areas, in buffer zones or in areas with high biodiversity that have not yet been declared.

Grupo EPM Climate Strategy

We seek to achieve **resilient and carbon efficient businesses** by 2030, as well as to obtain a carbon neutral operation as of 2025; with this, in the Grupo EPM we contribute to Colombia's commitment in the 2015 Paris Agreement, updated in 2020, which seeks to reduce 51% of its Greenhouse Gas (GHG) emissions by 2030 -baseline year 2010-.

- **Carbon footprint or GHG emissions inventory:** annually in the business group we determine the carbon footprint or GHG emissions inventory. Since this is carried out in the first four months of the following year, the 2021 inventory will be available in the Grupo EPM Sustainability Report, which can be consulted on the EPM web portal.

Additionally, from EPM we verify the emission reduction projects registered before different standards, in order to have carbon credits available for different purposes of compensation or trading, both in the domestic and international markets.

- **Energy efficiency:** at the Grupo EPM we understand the importance of addressing in a coordinated manner all the issues associated with **energy efficiency** and addressing the great challenges and opportunities it represents on the road to decarbonization, climate resilience, digitalization, the development of new business models, the drive towards non-conventional renewable sources and the use of new technologies, among others.



In this regard, we set ourselves the objective of defining a coordinated Group commitment to the energy transition, and in 2021 we succeeded in structuring this strategy.

In this way, the companies of the Energy Transmission and Distribution business continued developing initiatives to reduce energy losses and SF6 (Sulfur Hexafluoride) leaks, achieving their annual goals. Likewise, the Energy Generation and Commercialization business is conducting studies to identify and implement self-consumption solutions with non-conventional renewable energies in its generation plants, achieving during 2021 the prioritization of facilities for self-consumption.



- **Self-supply and use of energy in the wastewater treatment plants and drinking water treatment plants (WWTP and DWTP):** we maintained the development of actions, among which we can highlight that the Aguas Claras WWTP reached 100% of its self-supply of electricity using, among others, energy sources such as biogas, which is generated in the digestion of sludge from the treatment of wastewater from the Aburrá Valley treated in the WWTP.

Additionally, we developed the first phase of the project that will take the biogas generated at the San Fernando WWTP, which will be conditioned and injected as renewable natural gas to our distribution network. This first phase included the elaboration of the detailed engineering and the process of modifying the environmental license of the San Fernando WWTP.

- **Non-conventional renewable energies:** we made progress in the implementation of the strategy that will integrate the development of solar photovoltaic, wind and hydroelectric projects into the Group's and EPM's energy mix; we are also working on the definition of strategies for the development of small hydroelectric power plants (SHP).
- **Non-conventional renewable energy auction:** EPM was awarded the contract for the photovoltaic power generation of the Tepuy project, which has a capacity of 83 MW, during the long-term auction of non-conventional renewable energies scheduled by the Colombian National Government.



- **Solar panels for energy self-supply:** we also put into operation the solar panels of the EPM Building and other administrative headquarters of the Group, such as ENSA, DELSUR and CHEC, thus advancing in actions for saving and consuming electric energy in processes and facilities.



- **Air Quality Program:** from EPM we continue with the consolidation of alliances that allow the implementation of measures and the strengthening of sustainable mobility plans as clean transportation alternatives in air quality programs.

In this way, we developed the **Air Quality** program **with the sustainable mobility strategy** with initiatives that include **Natural Gas Vehicles (NGV), Electric Mobility and the Sustainable Mobility Business Plan (PEMS)**.

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- **Electric mobility:** 2,600 plug-in hybrid electric vehicles were on the road in the metropolitan area at the end of the year, of which 1,189 are users of EPM's public charging offer.



We highlight the launch of the electric mobility offer for the city of Cúcuta with CENS, the operation and maintenance of the 20 public eco-charging stations located in the Aburrá Valley and the fast and slow public charging stations for users of this technology in the subsidiaries ESSA, EDEQ and CHEC.



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- **Natural gas mobility:** we delivered 1,083 bonds for the installation of equipment and purchase of vehicles dedicated to NGV, of which EPM and the agents of the natural gas chain -producer, transporters (2) and the distributor/EPM- contributed a value of COP 1,053 million.

We maintained the operation of 17 NGV stations. We presented an increase of close to 9% in the fleet of vehicles dedicated to natural gas, from 606 units in 2020 to 659 in 2021. Finally, in the year we have a total of 1,345 conversions, for a total of 23,500 NGV vehicles installed and active.

- **Sustainable Business Mobility Plan (PEMS):** leveraged by the new dynamics imposed by the passage of the pandemic, virtual work has greater acceptance, for example, in EPM 1,232 employees formalized the telework modality during 2021.

Acknowledgments



Green Seal of Truth awarded by CO2 Cero to EDEQ:

this recognition highlights the voluntary environmental efforts made by the Quindío subsidiary in connection with its carbon neutrality certification, particularly with regard to the purchase of carbon credits to offset the subsidiary's carbon footprint.

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8.3. EPM Foundation

With a deep interest in addressing a series of social needs required for the comprehensive development of the community, **EPM and the EPM Foundation are committed to the communities through the management and development of programs and projects to continue building social fabric hand in hand**, and thus contribute to **SDG 10** Reduced inequalities and **SDG 4** Quality education.

To materialize these purposes, we allocated COP 26,279 million for the execution of programs and projects that allow us to be present in the communities of the Grupo EPM's area of influence, providing quality of life and social development, thus benefiting 2,131,762 people.



- The **EPM Foundation** has benefited **2,131,762 people** in 2021 with programs and projects aimed at generating social development.
- With a **social investment of COP 26 thousand million** we contribute to the **reduction of inequalities and quality education**, thanks to programs and projects of the EPM Foundation.

The EPM Foundation is a pioneer in the design and production of innovative and disruptive transmedia educational strategies with conceptual elements of **Education for Sustainable Development (ESD) in climate change and water care**. Its implementation is projected for the entire Colombian territory with early childhood and elementary school, through an Agreement of Wills signed with the Ministry of National Education on November 13, 2021.



"I am part of the vegetable garden project at UVA La Armonía and I am very happy to learn things related to caring for the environment. There I help watering, planting and spraying; I also harvest radishes, beets and tomatoes together with my mom and my grandmother. I want to invite more children to come and learn so they can start a vegetable garden at home".

Samuel Caro

Beneficiary of UVA services La Armonía, Santa Inés neighborhood, Medellín





"Being in the vegetable garden at UVA La Armonía has been a lot of fun for me because I help with the planting. I have harvested garlic, onions, tomatoes and also black sunflowers, which I didn't know existed. I'm learning because I want to have a vegetable garden at home with my mom, to harvest some of the food we eat".

Nataly Ortiz

Beneficiary of UVA La Armonía services, Santa Inés neighborhood, Medellín.



With the EPM Foundation, we are pioneers in Colombia in Education for Sustainable Development (ESD)¹ in early childhood and elementary school. This strategy promoted the unification of the Foundation's program offerings on topics aimed at contributing to the UN's 2030 Agenda, highlighting biodiversity conservation, climate action and responsible consumption.

¹As the lead UN agency for **education for sustainable development**, UNESCO is responsible for monitoring the management, coordination and implementation of ESD 2030.





Educational experiences promoted social inclusion and the reduction of inequalities in the 17 city spaces managed by the EPM Foundation. In addition, a pilot proposal was launched for educational itineraries outside our spaces so that children and young people could get closer to these experiences that transcend borders.



- **Environment for Life:** during 2021 we continued with the execution of this project, which is established through the development of different processes of community relations, environmental education and implementation of solutions for access to drinking water, which allow the generation of a differential impact on the communities where EPM has presence, thus contributing to the sustainability of the territories.



- **Environmental Education and Strengthening of Sustainable Territories:** the execution of this project began with the generation of spaces for socialization with communities with which we will work during 2022, fostering an environment of trust and generating closeness on the part of EPM and its Foundation in the areas of influence of the Urabá-Nueva Colonia-Apartadó 110 kV Connection projects and infrastructure projects in the metropolitan area of the Aburrá Valley.
- **Educating with Love:** this program contributed to the continuity of the educational process in five educational communities in the municipality of Medellín, integrally accompanying 435 students, 25 teachers and their families, who benefit from psychosocial attention, technological equipment, strengthening of education and life skills, and support for productive family projects.

- **Higher Education Scholarship Fund of Antioquia:** during 2021, we benefited **220 young people** from Antioquia with a scholarship that covers tuition and living expenses for higher education studies at the technical, technological and university levels. This program is developed in partnership with the Government of Antioquia and the Institute for the Development of Antioquia (IDEA), which is administered by the Gilberto Echeverri Mejía Corporation.
- **Environmental Management Plans and Monitoring and Follow-up Plans:** 116 leaders and nine community-based organizations in the municipalities of Puerto Nare and Puerto Triunfo were strengthened to identify local problems and build collective solutions to improve the quality of life in the communities.

In the area of influence of the 500KV Nueva Esperanza power transmission line in Cundinamarca, we accompanied the seven municipal administrations with training to prevent risks to the electrical infrastructure.





9.

Financial performance Grupo EPM

9.1. Financial performance Grupo EPM



Revenues

COP 25.3 billion

28%



EBITDA

COP 7.4 billion

29%



Net income

COP 3.3 billion

12%

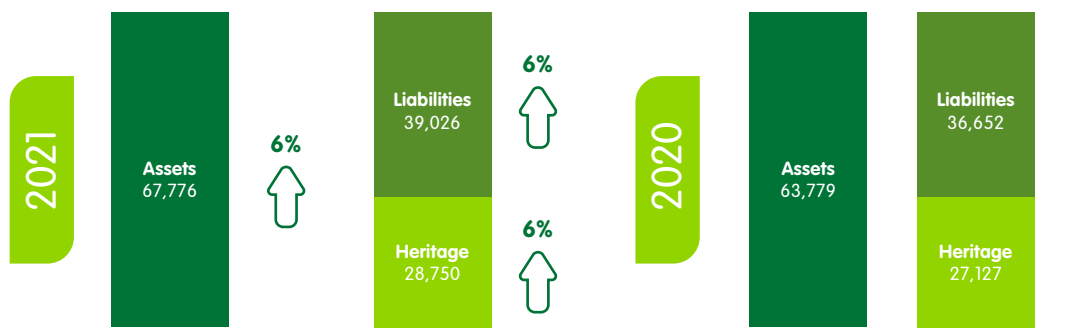


The economies where we are present as a business group continued on a path of recovery in 2021, reaching rates above their potential growth, a positive performance in the midst of an environment of political and social uncertainty in some Latin American countries. In **Colombia**, where the largest share of the Group's portfolio is concentrated, the Gross Domestic Product (GDP) grew 10.6%, an expansion driven, as in the other countries, by a base effect, due to the better performance of domestic demand, mainly in the household and government consumption component, as a result of the lower COVID-19 restrictions and the progress in the vaccination scheme.

In a changing environment, the **Grupo EPM** reached **consolidated assets** for COP 67.8 billion for a 6% growth, explained by a combined effect between the growth of 19% of current assets, mainly due to the causation of the account receivable resulting from the indemnification of the Ituango Hydroelectric Project, and 3% of non-current assets, explained by the execution of infrastructure projects that amounted to COP 4.2 billion, of which EPM executed COP 2.7 billion, the national subsidiaries COP 875,184 and the international subsidiaries COP 606,671 million.

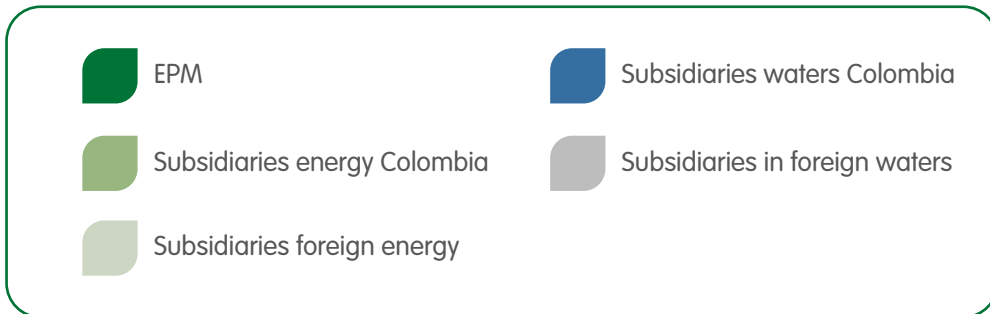
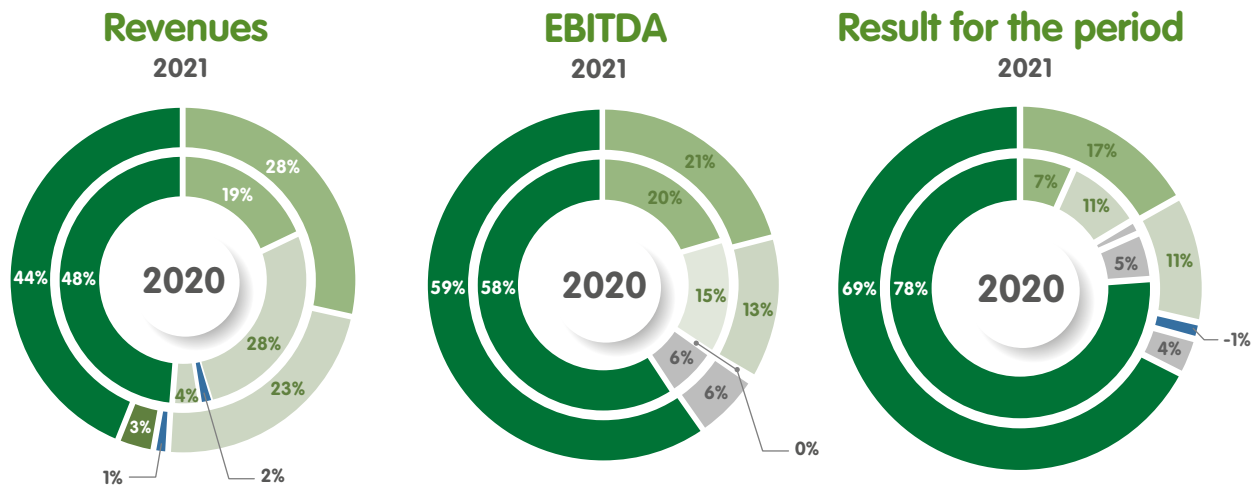
On the other hand, the **liabilities** of the Grupo EPM grew 6%, going from COP 36.6 billion to COP 39 billion, due to the disbursements managed for the financing of investment projects, especially in EPM. **Equity** presented a 6% growth, going from COP 27.1 billion to COP 28.7 billion.

Grupo EPM



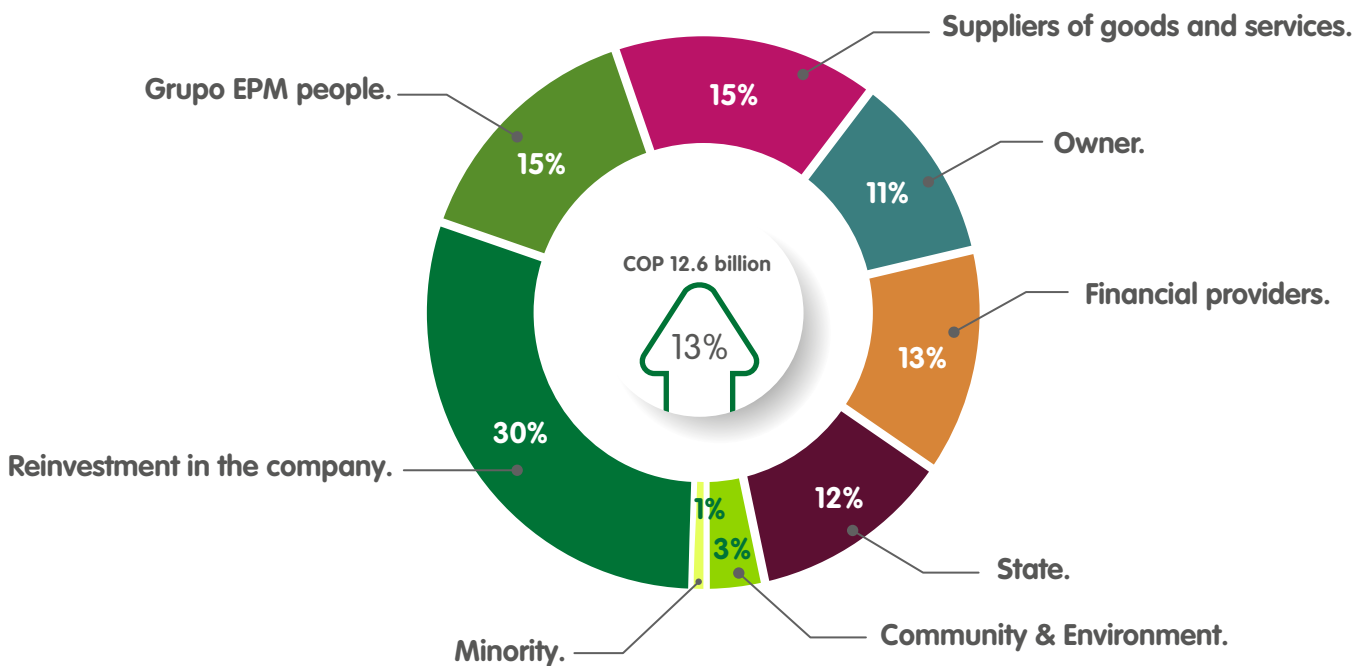
The Group's **EBITDA** grew 29% compared to the previous year, reaching a value of COP 7.4 billion, explained in the Distribution business by higher energy sales and tariff option, as well as costs and expenses that grew in a lower proportion to revenues; and in the Generation business, by increased sales in the stock exchange due to high generation and lower units purchased due to higher generation. The Energy Distribution and Transmission businesses contributed 49% of EBITDA, followed by Generation with 33%; Water Supply, Wastewater Management and Solid Waste Management with 16%; and Gas with 2%.

The **net income** of the Grupo EPM was COP 3.3 billion with a decrease of 12%, mainly generated by the registration in 2020 of the Afinia operation, which caused a recognition for the difference between the book value of the assets and the real potential of generating market value and its associated risk.



9.2. Value generated and distributed

In the Grupo EPM we generated Added Value for COP 12.6 billion in the period, contributing to the development of the territories where we are present. We highlight that our suppliers of goods and services received COP 1.9 billion, which is reflected in an important contribution to the generation of employment and economic growth.





10.

Challenges 2022

The challenges of the business group in the 2022-2030 planning horizon are associated with the strategic focuses presented in the chapter Strategic direction and alignment with the SDGs for the Group and EPM. In this sense, our most significant bets are oriented to:

Define our long-term Large and Ambitious Strategic Goal (LTSG): within the framework of sustainability, it is necessary for the Group to establish the long-term objective that will guide our management in social, environmental and economic terms.

This means reviewing the goals defined in social and environmental terms, as well as the Energy Transformation, Digital Transformation and Circular Economy strategies, in order to make the necessary adjustments. Regarding the economic component, the entry into operation of Hidroituango on the established date must be guaranteed, in order to have a clearer estimate of the income and other variables that will allow meeting the commitments assumed and having the resources required for expansion and growth.

Implementing the Energy Transformation strategy: adapting to the new ways of creating value in the world of energy is an imperative for the future that brings us closer to our customers in the way we relate to them. Therefore, delivering solutions that improve the quality of life and contribute to preserving the environment are essential elements of competitiveness that we hope to achieve through the use of zero carbon technologies for energy supply and non-conventional solutions.

Develop the Circular Economy strategy: even with the long history we have in the Group in the good care and use of natural resources, we have great challenges in the efficient use of water and in the final disposal of solid waste. This means diversifying sources by reusing waste, gray and industrial water in processes that allow it, to the benefit of surface water; and transforming waste into materials, energy or products that can be reincorporated into production cycles.



Streamline the implementation of the Digital Transformation strategy: enable business competitiveness through the use of digital technologies that allow us to develop multiple solutions for people and territories, while evolving the way we relate internally and with the Organization's stakeholders; marking a before and after in the way we see business.

Manage the Group's investments by creating more value: manage and optimize our investments by considering, based on our capabilities, where we can generate a greater impact and have a win-win relationship. This invites us to review our current portfolio and make decisions that benefit the territories where we operate and also the Organization.

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS





External verification

See the certificate of the external verification of the figures of the Grupo EPM Management Report 2021 that are part of the EPM 2021 Sustainability Report in: **Independent Review Report**.

The financial figures listed below were externally verified by Deloitte, through its audit of the financial statements of Grupo EPM. The reports of the independent auditors are available at: **Grupo EPM Certifications**.

Financial information	Data subject of verification	Reported assertion	Page
Financial Performance	Revenues Grupo EPM	Consolidated revenues 25.3 billion	103
	Results for the period Grupo EPM	The Grupo EPM's net income was COP 3.3 billion, a decrease of 12%	103
	Assets Grupo EPM	Grupo EPM reached consolidated assets of COP 67.8 billion for a growth of 6%.	104
	Liabilities Grupo EPM	Grupo EPM's liabilities grew 6%, from COP 36.6 billion to COP 39 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	104
	Assets Grupo EPM	Equity grew 6% from COP 27.1 billion to COP 28.7 billion.	104

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