

Sustainability Report

2021

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



SUSTAINABLE DEVELOPMENT GOALS

Grupo • epm

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Hidroituango

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Grupo·epm



Our Group



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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16 PEACE, JUSTICE AND STRONG INSTITUTIONS



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SUSTAINABLE GOALS DEVELOPMENT





Who we are



About us 2021



We are already
16,850
employees in the
Grupo EPM

Our Business Lines

6
Countries

8
Business Lines

45
Companies



Power
Generation



Power
Transmission



Power
Distribution



Gas



Water
Supply



Wastewater
Management



Solid Waste
Management




Commercialization
of New Solutions*




*This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly clients, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders.

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

How we provide services

 **Power Generation**



[View process >](#)

 **Transmission, Distribution, and Commercialization of Energy**




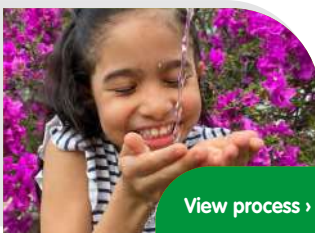
[View process >](#)

 **Natural Gas**



[View process >](#)

 **Water Provision**



[View process >](#)

 **Wastewater Management**



[View process >](#)

Some key performance metrics



Environmental
Management
Index

99%



Grupo EPM's
CSR track
record

92%

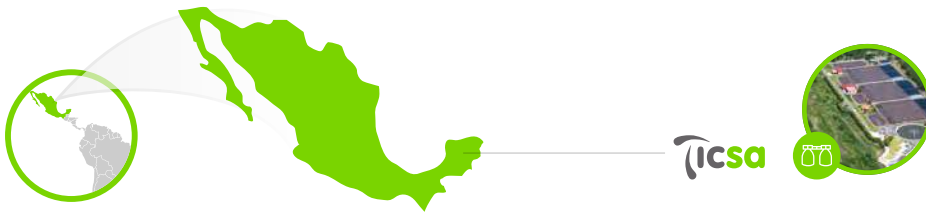


Our footprint in LATAM

Bermudas



México



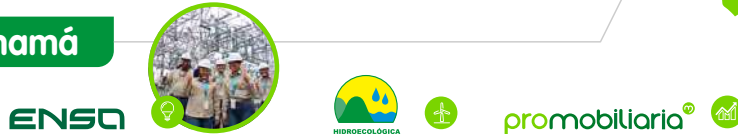
Guatemala



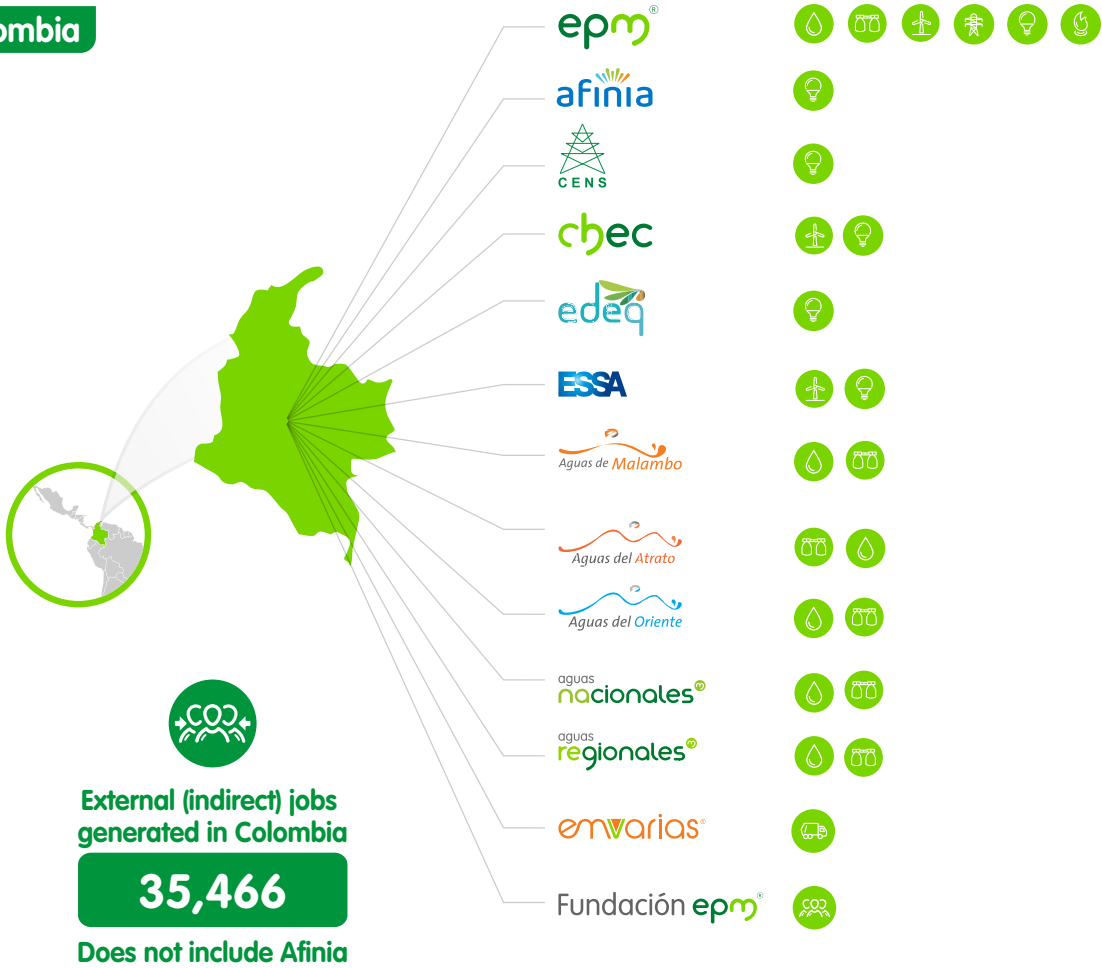
El Salvador



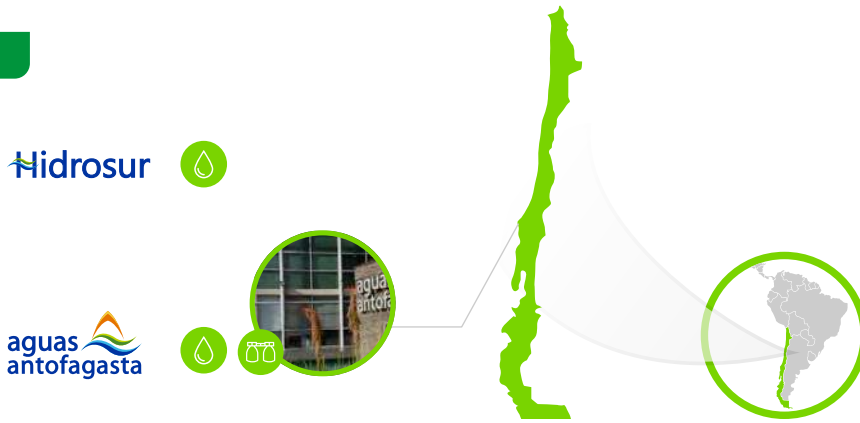
Panamá



Colombia

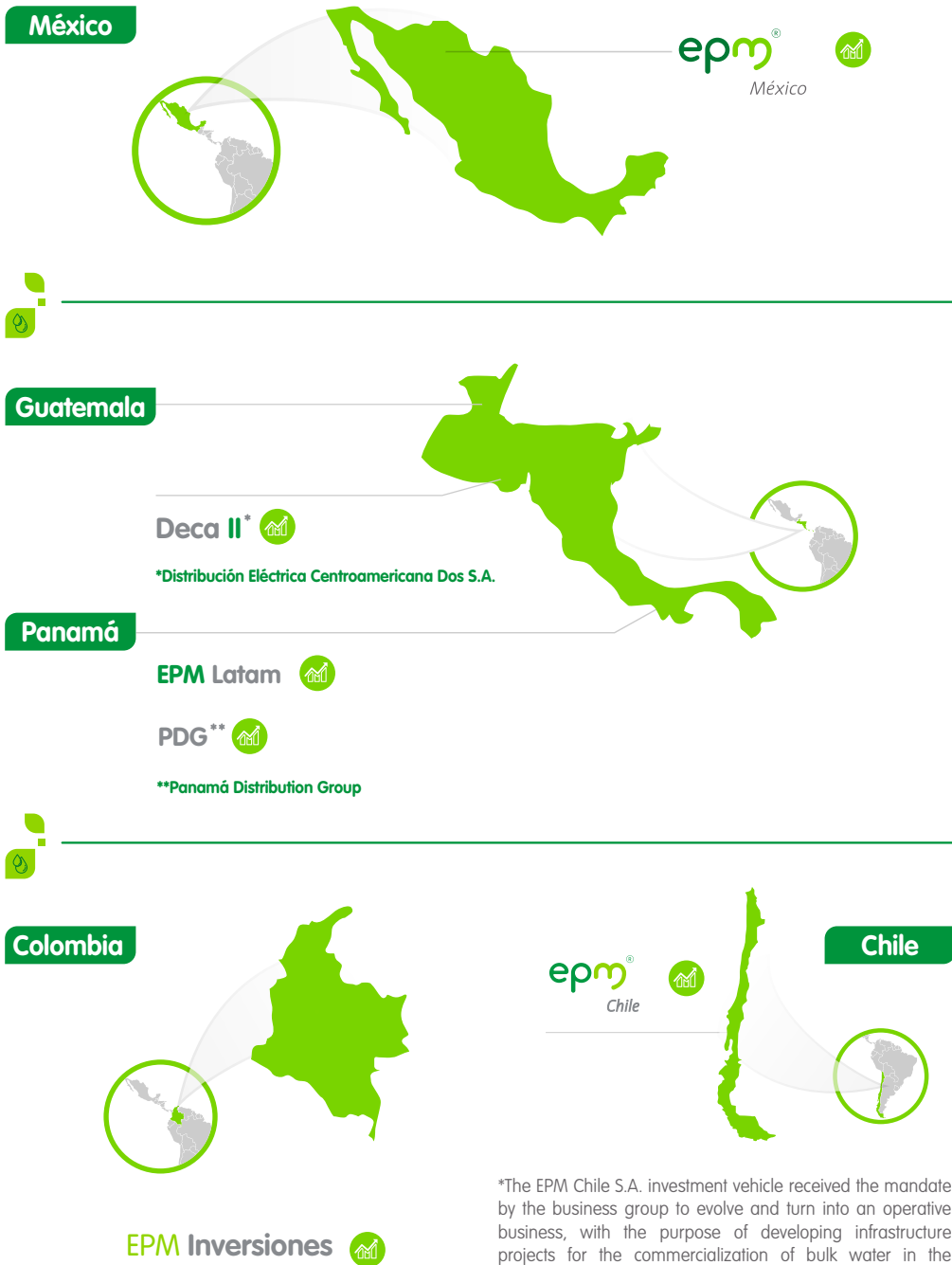


Chile



Investment Vehicles

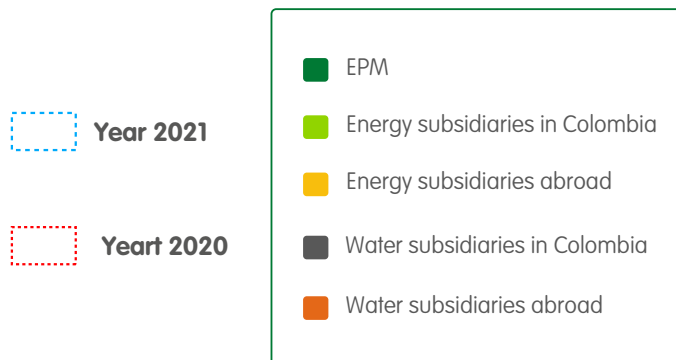
The Grupo EPM has **six companies that facilitate growth in the different territories in which it operates**, five of them abroad and one in Colombia.



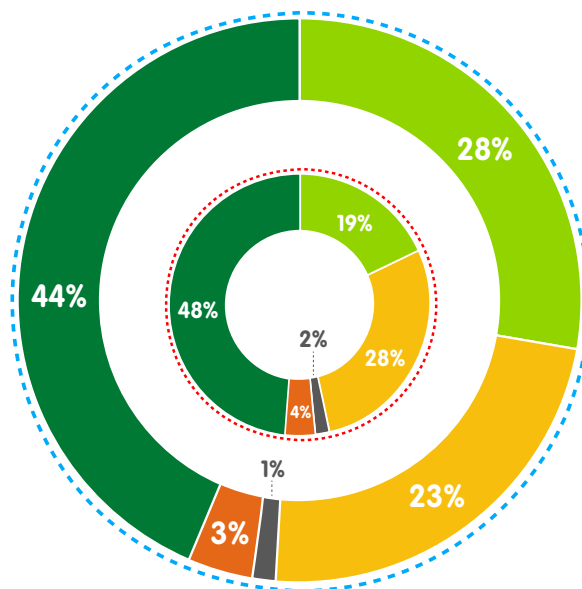
*The EPM Chile S.A. investment vehicle received the mandate by the business group to evolve and turn into an operative business, with the purpose of developing infrastructure projects for the commercialization of bulk water in the unregulated market in the Antofagasta region of Chile.

Financial results

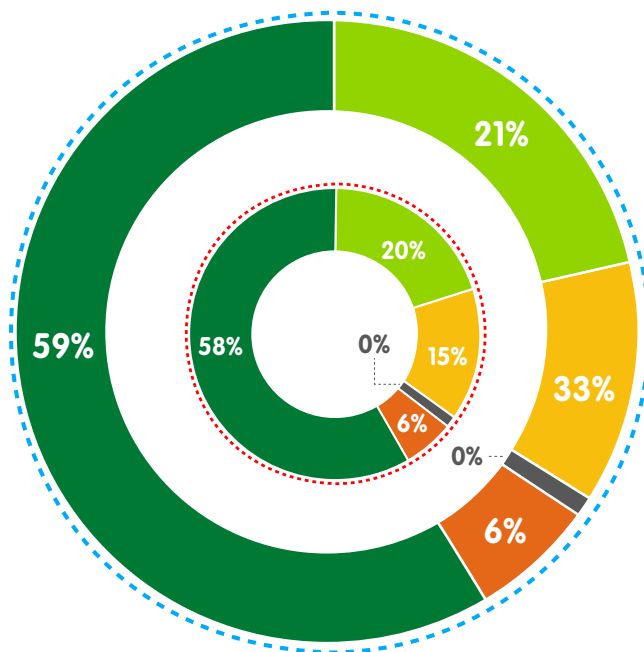
Grupo EPM 2021



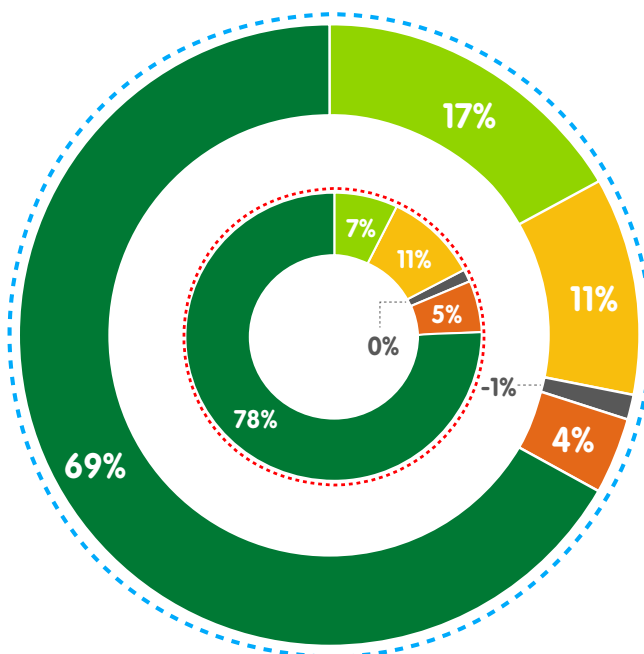
Revenues



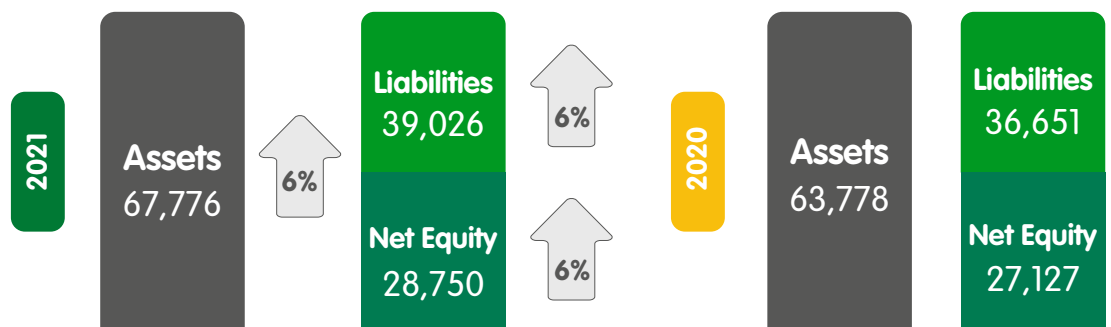
EBITDA



Result for the period



Grupo EPM



Figures in COP thousand million.



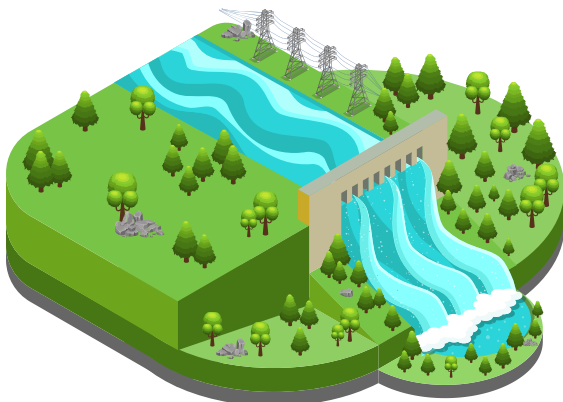
Energy

Grupo EPM 2021

Power Generation Efficiency Indicators



EPM	ESSA	CHEC	HET
■	■	■	■



Thermal energy efficiency

	EPM	CHEC
Current availability/ projected availability	83.8%	102.8%
Energy penalized/ energy generated	0.38%	1.24%



Hydropower efficiency

	Major Plants (>20 MW)		
	EPM	CHEC	HET
Current availability/ projected availability	98.9%	90.6%	108%
Energy penalized/ energy generated	0.08%	0.14%	N.A.

	Smaller Plants (<20 MW)		
	EPM	ESSA	CHEC
Current availability/ projected availability	99.6%	123.6%	103%



Wind energy efficiency

EPM
94.9%

Source: Energy Generation Business Unit

Power Generation Mix

Type of source		Generation system		Net production (GWh)		Net effective capacity (MW)			
		2021		2021		2021		Projection 2024	
		Grupo EPM	EPM	Grupo EPM	EPM	Grupo EPM	EPM	Grupo EPM	EPM
Wind		1	1	60	60	18	18	0	0
Solar		0	0	0	0	0	0	83	83
Distributed generation (Solar)		6	6	1	1	3	3	24	24
Thermal	Greater than 20 MW	2	1	1.342	1.294	397	353	399	353
	Less than 20 MW (Self-generation)	1	0	2	0	5	0	5	0
Hydraulics	Greater than 20 MW	11	8	13.639	13.141	2.887	2.690	5.158	4.919
	Less than 20 MW	25	18	728	492	171	129		
	Total hydraulics	36	26	14.367	13.633	3.058	2.819		
Total		46	34	15.774	14.988	3.481	3.193	5.669	5.379

Source: Energy Generation Business Unit

Installed energy transmission and distribution capacity 2021



Universal service - Colombia



Coverage of the service - Other countries (El Salvador, Guatemala y Panamá)



Transmission networks and electric power distribution (km)



Power distribution and transmission transformers



Substation transformation capacity (MVA)



Source: Energy Transmission & Distribution Business Unit and Commercial Business Unit

Electric power transmission and distribution networks Grupo EPM 2021 (in kilometers)

Tension level	Area	Subway	Total
Ultra-high transmission voltage (Voltage \geq 220 kV)	1,373	6	1,081
High transmission voltage (57.5 kV \leq Voltage < 220 kV)	5,360	43	5,403
Medium transmission voltage (30 kV \leq Voltage < 57.5 kV)	8,308	89	8,398
Medium voltage transmission and distribution (1 kV \leq Voltage < 30 kV)	132,343	2,879	135,222
Low distribution voltage (Voltage < 1 kV)	138,868	5,296	144,164
Total kilometers	286,253	8,313	294,565

Source: Energy Transmission and Distribution Business Unit



Classification according to international standards based on RETIE standard NTC 1340. The length of the lines is according to the guidelines developed internally for cable measurement in the field.

Electric power transmission and distribution networks Grupo EPM 2021 (in kilometers)

Tension level	Area	Subway	Total
National Transmission System (STN) (Voltage \geq 220 kV)	1,075	6	1,081
Level 4: Regional Transmission System (RTS) (57.5 kV \leq Voltage < 220 kV)	1,641	0	1,641
Level 3: Local Distribution System (LDS) (30 kV \leq voltage < 57.5 kV)	2,312	17	2,329
Level 2: Local Distribution System (LDS) (1 kV \leq Voltage < 30 kV)	48,967	1,008	49,975
Level 1: Local Distribution System (LDS) (Voltage < 1 kV)	41,340	2,378	43,718
Total kilometers	95,336	3,409	98,745

Source: Energy Transmission and Distribution Business Unit



Classification according to CREG Resolution 025 of 1995 and CREG 097 of 2008. Level 4 (STR) is remunerated in the distribution business together with levels 1, 2 and 3. Line lengths are determined according to the internally developed guide for cable measurement in the field.

Energy service detail by company 2021

Universal service - Colombia		
	Total customers	2,662,104
	Universalization (%)	97.29
	Total customers	525,420
	Universalization (%)	99.44
	Total customers	208,053
	Universalization (%)	99.18
	Total customers	572,573
	Universalization (%)	93.95
	Total customers	873,216
	Universalization (%)	97.00
	Total customers	1,640,620
	Universalization (%)	96.96
Service Coverage - Other Countries		
	Total customers	426,187
	Service coverage (%)	95.00
	Total customers	510,293
	Service coverage (%)	87.70
	Total customers	1,401,325
	Service coverage (%)	98.78
Total customers		8,819,791
Source: Water and Sanitation Business Unit		

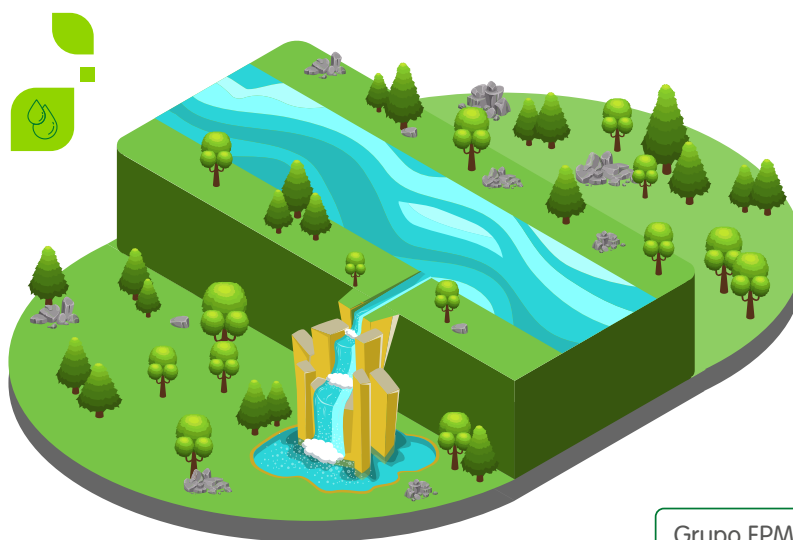


Total customers: includes homes or facilities that enjoy residential public service and those that are without service due to non-payment.

Water and Sanitation

Grupo EPM 2021

Indicators of installed water capacity



Grupo EPM	EPM
■	■



Installed capacity

Drinkable water treatment plants

39

13

Drinkable water treatment capacity (m³/s)

20.29

15.46



Water distribution

Primary distribution networks (km)

540

309

Secondary distribution networks (km)

6,063

4,009

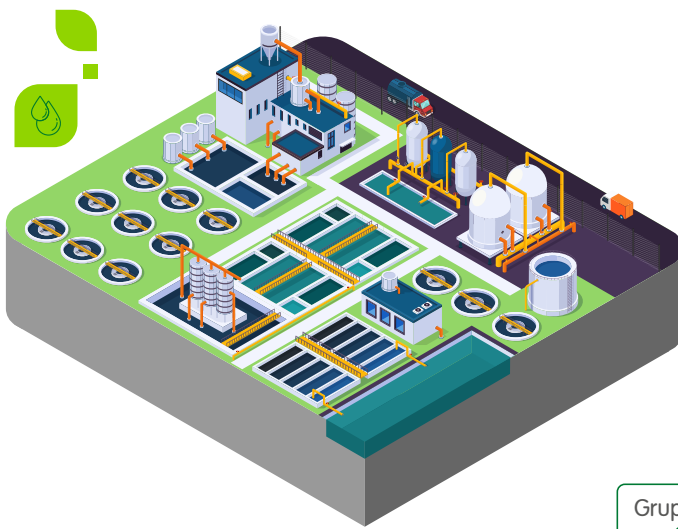


Drinkable water net production

393

300

Indicators of installed sanitation capacity



Grupo EPM	EPM
■	■

Installed capacity

Wastewater treatment plants	22	4
Wastewater treatment capacity (m³/s)	11.97	2.01

Collection and transportation

Transportation networks (km)	730	416
Transportation networks (secondary) (km)	5,809	4,493

Cleanliness











Tons transported	687,252
Tons entered at La Pradera for final disposition	1,239,701
Leachate treatment plants	1
Leachate treated (m³)	351,940

Treated water in wastewater plants
(million m³)

296	60
------------	-----------

Source: Water and Sanitation Business Unit

Water and Sanitation service detail by company 2021

Company		 Aqueduct	 Sewer	 Cleaning
	Total customers	1,362,502	1,341,700	N.A.
	Universalization (%)	98.05	96.11	N.A.
	Total customers	6,147	6,078	N.A.
	Universalization (%)	100	100	N.A.
	Total customers	105,076	83,555	N.A.
	Universalization (%)	93.05	76.08	N.A.
	Total customers	24,939	22,883	N.A.
	Universalization (%)	93.79	81.29	N.A.
	Total customers	N.A.	N.A.	906,667
	Universalization (%)	N.A.	N.A.	99.29
	Total customers	184,055	183,132	N.A.
	Universalization (%)	100	100	N.A.
	Total customers	1	N.A.	N.A.
Total customers		1,682,720	1,637,348	960,667
Universalization (%) in Colombia		97.63	94.95	99.29

Source: Water and Sanitation Business Unit



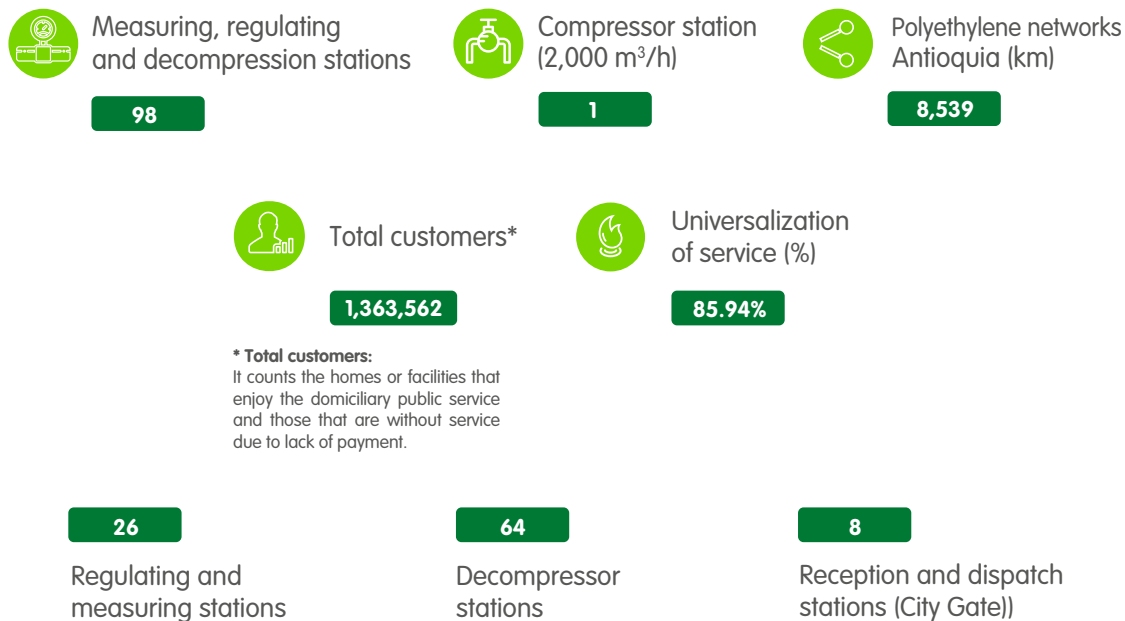
TICSA has no direct customers, but indirectly serves 2,365,560 customers (population covered) through the operation of 11 wastewater treatment plants.

Gas

Grupo EPM 2021

Installed Capacity for gas

EPM gas service coverage



*** Total customers:**
It counts the homes or facilities that enjoy the domiciliary public service and those that are without service due to lack of payment.

Source: Gas Business Unit



Our history





Our History epm®

1955



Grupo EPM has its origin in EPM, a **public** company owned by the Municipality of Medellín.

1997



EPM is transformed into an **industrial and commercial company of the State** to comply with Law 142 of 1994.

1999



- **Aguas del Oriente is created** to meet the water and sewage demand of the municipality of El Retiro.

2000



- **EPM becomes the parent company** of a corporate group.

2002

- **EPM Bogotá Aguas is created**, which would later become:



2003

- **EPM creates EPM Inversiones S.A.** and purchases the subsidiaries **CHEC, EDEQ y HET.**



Central Hidroeléctrica de Caldas



Empresa de Energía del Quindío



HIDROECOLÓGICA DEL TERIBE, S.A.

Hidroecológica del Teribe, Panamá



2005



- EPM adopts a new strategy **changes its organizational structure.**

2006



- **UNE EPM Telecomunicaciones S.A. E.S.P.** is created.

2006
2007



- **EPM becomes a partner** in the regional companies **Aguas de Urabá** and **Aguas de Occidente.**

2007

- The regional **energy** market of **Antioquia** is integrated.



2009

- **EPM** participates in the **creation of Empresas Públicas de Oriente** and purchases the subsidiaries **CENS** and **ESSA**.



Centrales Eléctricas del
Norte de Santander



Electrificadora de
Santander S.A.

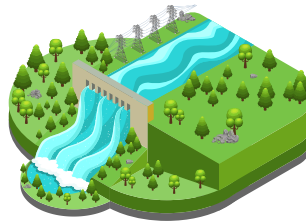
2010

- **EPM** invests in **Central American energy companies** that already have a position in the region and acquires the **holding** company **DECA II** and its **subsidiaries**.

Deca II

2011

● **EPM acquires, through DECA II, El Salvador Holdings Ltda.** which in turn is the owner of the company DELSUR (Distribuidora de Electricidad del Sur) in El Salvador, and through the purchase of the company Panamá Distribution Group S.A. ENSA (Elektra Noreste S.A.) in Panamá.



● **EPM formally assumes the financing, construction, maintenance, operation, and commercial exploitation of the Ituango Hydroelectric Project,** which will be the largest power generation plant in Colombia, with a capacity of 2,400 megawatts.

Acquisition of 85% of the public company **Aguas de Malambo S.A. E.S.P.**



2012



● **EPM Mexico is created** as a platform for the different projects that may be developed in that country.

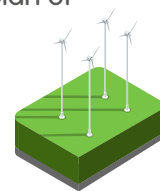
Following the early achievement of its large and ambitious goal in 2011, **the Group defined a new strategic direction with a 2022 horizon** and embarked on a transformation process.

2013



● **EPM Chile is born as a holding company** to leverage the growth plan of the Entity in the south of the American continent.

Through it, the Grupo EPM begins the construction of the **wind farm Los Cururos**, a 109.6 megawatt plant in the Coquimbo region of northern Chile, under a turnkey contract with the Danish firm Vestas.



2013



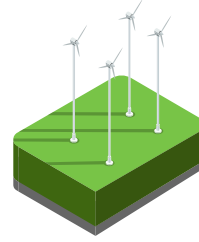
- The Grupo EPM is transforming itself to meet its goals for the year 2022.

In Mexico, it acquires a majority stake in **TICSA**, holding company dedicated to the design, construction, operation and commissioning of wastewater treatment plants.



- With the acquisition of **Emvarias**, **Grupo EPM** expands its portfolio to include cleaning and collection services, transportation and final waste disposal.

2014



● The **Grupo EPM**, through its subsidiary EPM Chile, **inaugurates the 110 MW Los Cururos wind farm.**



● **Grupo EPM** consolidates its **new management structure.**



MILlicom

● **UNE - Millicom merger** to create a new digital alternative in Colombia.

2015



EPM strengthens its presence in **Chile** with the **purchase of Aguas de Antofagasta**.

2016



Regional de Occidente and Aguas de Urabá merge and the corporate name is changed to **Aguas Regionales EPM**.

2017



EPM acquires **100%** of the shares of **EP Rio**.

This is how Grupo EPM arrives in the **municipality of Rionegro** with the provision of **water and sewage services**.

2018

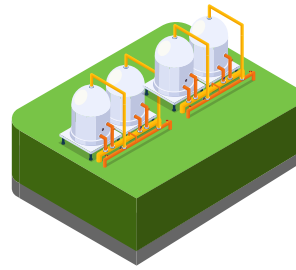


EPM responds to the social, environmental, and technical aspects of the **Ituango Hydroelectric Project contingency**, and achieves a decrease in the risk to downstream communities with the progress in the construction of the dam and the completion of the spillway works.

2019

EPM continues with the works aimed at reducing the risk for the **communities downstream of the Ituango Hydroelectric Project**: The beginning of the recovery of the powerhouse, the commissioning of the spillway, and the completion of the dam, as well as the delivery of the road over the dam to the municipality of Ituango.

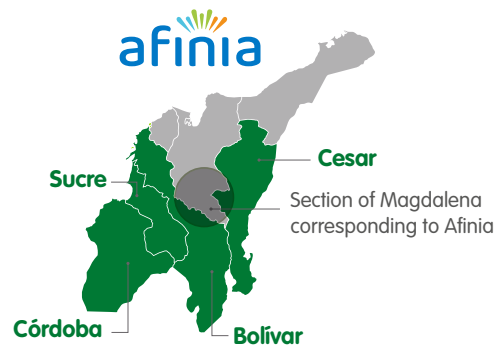
2019



● **Aguas Claras wastewater treatment plant starts operations** in the northern part of the Aburrá Valley.

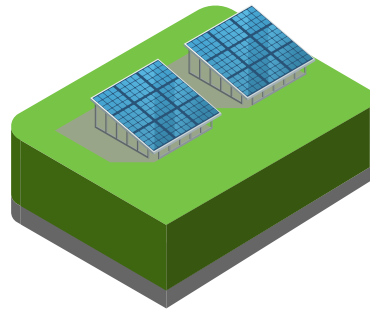
The EP Rio - EPM merger process culminates, which makes **EPM** the provider of **water and sewage services in the municipality of Rionegro**.

2020



● **Afinia, the new subsidiary of the Grupo EPM, assumed on October 1 the provision of electric power service** to 1.5 million customers in the departments of Bolívar, Cesar, Córdoba, Sucre and 11 municipalities in southern Magdalena.

2021



EPM strengthens its non-conventional renewable energy portfolio with the **award of 83 MW of energy from the Tepuy solar project**, located in the municipality of La Dorada - Caldas, in the third auction organized by the National Government.

With the adjustment to the strategic direction and as a glance towards the future, a new business is born called **Commercialization of New Solutions***, which will offer a comprehensive and innovative portfolio through different mechanisms and platforms, generating positive experiences and benefits for our stakeholders.



*As of December 31 this Business has not started operations because it is in the formulation and study of initiatives stage, and 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.



Integral risk management



Integral risk management

Framework

Grupo EPM applies comprehensive risk management, under the policy contained in the internal regulatory framework: “EPM manages the risks that affect its activity and its environment, adopting the best practices and international standards of Comprehensive Risk Management (GIR) as a way to facilitate compliance with the purpose, strategy, objectives and business purposes, both of statutory and legal origin”. In pursuit of continuous improvement, a review was conducted to validate the validity of this policy, and it was found to be still valid. Additionally, other components of the regulatory framework such as guidelines and business rules have been reviewed and adjusted given the degree of maturity of the risk management scheme.

The Risk Management Business Unit, to achieve adequate protection and assurance of assets, resources, infrastructure, and interests, advanced the project **“Design and implementation of the new Integrated Risk Management (GIR) model”**, which aims to implement a new model to strengthen decision making, optimize operations and comply with regulatory requirements, by adjusting and consolidating the components of the corporate architecture.

In 2021, the **risk map of the Grupo EPM was monitored**, considering internal and external environment elements, the presence of COVID-19, and situations that arose around Hidroituango. Such follow-ups were presented in different governance bodies of the Company: the Steering Committee (Core Committee), the Audit Committee of the BoD, and the Board of Directors.

EPM’s risk map was updated, with emphasis on EPM as a service provider -operating company- and was incorporated in the Company Plan 2022-2025. Likewise, **the maps of the different management levels were updated**: business, processes, and accompaniment to project risk analysis.

The risks contained in this map are categorized as strategic, operational, financial, and compliance risks, which facilitates a comprehensive analysis of the situations to which the business group may be exposed.

Likewise, each of the operating subsidiaries, in Colombia and abroad of the Grupo EPM, has **risk matrices** in their respective plans, which are monitored periodically by the Management Committee or the Audit Committee of each company.

To analyze and assess the risks to which the organization is exposed, a formal methodology and associated tools are applied for the identification, qualitative and quantitative assessment of risks. The risks identified in these maps are assessed considering information on the context and the perceived exposure in each update.

Specialized risk analyses were carried out that provided elements to support the decision-making of different governing bodies, a situation that motivated the Risk Business Unit to establish new tools that made it possible to carry out these analyses and incorporate them into the documentation that supports the Integral Risk Management process.

Regarding the **Operational Safety program** that the organization has been carrying out, the Risk Business Unit participates in the risk pillar in each business project, leading the analysis of inducers and global vulnerability of the facilities, prioritized according to their criticality. This work has allowed the identification of improvement opportunities for EPM's main facilities.

EPM is aware of its responsibility before the materialization of risks that may affect the provision of its services, as well as possible effects on its environment. This is why the VP of Risks led the structuring of a matrix team to comply with Decree 2157 of 2017, which regulates Article 42 of Law 1523 of 2012 to formulate Disaster Risk Management Plans in the Company's facilities and projects.

In terms of physical security, analytical activities are supported by the Information System for the Analysis of the Environment (SIAE), which consists of: a set of public databases obtained

from more than 27 sources, both external and internal; three business intelligence software solutions; a Georeferenced Information System and an open-source code. The SIAE produced products such as the Market Potential Index (MPI), input for EPM's Target Market; the calculation of socio-political risk for Country Risk scoring, and the analysis of the environment with a focus on security for projects.

The closed-circuit television and access control systems were updated based on the architecture defined for the applications that support the physical security process. Additionally, in compliance with agreement 1502 of the National Operation Council (CNO), which defines the cybersecurity and cyber defense guidelines, **security was implemented with technological means in facilities of the Energy Generation, Energy Transmission, and Distribution businesses**, classified as critical cyber assets for the operation.

As can be seen, **EPM's security is aimed at contributing to the protection of people, infrastructure, and the Company's reputation.** All this is support for the effective operation and viability of businesses and projects.

Concerning **financial risk management**, the renewal of the insurance program of the Grupo EPM continued with the upward trend, typical of the hardening cycles of the world insurance and reinsurance market, which was severely impacted by the pandemic, with increases in premiums for all lines in general and restriction for the granting of some coverage and more conservative underwriting policies. Even so, it was possible to **renew the insurance program of the entire Grupo EPM** without deterioration in technical conditions and with economic market conditions.

The **subsidiary Maxseguros** increased its retentions in the Property Damage and Loss of Profit and Directors and Administrators lines. In addition, it is retaining an important portion of the policy contracted to cover the completed civil works of Hidroitango. The retentions in the other lines of business were maintained and the placement of the policies that the Grupo EPM transfers to the reinsurance market was managed.

Maxseguros' participation in the risk transfer strategy, articulated with EPM's Risk Business Unit, is considered fundamental to achieving the placement and renewal of the Grupo EPM's insurance program under the best possible terms and conditions in the reinsurance markets

Events materialized in 2021

The efforts made in 2021 allowed obtaining indemnities for claims in the policies of the corporate insurance program for the Grupo EPM, which include compliance insurance that guarantees the execution of contracts.

- There were **damages to corporate assets** such as transformers, essential services equipment, electronic and computer equipment, mainly due to machinery breakage and theft. These were managed and closed with indemnifications for EPM for COP 3,873,670,502 and USD 81,969.81, and for the Colombian subsidiaries for COP 2,635,000,160.
- On the other hand, there were **non-compliances with the obligations of some contractors in the development of contracts with Group companies**, which gave rise to the activation of compliance hedges and consequent indemnities in the amount of COP 730 million.
- Due to the **contingency of the future Ituango hydroelectric power plant**, in August the insurer made a third advance payment of USD 100 million which, added to the previous advance payments, totaled a recognized value up to that moment of USD 350 million. In December 2021 EPM and MAPFRE signed an agreement to the full and final payment of the indemnity under the All Risks Construction policy, in force at the time of the occurrence of the contingency in April 2018, for a total amount of USD 983.8 million, of which, as previously mentioned, USD 350 million had already been received. The remaining payment for USD 633.8 million was received at the end of January 2022, in accordance with the payment commitment made by MAPFRE.

- **Directors and Administrators Policy:** there were several investigations by the control agencies that implied the recognition of defense expenses in favor of the policyholders. Likewise, given the fiscal responsibility ruling issued by the Comptroller General's Office of the Republic, due to the Hidroituango contingency, the directors and management civil liability insurer Seguros Generales Suramericana S.A. was bound and declared liable, which in December 2021 made the payment to EPM for COP 402,454 million.

Achievements 2021

- Accompanying senior management in the construction of risk scenarios for the different decisions associated with Hidroituango.
- Progress in the development of risk management activities of the Operational Safety program.
- Constitution of the team and development of the methodology for risk analysis for the Disaster Risk Management Plans (PGRD).
- Progress in the consolidation of the quantification team in different areas (self-insurance fund, Hidroituango risk retention, and quantification of cybersecurity risks).
- Renewal of local insurance program including Fronting and Minor Damages (third renewal).
- Placement of the Directors and Administrators policy, taking into account the hardening of the market in Latin America: country risk variables and condition of state-owned entities Grupo EPM.
- Technical improvement in the unification of insured limits for the Colombian subsidiaries in the tort liability policy.
- Final closure of the Playas hydroelectric power plant incident.
- The operating matrix policy program continues to operate, despite the high loss ratio in the compliance line of business.

- Support to subsidiaries: Afinia, ESSA, CENS, ENSA, and DECA in security architecture and implementation.
- Accompaniment and safety management in aqueduct network projects: Granizal, Piedras Blancas, El Toldo, and La Tablaza; modernization of energy substations in Valdivia, Tarazá, and Tepuy.
- Thirty-two territory management circles have been carried out to stabilize the operation and projects.
- Recovery of non-technical losses exceeding COP 28.2 thousand million.
- Securing for the transfer of Hidroituango's special equipment.
- Development of police injunctions, attention to social protests, and land invasion in Hidroituango.

Challenges for 2022

- Progress on the project "Design and implementation of the new Integrated Risk Management Model".
- Development and implementation of country risk analysis and investment track record.
- Improvement in the work scheme of the Risk Engineering Department.
- Update of risk appetite and tolerance and inclusion in the cost/financial resource impact criteria.
- Strengthening of the Business Continuity Model.
- Accompanying Hidroituango in the placement of risks in the reinsurance market.
- Strengthening the synergy network with the subsidiaries.
- Focus on analysis of new insurance needs: M&A (mergers and acquisitions); political risk, credit-compliance coverage for the energy market, extracontractual liability (RCE) projects and environmental, errors and omissions at the control center, damages and extracontractual liability for solar energy projects.

- Maintain current hedges in the face of market uncertainties.
- Maintain the coverage conditions of the Cyber policy. Try to include Afinia in such coverage.
- Updating of the alarm control system for nearly 400 EPM facilities and implementation of electronic security in 12 electric power transmission and distribution substations and 3 generation plants.
- The Environment Analysis Information System (SIAE) will continue to be strengthened with the automatic reporting of security events by the municipality and at the national level, supported by BI (Business Intelligence) tools.



View more in: [Corporate Governance Report](#).



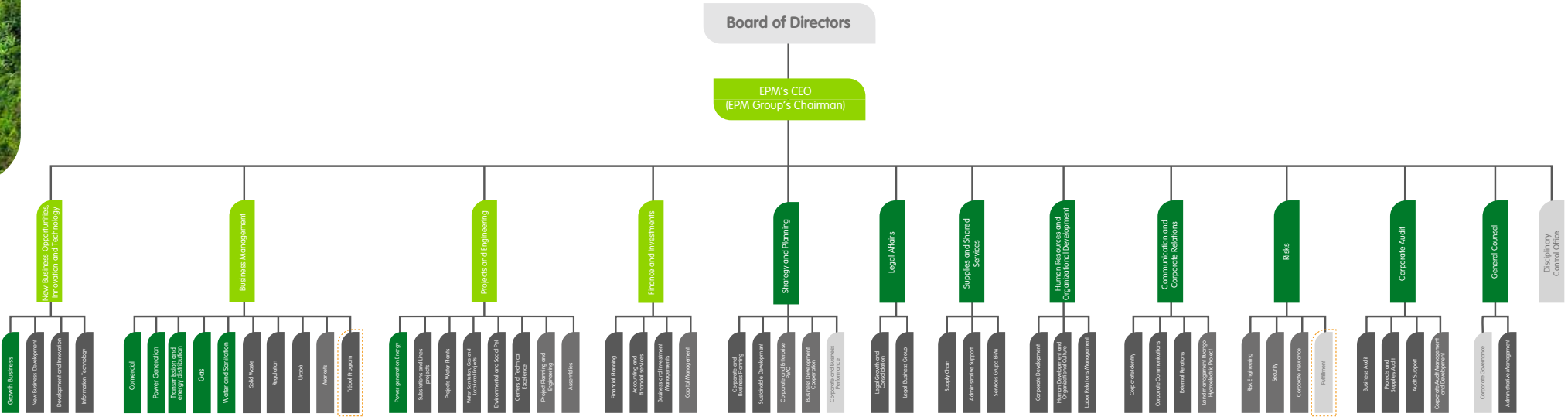


How we are organized



How we are organized

Administrative structure



 To download a PDF of the administrative structure, [click here](#).

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

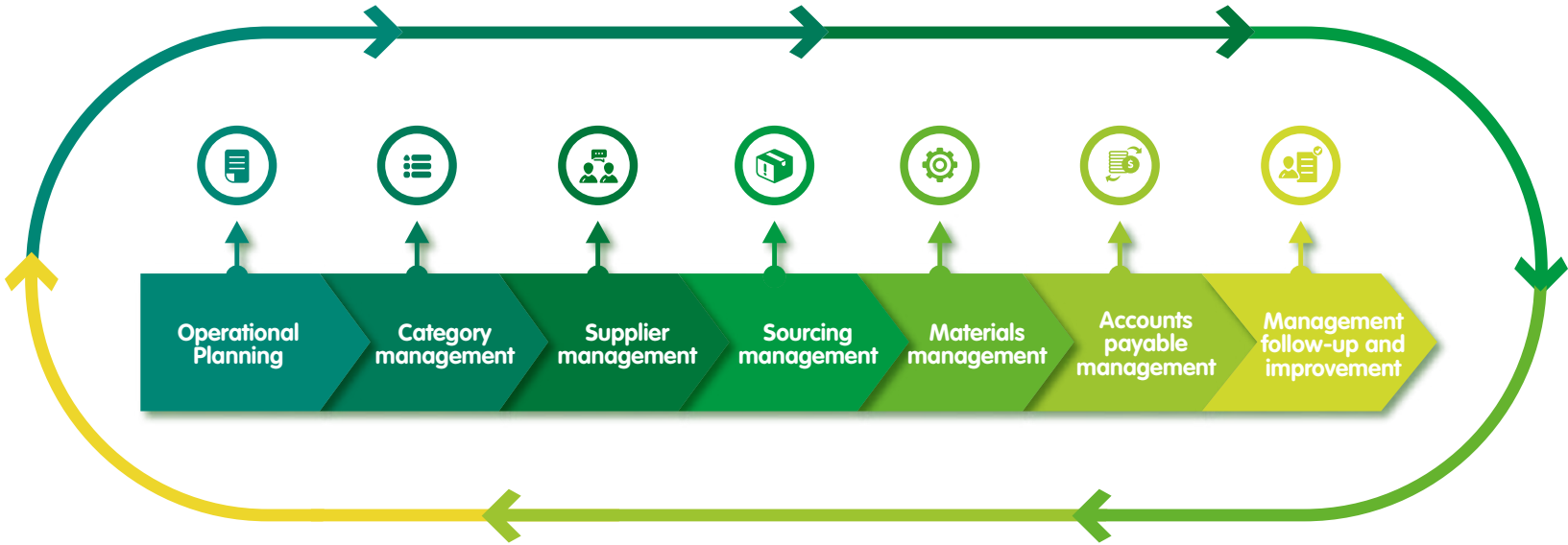
Our goods supply cycle

SUSTAINABLE GOALS
DEVELOPMENT

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Goods and services supply macro-process

The objective is to supply the goods and/or services required by the Organization in the **best conditions of quality, quantity, timeliness, and price**, to achieve the consolidation of its business in the market, and thus **increase the value for its stakeholders**.



Goods and services supply macro-process

Processes	Objetivo
Operational planning	Plan in detail in each organizational unit: functions, processes and their improvements, prioritized projects, actions needed to meet normative, regulatory and/or administrative mandates, assigning human, technical and financial resources and identifying the contracting needs required for the proper execution of the Operational Plan.
Category management	Identify options to capture synergies and optimize operating costs through specialized knowledge of the elements that make up the required goods and services.
Supplier management	Improve the performance of suppliers and their satisfaction in their relationship with the EPM Group.
Sourcing management	Negotiate the acquisition of goods and services in order to meet the needs of the Organization and ensure compliance with the contracted object.
Sourcing management	Manage logistics, receive, resupply, custody and supply movable goods according to the needs of the users.
Accounts payable management	Comply with the payment mandate of the different ordering areas of EPM and the companies of the Group, in an agile and safe manner, giving timely compliance with the obligations, ensuring the proper management of resources, optimizing the economic benefit for EPM and the subsidiary ordering the payment and the satisfaction of suppliers and stakeholders.
Evaluation and improvement	Manage the evaluation and improvement of the performance of the business group, in the dimensions of the business architecture, to increase efficiency and effectiveness in achieving strategic objectives.



View more in:

- [Responsible sourcing for local local development.](#)
- [Procurement and contracting.](#)
- [Relationship with Suppliers and Contractors.](#)
- [Strengthening and development of suppliers.](#)



Management Report 2021

SUSTAINABLE DEVELOPMENT GOALS





EPM Management Report

SUSTAINABLE
DEVELOPMENT
GOALS



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Members of
EPM's Board of Directors

Our fundamental commitment at EPM is to provide energy services, water supply, natural gas, and management of residual water and solid waste with high standards of quality and efficiency, in the area of influence of the Department of Antioquia; 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 objectives 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 consumption and production (12); Industry, innovation and infrastructure (9); Decent work and economic growth (8); reduced inequalities (10); Peace, justice and strong institutions (16); 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 utilities while overcoming challenges posed by the pandemic, as well as some restrictions derived from difficulties in global trade.

The step towards a new normality was taken thanks to the **development of vaccination programs**, which shed a light of hope not only for our close to 8,500 employees, but in general for the whole of 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.



Consequently, the performance of energy demand, which reflects the dynamism of the economy, showed growth rates in countries in 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, 91% of whom are now fully vaccinated, to their work centers, always under adequate safety conditions.



On the other hand, **the future Ituango hydroelectric power plant reached a progress of 86.9%** as of December 2021 in its civil works, which was reflected in 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 start operating the first two generating units of this power plant in 2022**, which in its totality will provide 17% of the energy required by Colombia.

The **quality of our services** has been a permanent concern for our company, and although during 2021 there were some problems in the energy distribution service, mainly caused by the winter season and the shortage of materials during the year due to the effects of the pandemic and the global logistics situation, our technical teams are at the forefront of this situation, analyzing and implementing all necessary actions to overcome this situation and return to the excellent quality levels that have historically characterized the operation of all our services.

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.

To ensure the supply and meet EPM's demand for natural gas in Antioquia for a period of 11 years, we signed a contract with Canacol Energy, which will be joined by the construction of a new gas pipeline by this Canadian firm, thanks to a new and growing source of supply of this energy source, as a complement to the existing ones.

The Colombian Utilities Authority—the Superintendence of Public Utilities (SSPD)— conducted a comprehensive evaluation of EPM, which included everything related to the services of generation, transmission and distribution of energy, gas distribution, water supply and wastewater management, as well as aspects of risk management, corporate governance, finance and Hidroituango. This evaluation, developed through work tables and the delivery of detailed information on all the aforementioned fronts, allowed us to identify opportunities for adjustment in our processes, which are already being implemented through improvement plans.

We highlight our **participation in the recovery of the islands of Providencia and Santa Catalina** after the passage of hurricane Iota, after the Superintendence of Public Utilities requested the support of EPM under the figure of special agent of legal nature to manage the Public Utilities Company of Providencia and Santa Catalina -P&K S.A.S. E.S.P-, in order to ensure the provision of water, sewage and sanitation services to the inhabitants of these islands, with the proper quality, coverage and continuity.

In this sense, we guaranteed the supply of the vital minimum of drinking water established in the Emergency Decree issued by the Ministry of Housing, City and Territory of 65 L/inhab/day; we increased the continuity of the aqueduct service from 5% to 19%, in September 2021, with the shock plan works carried out in the plant and in networks; and we stabilized the processes of the sanitation system for the collection and transportation of solid waste, cleaning of roads and beaches and grass cutting, with 100% coverage.

In financial terms, EPM at the end of 2021 reached revenues of COP 11.3 billion, an EBITDA of COP 4.6 billion and a result for the year of COP 3.4 billion. Total assets amounted to COP 55.9 billion, **equity** COP 28.1 billion and **liabilities** COP 27.9 billion, figures that compared to December of the previous year presented growth of 5% for total assets, as well as for liabilities and equity. The **EBITDA margin and return on equity** reached results of 41% and 13%, respectively, compared to those obtained in 2020, with 37% and 10%. Likewise, we made the voluntary and early prepayment of the balance of the loan signed with IDB Invest on December 29, 2017, in the amount of USD 450 million.



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.

With a view to the future, we made progress in the review and adjustment of the strategic direction of the Grupo EPM, focusing on the components of Action and Results. 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 focuses 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.

Finally, I invite you to consult our **2021 Management Report**, in this document you will know first hand the initiatives, projects, results, achievements and challenges that we lived and faced the previous year, as a commitment to openness and information transparency with stakeholders, we want you to know our management because together we are stronger, we obtain lasting achievements and positively impact our planet, **always committed to contribute 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

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.

Strategic direction and alignment with the SDGs

Our strategic direction seeks to orient our 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 objectives 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 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, called Commercialization of New Solutions, is created.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 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.

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

6 strategic focuses:

Focus 1



Energy transformation:

Transforming with our customers and users the present and future of the energy sector.

Focus 2



Circular economy:

Sustainable production and consumption.

Focus 3



Digital transformation:

Generate new business models, greater efficiencies and innovative relationships with people and territories through technology, information and an agile organization that contributes to closing current and future gaps.

Focus 4



Corporate and financial optimization:

Optimize the investment portfolio to generate greater value for our stakeholders.

Focus 5



Project management:

Enhance future value offerings with projects that meet expectations in terms of scope, cost, quality and timeliness.

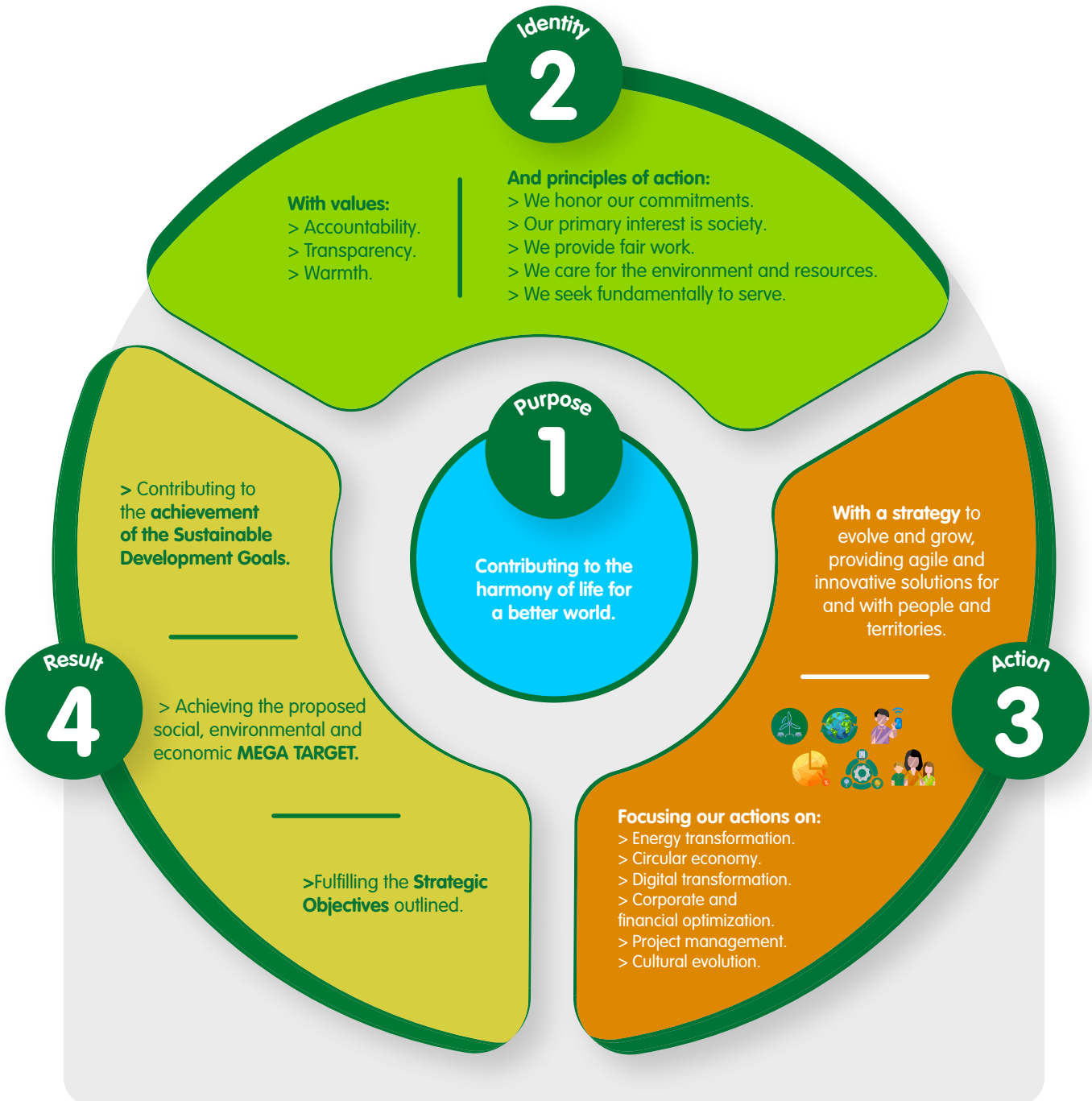
Focus 6



Cultural evolution:

Evolve towards the recognition and incorporation of new possibilities and ways of working together to promote a more conscious, healthy and agile work environment in the Grupo EPM.

Grupo EPM Strategy Summary



EPM

Public company providing utilities with:



8,406

employees

2,707,561

customers and users in the department of Antioquia

COP 2.7 billion

in investments infrastructure

7 businesses with EPM scope:

Power Generation and Commercialization

Provisioning and Marketing of Water

Power Transmission

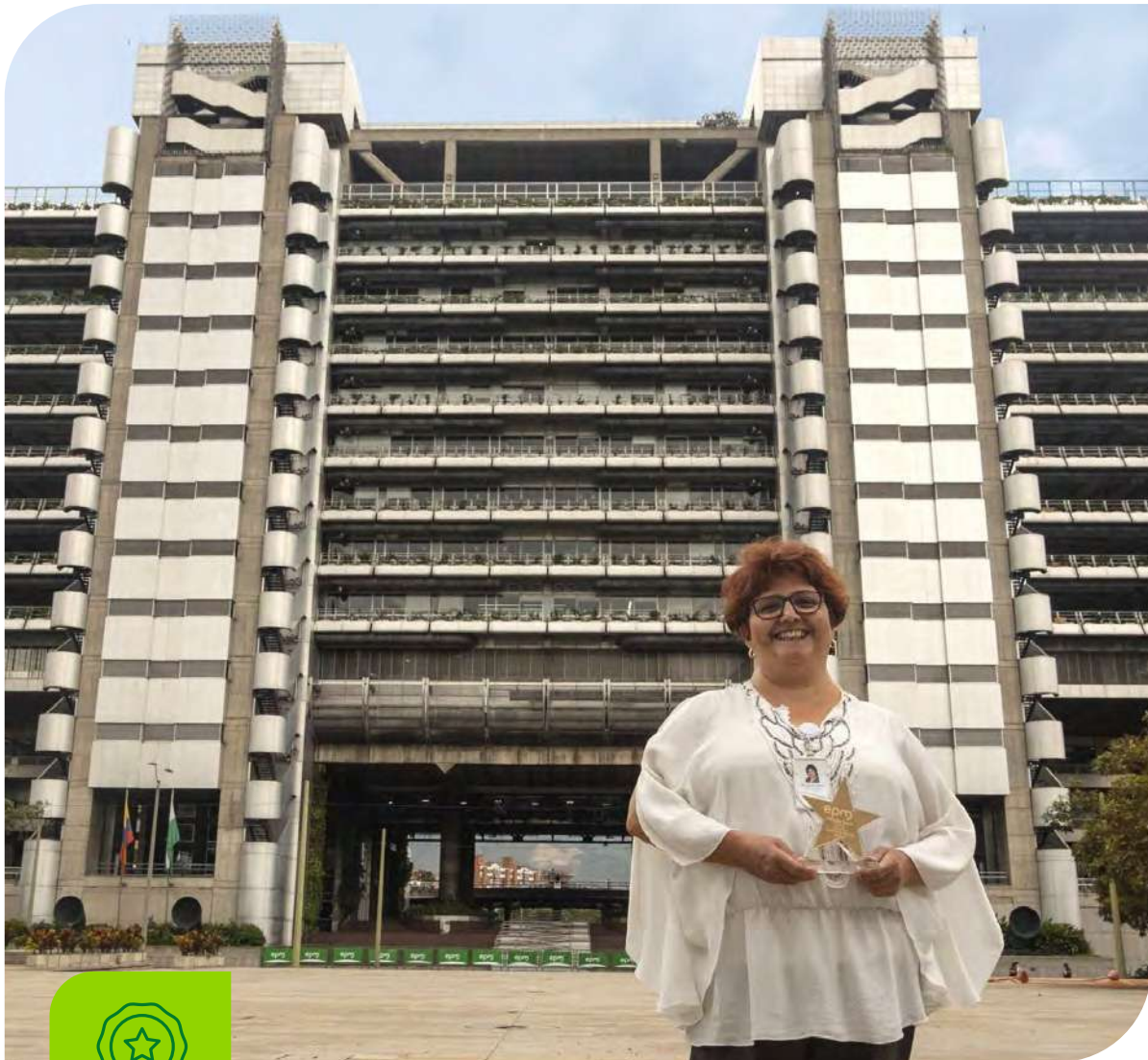
Wastewater Management and Marketing

Energy Distribution and Commercialization

Commercialization of New Solutions³

Gas Distribution and Commercialization

³ 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.



EPM is the most admired company in Antioquia and the second in the country according to Cifras y Conceptos' Opinion Panel: leaders of different media, private sector, politicians, academics and social organizations, gave their opinion on various topics, including their admiration for Colombian companies, **placing EPM as the second most admired company in the country, after Ecopetrol.**



1.

SDG 6 Clean water and sanitation

The Grupo EPM is inspired by the care of 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

EPM

2nd supplier with the highest number of customer in Colombia.



1,362,502

— customers and users



98.05%

— universalization of service in the metropolitan area of the Aburrá Valley and in the eastern part of the department of Antioquia - Rionegro



12.8%

— EPM's participation in Colombia



13

— water treatment plants with a capacity of 15.46 m³/s



128

— storage tanks



4,318 km

— of aqueduct networks



The water delivered to our customers and users is fit for human consumption, **guaranteeing a continuity greater than 99.8%**, weighted per user.

In terms of efficiency and optimization of the system, the level of water loss in EPM is 5.84 m³ per billed user, meeting the goal established by the Water Regulation Commission (CRA) of 6.0 m³ per billed user for the year 2026.



In figures...

Water Provision and Commercialization at EPM

Revenues: **COP 811 thousand million** 14% ↑

EBITDA: **COP 388 thousand million** 29% ↑

COP 378 thousand millions invested in **infrastructure of EPM's Water Provision and Commercialization business**

to supply drinking water to the communities with the criteria quality, continuity and reliability.



Relevant milestones 2021

epm[®]



"The neighborhood before the Connections for Life program (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.

Tropical Oasis community leader
Beneficiary of Connections for Life water program

With the **Connections for Life water program (Conexiones por La Vida)**, in conjunction with the Municipality of Medellín, we contributed to improving the quality of life of **2,277 Medellín households** located in areas that were difficult to manage and did not have water and/or sewage services.

We built 65 km of aqueduct networks for expansion and replacement throughout the service area to contribute to the provision of service in terms of quality and continuity to our users.

We began operating the project to expand the primary infrastructure of the Itagüí-Manzanillo-Ajizal system for the benefit of nearly 45,000 users in the municipality of Itagüí.

As of May 29, 2020, **we supplied 30,313 m3 of potable water in the Granizal de Bello neighborhood**, one of the largest settlements in Colombia, in compliance with the ruling issued in Popular Action 2015-02436 for the right to water for the El Pinar and Manantiales sectors, as well as, for the other sectors - El Regalo de Dios, El Siete, Portal de Oriente, Oasis de Paz and Altos 1, based on the Company's interest in cooperating with the Municipality of Bello in attention to the sanitary emergency due to COVID-19. In this way, we delivered drinking water to the inhabitants of the area through 101 tanks and jerry cans with capacities between 1,000 and 5,000 liters that are recharged every day through tanker trucks.



"This framework agreement allows us to work together on strategic city projects: the construction of water, sewage and gas networks and also the intervention in the change of all asbestos cement networks in our city, an articulated work with the EPM team and the municipal administration to continue guaranteeing utilities and quality of life for the Itagüí community".

Mayor of Itagüí - Signing of the Framework Agreement with the municipalities of the Aburrá Valley for the execution of works to modernize and expand the water and sewage systems.



We completed the construction of a containment structure in the El Salado stream in the municipality of **Copacabana**, in order to protect and guarantee the stability of the infrastructure, providing security for the area in the event of strong winter seasons.

We began operating the new La Bocaná intake, whose operation reduces by 95% the probability of water service interruptions in sectors of the center-east of Medellín, caused by the reduction in the flow of the Santa Elena stream.

We signed a contract with Fypasa for the modernization of the Manantiales Plant, which will allow us to modernize and replace the electromechanical equipment of the plant's unitary treatment processes and optimize its hydraulic operation, as well as eliminate hydraulic restrictions to reach a nominal production capacity of 5.0 m³/s of flow.

We signed the Framework Agreement with the municipalities of the Aburrá Valley for the execution of **works to modernize and expand the water and sewage systems**, which facilitates inter-institutional coordination **to reduce the impact on mobility due to road works and closures**.



1.2. Wastewater Management and Commercialization

EPM



1,341,700

— customers and users



96.11%

— universal service in the metropolitan area of Aburrá Valley and in the eastern part of the department of Antioquia - Rionegro and El Retiro



13.6%

— EPM's participation in Colombia



4

— Wastewater Treatment Plants (WWTP) located in Antioquia with a treatment capacity of 6.95 m³/s.



24,909 km

— of sewerage networks



figures...

Wastewater Management and Commercialization in EPM

Revenues: **COP 595 thousand million**  13%

EBITDA: **COP 230 thousand million**  51%



We invested **COP 209 thousand million** in **EPM's Wastewater Management and Commercialization business** 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

epm[®]

With the **Connections for Life water program (Conexiones por la Vida)**, we built the **first section of overhead sewer** in the La Honda sector in Medellin, with a length of 30 meters to guarantee the discharge of wastewater to EPM networks, benefiting **166 families**.

Through the **EPM gap closure project**, we connected **2,217 families** located in areas that were difficult to manage and that only had an aqueduct to the sewage system, for a total of 5,418 families benefited.



We built 79 km of sewerage networks for expansion and replacement throughout the service area to contribute to the provision of service in terms of quality and continuity to our users.

We continue to contribute to the decontamination of the Aburrá-Medellin river and its tributary streams through the **Sanitation and Dumping Management 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, 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.

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



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-Medellin river, environmental care in the region and the quality of life of millions 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

EPM



23.6%

— of participation in energy production in Colombia



18.2%

— of net effective capacity participation in Colombia

14,988 GWh

— generation of EPM

3,193 MW

— net effective capacity



26

— hydropower plants

— **13,633 GWh** for hydroelectric energy generated



1

— high capacity thermal plant

— **1,294 GWh** for thermal energy generated via natural gas



6

— Distributed solar power generation systems

— **0.75 GWh** of solar energy distributed



1

— wind farm.

— **60 GWh** generated



EPM's generation presented a good outlook, due to the recovery of energy demand with respect to 2020, added to higher energy sales in the non-regulated market, which grew by 11% compared to the previous year, given the higher hydro generation due to the increase in water contributions in a 2021 that was impacted by the La Niña phenomenon, which increased rainfall above historical average levels during almost the entire year.

Regarding the **availability of EPM's plants**, in the hydro and wind power plants we achieved, in general, a good performance. However, in the thermal plants there were events that affected their availability, impacting the compliance of EPM's thermal availability, which reached 77.6%, below the planned -92.7%-. These events have resulted in attention plans and initiatives to improve the process.



In figures...

Energy Generation and Commercialization at EPM

Revenues: **COP 5.1 billion** 6% 

Revenues: **COP 2.4 billion** 30% 



COP 1.6 billion invested in **infrastructure for EPM's Energy Generation and Commercialization business** to contribute to operational safety and system reliability.



Relevant milestones 2021

epm[®]

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 department of Caldas, with an intervention area of 220.39 hectares. This project has an environmental license for the park and the connection line of the subsidiary CHEC.

We installed 2.14 MWp in self-generation solutions for non-residential customers with high energy consumption, accumulating a total of 2.72 MWp in six solar systems, including their management, operation and maintenance, which generated 1.31 GWh/year. In addition, we closed 2021 with 34 additional projects accepted, which will allow us to add an installed capacity of 18.36 MWp to reach a total of 21.08 MWp.

We installed 244.89 kWp in self-generation solutions for residential and non-residential customers. We highlight that as of December we had installed the 100th residential customer with our integrated solar solution. In addition, we closed five deals with a capacity to install 205.46 kWp by 2022.

- **We executed the EPM Generation Efficiencies project**, which seeks to manage, in a profitable and sustainable manner in the long term, the availability of EPM's major hydroelectric power plants to provide reliable and optimal assets in their performance, which leverage the fulfillment of the strategy. During 2021 we built the reliability, maintainability and availability models for the Guadalupe 3 and 4 major hydroelectric generation plants and, additionally, the combined model for the entire Guatrón chain, to project with greater certainty the availability of the plants for generation and, in turn, the evaluation of the performance of the units.
- We carried out **the entry into commercial operation of unit 2 of La Tasajera hydroelectric power plant.**
- **We began operating unit 3 of the modernized Porce II hydroelectric power plant**, contributing to the Company's operational safety and system reliability.
- **We finalized the recovery activities** of the **Playas hydroelectric power plant.**

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 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 of the collaborators who work day by day in the future power plant**, who feel an enormous commitment to Colombia in the entry into operation of one of the largest engineering works in the country.





Relevant milestones 2021

Technical management

epm[®]



Hidroituango plan progress: 86.9% at the end of 2021.

Important actions in technical, environmental and social management, with an **accumulated cost advance of COP 11.6 billion** (including insurance payments as a reduction in the value of the 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 rock stability; and the **placement of instrumentation for monitoring 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, based on 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 viable.



"We were having a lot of difficulties with coexistence; there were many nicknames among the students. With these activities of Territorio de vida we have improved coexistence among them by 90%. I thank EPM and PNUD for making 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, Cauca.
Beneficiary of the Territorio de Vida initiative in Bajo Cauca.



Relevant milestones 2021

Social management

epm[®]



"We are suppliers of EPM with the Sinitavé specialty coffee, we have been in the market for 6 years and EPM has been our ally, they have 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 and 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**.



"To evolve is to learn to grow as a community, where there are good opportunities for everyone. In order to evolve, all the companies in a territory must work hand in hand with the community. Thanks to social contracting with EPM, Ituango has had a significant impact on employment; knowledge opportunities that make Ituango dream of a better future today. 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

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

epm[®]

We carried out **activities aimed at protecting wildlife**, such as the **planting of more than 60 thousand individual trees 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 conserve 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.

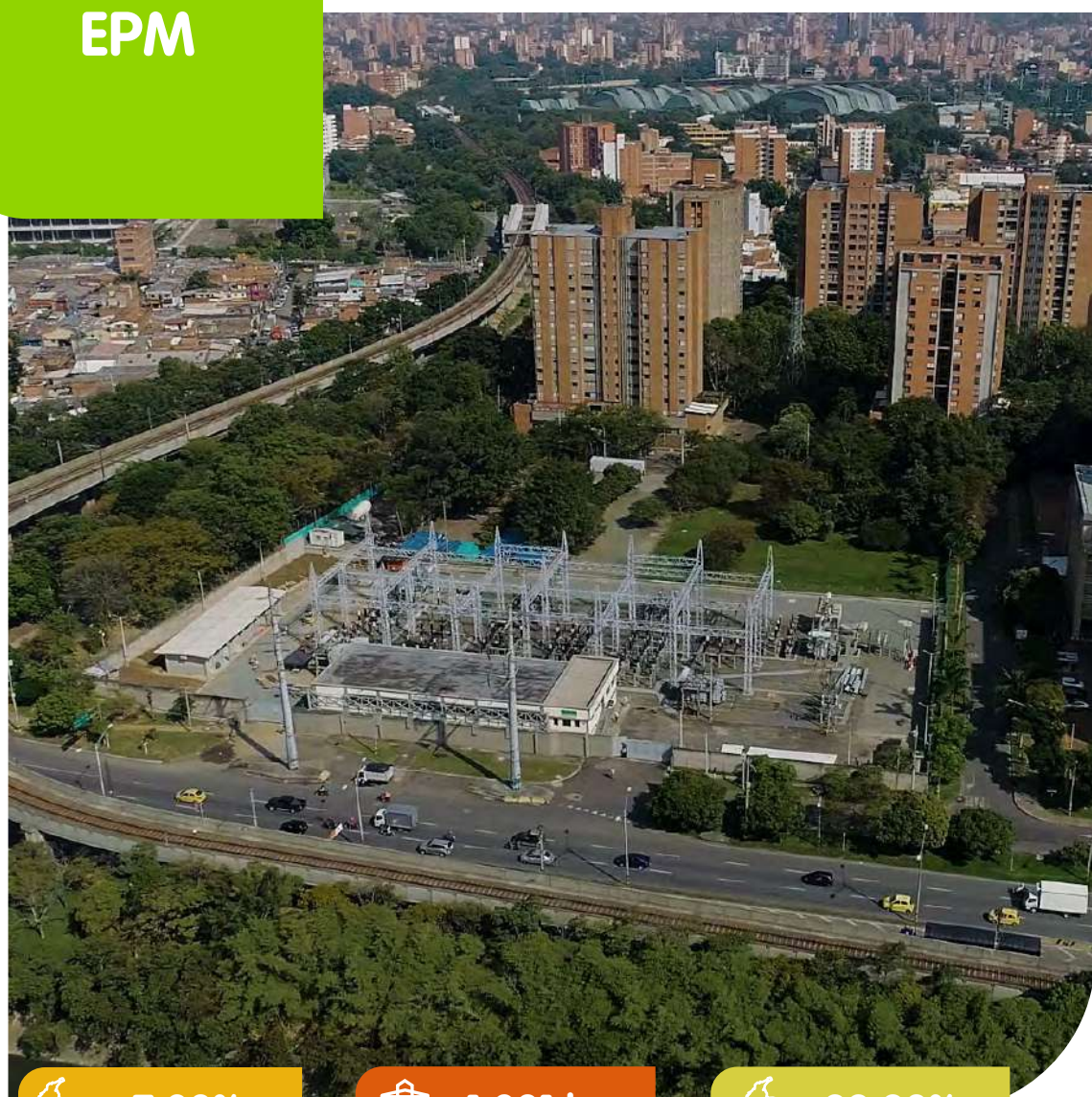
The magnitude and impact of Hidroituango called us to work on other fronts, such as the **extension of the term of the auditing, consulting and main civil works contracts**, and the **agreement between EPM and Mapfre Seguros Generales de Colombia** for indemnification under the All Risks Construction 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 challenging as they are definitive, overcome with the rigor, tenacity, dedication, commitment and discipline that characterizes EPM and its team of collaborators.



2.3. Power Transmission

EPM



 **7.28%**

— **transmission market share in Colombia**

 **1,081 km**

— **in the National Transmission System (STN)**

 **99.98%**

— **average availability for reliability in Colombia**



In figures...

Power Transmission at EPM

Income: **COP 203 thousand million** **16%** 

EBITDA: **COP 148 thousand million** **23%** 



COP 5 thousand million invested in **infrastructure of EPM's Transmission business** to transport the energy that the territories need and contribute to the strengthening of the energy infrastructure.



Relevant milestones 2021

epm[®]

We modernized the Guadalupe substation and the connection to the transmission system of the Tasajera power plant, as well as upgrades in remote terminals of power transmission and distribution substations, contributing to the reliability of the system.

We delivered in operation the second San Lorenzo - Calizas line, in which we installed 78 towers, which strengthen the electrical system in the area where the Oriente and Magdalena Medio Antioqueño converge, thus meeting the increase in energy demand derived from the growth of tourism and the increase in industry and commerce in these subregions.





2.4. Energy Distribution and Commercialization

EPM



2,662,104

— customers and users



97.35%

— universal service in Antioquia



14.6%

— distribution market share in Colombia



15.8%

— market share in the commercialization market in Colombia



123

— municipalities of Antioquia receive energy service



1 municipality

— of Chocó receives energy service



97,664 km

— of Regional Transmission System (RTS) networks Distribution of electric power



Regarding the **quality of service in EPM**, the indicators decreased with respect to the previous year, in **duration of interruptions** we went from 11.46 hours in 2020 to 13.39 hours in 2021, in terms of **frequency** 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...

Energy Distribution and Commercialization at EPM

Income:

COP 4.4 billion

21%



EBITDA:

COP 1.3 billion

54%



COP 420 thousand million invested in **EPM's Energy Distribution and Commercialization infrastructure** to deliver energy that boosts the economy and generates development.



Relevant milestones 2021



● **Start-up of the Nueva Colonia substation** in Turbo, **El Limón** in the municipality of Santo Domingo and the **new Yondó substation** in the municipality of Yondó, thus contributing to the strengthening of Antioquia's energy infrastructure.

● **We modernized the Santa Fe de Antioquia substation** in western Antioquia and the **Central and Guayabal substations** in Medellín, in order to improve the quality and reliability of electric power service.

● **We modernized and replaced yard equipment and power transformers** in several substations in the Aburrá Valley metropolitan area, benefiting approximately 1.2 million customers and users.



In the **New Santa Rosa Substation** project, which will come into operation in 2022 in order to meet the future demand in the agro-industrial zone of northern Antioquia and increase the reliability of the service with the connection to the Regional Transmission System (STR), we implemented the **digital substation** in phase II, which allows the communication of signals through fiber optics; this implies the reduction of conventional wiring, the reduction of civil infrastructure and the incursion to the digital model in the business.

We successfully completed the **pilot of the D-FACTS technology** or Distributed Flexible Alternating Current Transmission Systems, which allows us to avoid or delay to the future the construction of new lines or the repowering of existing ones, while promoting the conservation of the environment and not affecting the nearby communities. This pilot project earned EPM recognition in the electricity sector with the Ambar Award, granted by ASOCODIS in the Innovation and Development 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 internal and external people who made its implementation possible".

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

2.5. Gas Distribution and Commercialization

EPM

2nd largest distributor of natural gas in Colombia



 **1,363,562**

— customers and users

 **85.94%**

— universalization of the 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

— olyethylene 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



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



We 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 **Connections for Life gas program (Conexiones por la Vida)**, 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 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 high standard service.

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

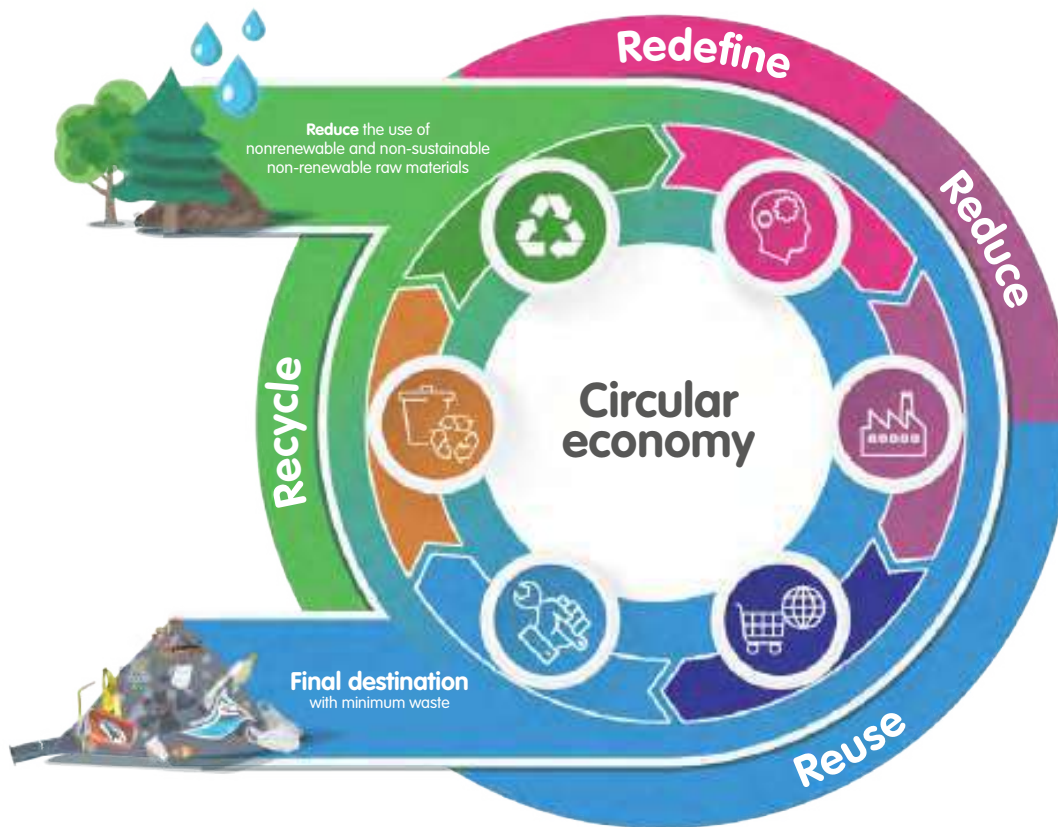
In EPM, progress in the **circular economy strategy** is part of the key issues that guide the long-term vision of the business group. Through this initiative we contribute to SDG 12 Responsible consumption and production, with the purpose of **decoupling economic growth from environmental degradation, increasing efficiency in the use of resources and promoting sustainable consumption and production patterns.**



3.1. Circular economy

Responsible consumption and production 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 utilities, 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 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; prevention in the generation of waste; the use of some special and hazardous waste; the management of waste that reaches reservoirs and inlet grids of water treatment plants; 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, an 8% increase over 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 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. EPM Management



- **Solar community pilot:** part of the innovation projects executed with the businesses, it was developed in agreement with the EIA University and Erco Energía, and allowed us to strengthen our understanding of this new commercialization scheme supported by transactive energy, capturing signals from end customers that allow us to improve the user experience with this type of solutions.

Additionally, the **first phase of this pilot**, supported by transactive energy and focused on P2P (peer to peer) transactions, **received special mention in the FISE Innovation 2021 award in the potential business category.**

- **EPM agreement with Ruta N:** we launched six innovation challenges during 2021, finding Colombian and Latin American suppliers willing to provide solutions. As a result, we found two possible solutions, which we expect to implement from some pilots that will allow us to test their effectiveness and meet the needs of the proposing businesses.
- **Call for Minciencias for R&D&I projects:** our participation earned us tax benefits, which allowed us to obtain the technological development qualification for ten innovation projects to be executed since 2021.



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



- **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 gas and electric appliances installation, maintenance and repair services 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 the product under membership subscription

Satisfaction indicator: **74%**
in the stabilization stage

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 for which the customer does not find financing in the market.



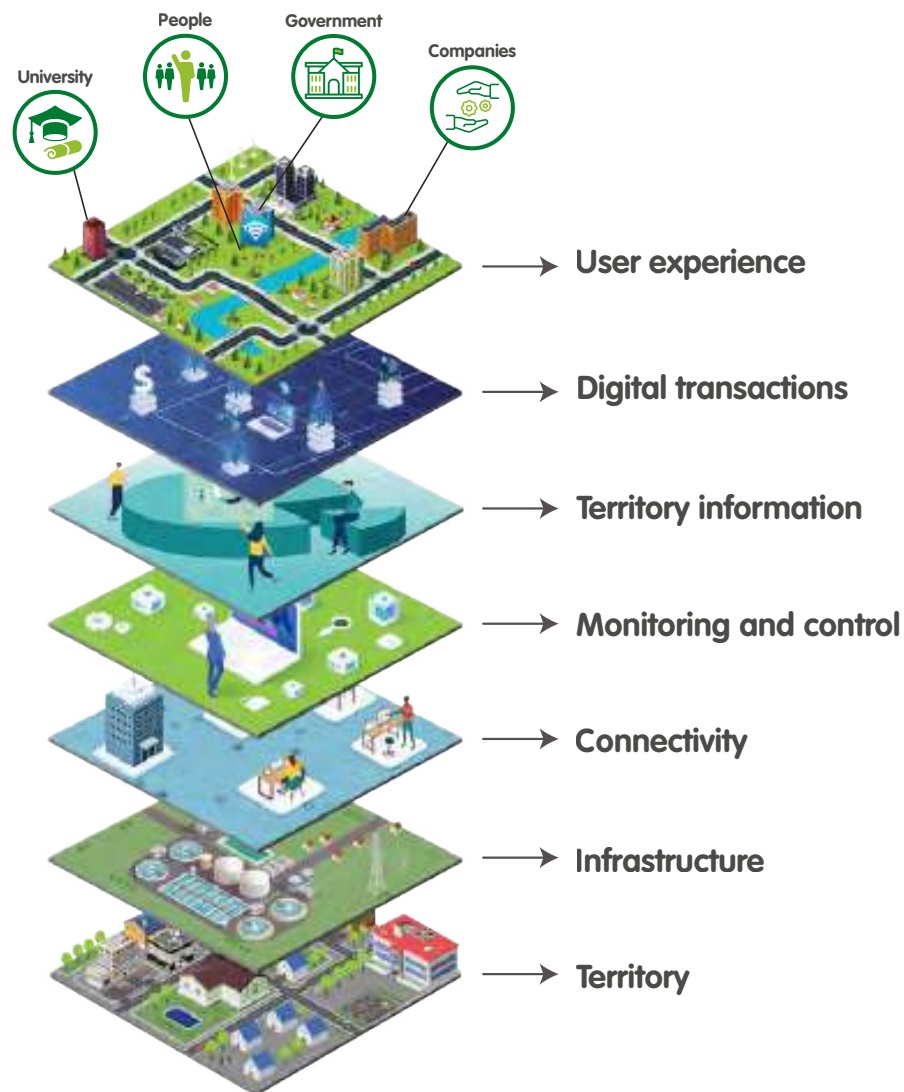
We launched EPM at your door, a new service portfolio that offers **installation, maintenance and repair services of household appliances and gas appliances for homes and businesses** in the metropolitan areas of the municipalities of the Aburrá Valley.





4.2. Digital transformation

In harmony with the recent update of the Grupo EPM 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 the proposal was consolidated 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, 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.

- **Smart Cities and Territories, Business Platform and Information Services Initiatives:** with the purpose of identifying the possible future businesses of EPM, as well as the creation of new capabilities, we made progress in the formulation of these initiatives. **In 2021, we established the roadmap and main actions to be developed for the coming years**, according to global trends in the industry and the possibility of promoting actions for the implementation of new businesses based on digital transformation, where EPM has the potential to participate.





Likewise, **we created the minimum viable product of the base platform for greater interaction with EPM customers**, which in addition to generating greater interactions, will eventually promote new transactions with their respective components of identification, authentication and acquisition or subscription of new users adjusted to the internal process. This platform contains multiple services and aims to develop and strengthen the ecosystems of business, government and society in an easy, fast and secure way, based on the infrastructure of information and data services.

- **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 branch, which consists of paying for energy service by time available and not by energy consumption.



We also highlight the **implementation of telemanagement 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.

Acknowledgments



We highlight **EPM's** participation in the **ASOCODIS Ambar Award**, being selected as winner of the Distributed FACTS pilot project, which tests a new technology to optimize power systems, in the innovation and development category.



Four Latam Digital awards for digital growth for EPM: during the ninth version of the Latam Digital awards, which recognizes the Latin American digital industry, our management was recognized as follows: **first place** for best digital transformation project; **second place** for best campaign on LinkedIn; **third place** for best campaign supported by digital listening; and third place for best Digital Government project.



"The LATAM Digital Awards, are the opportunity to evidence the achievements of our work in the Digital Ecosystem, comparing us with companies throughout Latin America, helping us to maintain the ongoing commitment to our challenges and the evolution of the Digital Transformation of EPM and its Group".

Luis Fernando Marulanda
Commercial Professional EPM Corporate Identity Management



EPM is the second Colombian entity to receive the seal of excellence in IT Management Capabilities in 2021: the Ministry of Information Technology and Communications (MinTic) delivers this seal of Digital Government for the ability to properly leverage technology within the Organization.



5.

SDG 8 Decent work and economic growth

Committed to protecting labor rights and promoting a safe working environment for all workers, both in our own operations and in those carried out through contractors, **at 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. EPM People

EPM people: 8,406 employees



- Response, mitigation and containment of the pandemic:** one of the main management issues was focused on maintaining biosecurity 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 of 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 return of employees** to the different work sites **in alternation**.



- **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.



"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

Senior Professional Aguas Nacionales
EPM Beneficiary of the agreement
"Empresarios por la Vacunación".



The health and well-being of our human talent is a priority; therefore, from **EPM** we carried out **40 vaccination campaigns** in the **8 subregions of Antioquia** and 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 protect the lives of employees and the continuity in the provision of utilities. At the end of the year, the infection rate in Hidroitungo, with almost 7,000 workers at work, was 0.01% and in EPM it was 1.95%.

At EPM we ended the year with approximately 91% of our employees vaccinated against COVID-19, reducing the risk of exposure to the virus and complying with the defined immunization plan; the remaining 9% is equivalent to people who, due to their health condition, could not be vaccinated or had not yet decided to do so.



- **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, in EPM we undertook a process of gradual and alternating return, in which we completed in December with the return of 100% of employees who were working at home.
- **Teleworking:** 2020 boosted the recognition of teleworking throughout the Grupo EPM as a measure that contributes to sustainable mobility and the welfare of our employees and their families. In EPM 1,232 collaborators formalized teleworking during 2021, which corresponds to 14.7% of the total plant, and it is projected to reach March 2022 with 1,250 more people.



14.7% of the Company's employees accessed the teleworking modality, thus generating mechanisms that promote the development, productivity and quality of life of EPM's people.



- **Internal mobility:** continuing on the path of development of our people, we highlight that the EPM plant presented an average **internal mobility of 8.4%**, compared to the total plant. Thus, we opened possibilities for personnel growth within the Organization, with 160 promotions and 358 internal changes through selection processes.

In addition, in 2021, 891 new people joined the Organization.

- **Face-to-face and virtual training:** we accounted for more than **188,648 hours of face-to-face and virtual training**, achieving a coverage of 96% of employees. We highlight the improvement of competencies in Project Management with 420 employees trained and 125 project leaders trained in soft skills. In this same line, the subsidiaries fulfilled their training plans associated with the strengthening of competencies, training in occupational health and safety, among others.



EPM is the seventh 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 seventh 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 companies that provide residential public utilities—energy, gas and water.



More than 188,000 hours of classroom and virtual training for 96% of EPM employees for their preparation and professional growth.



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 suppliers that support EPM's operations.



6,051

— contracts awarded at EPM.



COP 2.5 billion

— in contracts awarded at EPM.



4 thousand

— contracts awarded to local suppliers in EPM.



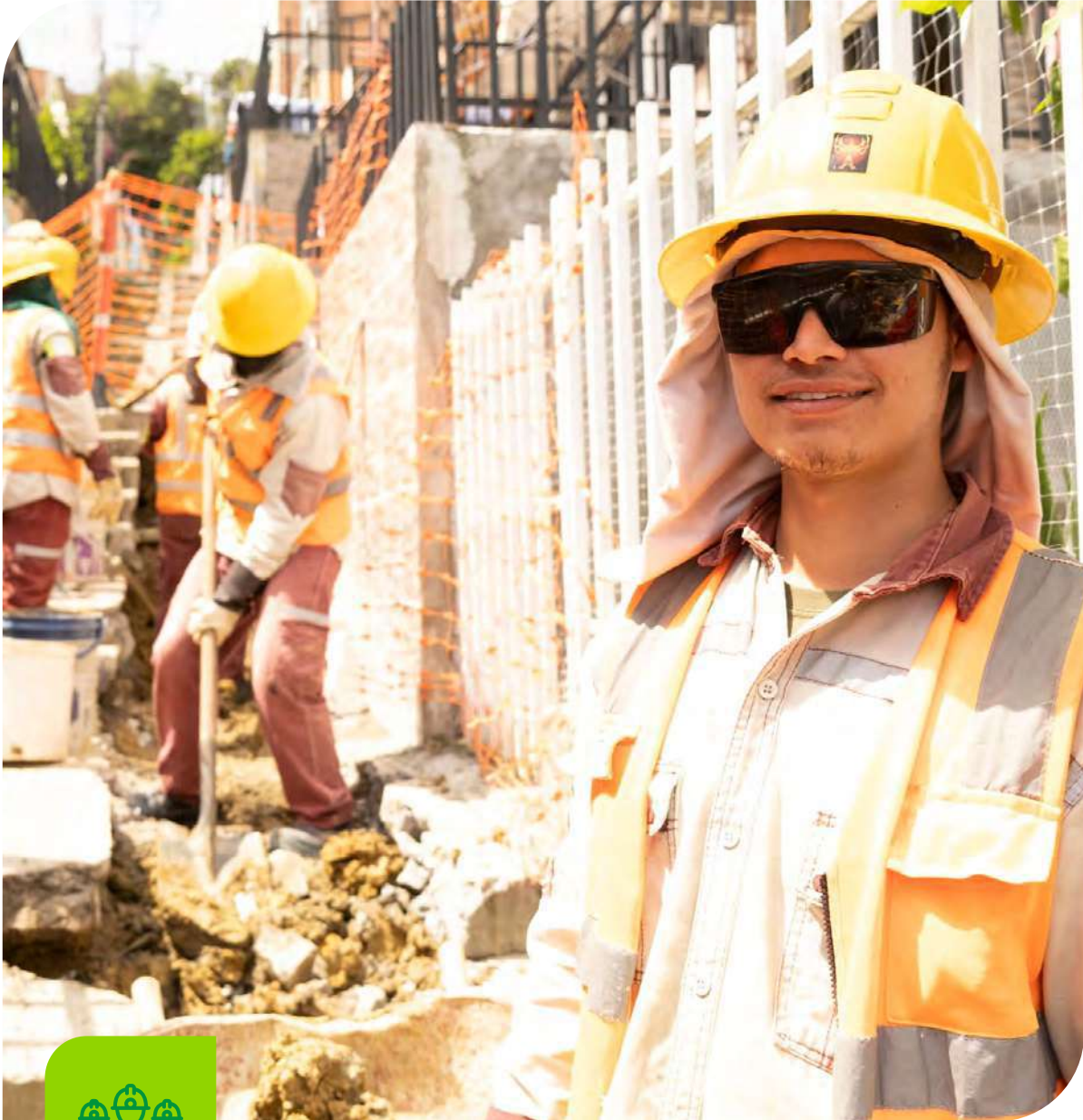
64%

— of the procurement was awarded to local suppliers.



COP 53,575 million

— in contracts awarded to Community Action Boards and associations of community action boards.



64% of EPM's contracts were executed with local suppliers to provide growth opportunities and boost the region's economy.



Relevant milestones 2021

Supplier and contractors development strategy



Program for the Industrialization of the Water Sector: we convened companies linked to the water sector, both in aqueduct and wastewater management, achieving the formalization of 19 people in thermo and electro fusion welding courses for polyethylene piping. Since the beginning of the program, 250 people have benefited.

We also delivered 70 certificates of attendance in person and 15 virtually in the training of skills and abilities of officers and assistants in the construction, operation and maintenance of aqueduct and sewerage networks and, finally, we certified 114 workers in various labor competency standards, in compliance with Resolution 0330 of 2017.

Supplier development program with Grupo Pares: we participated in two plenary sessions, in which we shared topics of interest for the companies linked to this group, such as: Strategies for economic reactivation, business roundtable with the Chamber of Commerce of Medellín, Innovate + Grupo EPM, program of the Mayor's Office of Medellín for the strengthening of digital processes "My digital SME", in the latter 25 companies participated.

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

At 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 employee 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.



Committed to diversity, inclusion and gender, at EPM we generated 40 spaces, including talks and workshops, on these topics. We also developed an inclusive communication manual focused on campaigns and information originating from the Company. Additionally, 20 people with disabilities, during 3 years, have integrated 60 work teams to contribute with their potential and talent to the organizational objectives; their passage through the different departments has allowed us to advance in the incorporation of the lessons learned in the organizational processes for the naturalization of inclusion.





Likewise, for other mobilizers of the organizational culture such as conscious leadership, collaborative networks, prototypes, change management and ethical management, in EPM we carried out training spaces, discussions, workshops and awareness campaigns, which were very well received by both the Company's leaders and employees.



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



6.2. Customer-focused organization

As a customer-centric organization, at EPM we aim to facilitate the management of our customers and users' requirements, guaranteeing access in an agile and secure manner; and for this, digital transformation and the optimization of procedures leverage and contribute significantly.

Thus, our customer service channels have been available to customers and users throughout the pandemic, making significant efforts to fulfill requests within the times defined by law.



"I am here to help you with your paperwork, I can give you information about the variation of your bill and the payment facilities we can offer you",

Ema
EPM humanoid advisor

- **Customer service offices:** we developed strategies to minimize waiting times and implemented the tablet for the digital signature of the certificates delivered to customers and users, facilitating the updating of data, storage of documents and sending of such certificates via e-mail, thus avoiding printing. In addition, we continued with the strategy of self-service modules for customers.
- **Telephone channel in the contact center:** we implemented self-service initiatives in some quick transactions, such as paying the bill through an IVR or scheduling periodic reviews through Ema WhatsApp, EPM's virtual advisor.
- **Digital channels:** we were able to publish two new transactions on the web, 27 in web chatbot and WhatsApp, 6 in the mobile application and we developed 24 robotic automations. Additionally, we highlight the implementation of Ema as a humanoid robot version, which performs transactions aimed at guiding customers and users, teaching efficient use of services, consulting the balance of the invoice and generating credits.



With the implementation of digital transactions we were able to facilitate the access of customers to procedures and services of our company, which have rated 78% as easy to use and 82% with satisfaction with the service provided.

- **Web channel:** we updated EPM's corporate website to improve navigation on our portal, achieving greater impact and satisfaction for customers and users, emphasizing self-service and consultation of the procedures guide.



34% of the transactions received in EPM were carried out in digital media, 117% more than in 2020, thus strengthening our commitment to the development of innovative strategies tailored to our customers and users.

- **Optimization of procedures:** at EPM we simplified the process for requests for connection of the water supply service and energy service housing habilitation, eliminating some documents to optimize time and money for customers and users.

Acknowledgments



3rd place for EPM, among 29 participants from Antioquia in the different categories, in the **MintIC Máxima Velocidad Digital 2021 contest**, as well as 24th place among 452 participants nationwide.



Seal of excellence with orders and requests, PQR and web invoice for EPM by **MinTIC**, adding with this eight seals of digital excellence in the category Online Services-Online procedures and services, which certifies us with the quality required as part of the implementation of the Digital Government policy in Colombia.



7.

SDG 16 Peace, justice and strong institutions

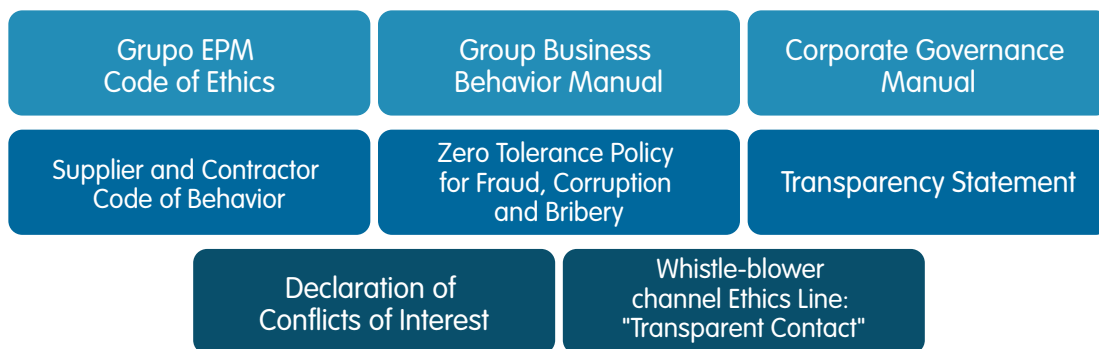
Our vision of competitiveness, growth and long-term permanence as a Group is aligned with SDG 16, thanks to the **pursuit of generating economic value, contributing to sustainable human development and increasing value for stakeholders.** Based on transparency practices that generate and maintain trust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

7.1. Transparency

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 communities, which are beginning to demand corporate values such as honesty, impartiality, professional objectivity and trust in business, in order to avoid violations of the rights of stakeholders and the sustainability of the natural and social environment in which we operate.

Therefore, 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

eppm[®]

Update of the Grupo EPM Business Behavior 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

Ethical Climate Survey: in EPM, this is the fifth year in which we conducted the measurement, whose target audience is the employees, with a participation of 76.5%. We measured the 11 established categories, obtaining a result scale of excellence in eight of them; two are in the development, implementation and strengthening stage; and one is in a state of weakness. These results in the Company's Ethics were socialized Committee.

EPM Ethical Perception Measurement: we conducted this among stakeholders measurement exercise Community, Opinion Leaders, Columnists and Journalists, and Suppliers and contractors; with the purpose of generating conversations, reflections and reasoning to guide the process of judgment and decision making focused on a correct performance in our work.

● **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 Operating 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).

● **Towards Integrity Initiative:** aware of the co-responsibility of the electricity sector in the prevention and fight against corruption, EPM adhered to this initiative, committing itself to the internal and external promotion of actions that make visible how, from our company, we are aligned with the main objectives of this adherence, which was done in coordination with the Technical Secretariat of the Collective Action of the Electricity Sector, formed by XM and the CNO.

● **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 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 current legislation.

7.2. Human rights

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, **EPM completed four years in the implementation of the Integrated Planning and Management Model (MIPG).**

During 2021, for EPM, the functions of the Management Committee were adjusted to the conditions required for it to meet and add to its thematic plan, that which is related to MIPG. Additionally, through the Single Management Progress Report Form (FURAG) tool, we conducted 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.



We designed the design of the lines of defense, which have the scope of defining the responsibility and authority for control in the Organization; and we accompanied and advised the members of the second line of defense, made up of 75 managers with responsibilities associated with 9 key aspects of success such as: operation assurance, risk integration/monitoring mechanisms, financial information, regulations, reputation, follow-up and improvement, information security, physical security and management system.



- **We redesigned the new Public Accountability scheme, in** accordance with the instructions of the Public Function.
- In Digital Government, **we established a digital transformation strategy** that incorporates the guidelines of this policy.
- **We defined MIPG as one of the origins of the Company's improvement plans, as a** result of the recommendations of the FURAG 2020 results.
- We executed a **didactic communication plan on MIPG** for EPM employees.
- **We made progress in the implementation and institutionalization of the Documentary Management program,** in which during 2021 the favorable technical concept was issued by the Departmental Council of Archives of Antioquia, to clear the way for the validation of the Documentary Retention Tables (TRD) of EPM.

The above allows us to advance in the compliance with the archival improvement plan established between EPM and the General Archive of the Nation, in the implementation of the Information and Communication Dimension of the MIPG, as well as in the consolidation of the strategy for the management and control of the Organization's information assets.

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 forjando futuros foundation, 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 to the changes in the composition of EPM's Board of Directors,** with the departure of members Jorge Andrés Carrillo Cardoso and Guillermo León Diossa Pérez, and the appointment of Sergio Andrés Restrepo Muñoz.
- **We support the appointment of Jorge Andrés Carrillo Cardoso** as general manager 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

- 6** CLEAN WATER AND SANITATION

- 7** AFFORDABLE AND CLEAN ENERGY

- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION

- 13** CLIMATE ACTION

- 15** LIFE ON LAND




8.1. Water resources, biodiversity and climate change

At 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 of ecosystems and biodiversity, mitigation and adaptation to climate change, as proposed in SDG 15 Life on Land, SDG 13 Climate action and SDG 12 Responsible consumption and production.



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**.

Integral Management Strategy of Water Resources and Biodiversity



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**.

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



"I have learned a lot from BancO2's training to take care of the 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 Celмира and my daughter Edilia".

Esmeraldo Giraldo Quintero
Inhabitant of Bellavista, San José de Apartadó, Apartadó Beneficiary of BancO2 program.



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.

- **Green Energy Certificates (I-REC):** EPM sold 2.36 million Green Energy Certificates (I-REC), representing an income of COP 4,058 million, which will be reinvested in the development of the Porce III Project or in other emission reduction initiatives.
- We market 3,000,000 Certified Emission Reduction Certificates (CERs) to companies and customers that need to offset their carbon footprint or cover obligations derived from the carbon tax in Colombia.

Worldwide, Colombia is the fourth country in I-REC commercialization, an international standard for renewable energy certificates, where the main marketer is EPM.

- **Energy efficiency:** from the Grupo EPM we understand the importance of addressing in a coordinated manner all issues associated with energy efficiency and addressing the great challenges and opportunities that this represents on the road to decarbonization, climate resilience, digitization, the development of new business models, the promotion of non-conventional renewable sources and the use of new technologies, among others. In this sense, we set ourselves the goal of defining a coordinated Group commitment to the energy transition, and during 2021 we were able to structure this strategy.

In this regard, 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.



- **EPM's La Alpujarra Thermal District:** we continued with its consolidation, reaching its capacity goal with the connection of the EPM Building, the Company's main headquarters; we also leveraged the construction of infrastructure for the connection of the Digital University and maintained the supply of air conditioning to the buildings already connected.





- **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 to integrate the development of solar photovoltaic, wind and hydroelectric technology projects into the Group's and EPM's energy mix; we also made progress in defining strategies for the development of small hydroelectric power plants (SHP).

- **Non-conventional renewable energy auction:** we were able to participate in and award EPM the contract for the photovoltaic energy generation of the Tepuy project, which has a capacity of 83 MW. The award was made in the long-term auction of non-conventional renewable energy programmed by the Colombian National Government.



- We installed 2.14 MWp in **self-generation solutions for non-residential customers** with high energy consumption, accumulating a total of 2.72 MWp in six solar systems, including their administration, operation and maintenance, which generated 1.31 GWh/year. In addition, we closed the year with 34 additional projects accepted, which will allow us to add an installed capacity of 18.36 MWp, equivalent to avoiding the emission of 5,414 tons of CO₂ per year, the planting of close to 290,000 trees or the annual consumption of 12,775 homes.

Among the deals that were closed in 2021 and will be installed in 2022, we can highlight the Bios Group -9.1 MWp-, four additional area bases of the Colombian Armed Forces -2.95 MWp-, the Ventura Plaza Shopping Center -0.57 MWp- and three EPM-Library locations, Water Museum and PTAR San Fernando for 1.17MWp.



- We installed 244.89 kWp in **self-generation solutions for residential and non-residential customers**. We closed the year with the installation of the following corporate businesses: Comuna 13 escalators with the Municipality of Medellín -26.4 kWp-, EPM at La 30 branch location -11.16 Kwp-, Dispro -36.27 kWp-, Mujer Latina -105.3 kWp-, Pascual Bravo Etapa 2 -42 kWp-, Inmobiliaria ZM-12.96- and 41 rural homes of the Comfama project -10.8 kWp-. Additionally, we highlight that as of December 31 we installed the 100th residential customers with our Integral Solar Solution. Finally, we were able to close five deals with a capacity to install 205.46 kWp in 2022.



- **Solar panels** were also put into operation **for the energy self-supply of the EPM Building**, and we made progress in actions for saving and consuming electricity 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** and initiatives that include **natural gas vehicles (NGV), Electric Mobility and the Sustainable Mobility Business Plan (PEMS)**.



- **Electric mobility:** 2,600 electric and plug-in hybrid 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 successful completion of the charging stations project in the new Fatima yard, for charging the 64 electric buses of Metroplús. We also participated in the definitions of Public Policy, Regulation and Technology of charging systems for electric mobility in Colombia during the next few years, hand in hand with ministries, government agencies and private contractors.

We highlight the operation and maintenance of the 20 public eco-charging stations located in the Aburrá Valley.





- **Natural gas mobility:** in 2021 we supplied a volume of 40.6 million m³ of natural gas vehicles. We delivered 01,083 vouchers 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.

Additionally, we financed through the Somos program COP 993 million for the installation of NGV equipment, through conversion workshops, closing 2021 with 1,345 conversions, for a total of 23,500 vehicles with NGV installed and active.

We maintained the operation of the 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.

- **Sustainable Mobility Business 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.

In addition, we highlight the implementation of an internal strategy aimed at EPM's employees to discourage the use of cars and reduce polluting emissions to improve air quality. Now, users of the parking lot at the main headquarters will be able to pay by hours or days for the use of the cells and will have available differential charges in the parking fee, with a lower cost for vehicles that use clean fuels –gas and electric–.





9.

EPM's financial Performance

EPM



Income: **COP 11.3 billion** 14% ↑

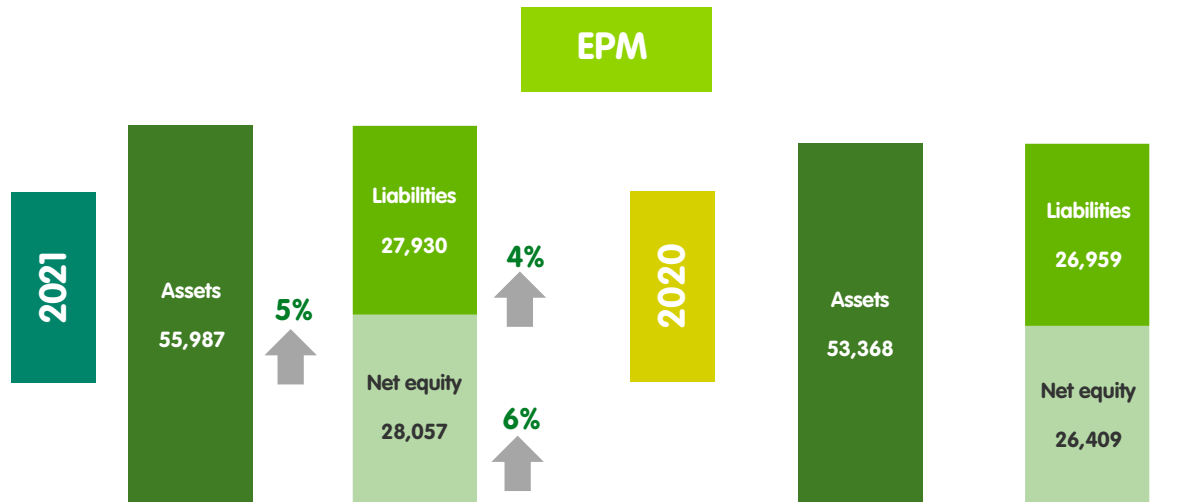
EBITDA: **COP 4.6 billion** 27% ↑

Net income: **COP 3.4 billion** 32% ↑

Transfers to the Municipality of Medellín: **COP 1.4 billion** 6% ↓

At the end of 2021, **EPM** reached **revenues** of COP 11.3 billion, an **EBITDA** of COP 4.6 billion and a result for the year of COP 3.4 billion. **Total assets amounted** to COP 55.9 billion, **equity** COP 28.1 billion and liabilities COP 27.9 billion, figures that compared to December of the previous year presented growth of 5% for total assets, as well as for liabilities and equity. The **EBITDA margin and return on equity** achieved results of 41% and 13%, respectively, compared to 37% and 10%, respectively, in the previous year.





The growth in assets is due to the accrual of the account receivable resulting from the indemnification of the Ituango Hydroelectric Project and in investments in subsidiaries due to the effect of the application of the equity method, offset by the decrease in other financial assets. Regarding **non-current assets**, we highlight in the Generation business the execution of Hidroituango; in Transmission and Distribution the expansion, replacement, substations and loss control projects; in Gas the expansion, biogas and Committed Natural Gas (CNG) projects; and in Water Supply and Sanitation, the Caldas-La Estrella interconnection, La Ayurá plant modernization, Yulimar circuit expansion, Valle San Nicolás, La Iguaná - La García basin, construction and repair of networks, renovation of collectors, among others.

On the other hand, the **growth in liabilities** was related to the efforts to finance the needs required for the year 2021 and partially for 2022.

Through a **debt management** operation **executed with the banks JPMorgan and Bank of Tokyo-MUFG**, a credit agreement was signed for an amount of USD 250 million, as an operation with currency indexation to Colombian pesos, which allowed mitigating the foreign currency exposure of the debt contracted and, on the other hand, **we obtained short-term resources with the banks Santander and BNP Paribas, for an amount of USD 315 million**. Locally, we disbursed resources for COP 111 thousand million of **credit** operations with **BBVA** corresponding to rediscount rate lines of credit from Findeter.

In connection with the **credit** agreement **signed with IDB Invest** on December 29, 2017, intended for the partial financing of the Ituango Hydroelectric Project, on December 1, 2021, EPM and this bank agreed on the voluntary and early prepayment of the total outstanding balance of this credit. Therefore, on December 22, 2021, in compliance with the agreement, EPM paid the principal balance of the loan for USD 450 million.

Likewise, we maintained the practice of timely informing the credit rating agencies about the Organization's relevant facts, in order to transparently provide them with the necessary elements for their decision making. Fitch Ratings placed EPM's risk rating at "BB+" in international scale as a consequence of the adjustments in the ratings of the Republic of Colombia and the Municipality of Medellín; and "AAA" in national scale, both in negative observation. Moody's maintained the international rating at "Baa3" with negative outlook, in international investment grade.

On the other hand, the **long-term debt/EBITDA indicator of the business group** as of December 2021 rose to 3.36 in compliance with contractual agreements, remaining below the established limit of 3.5. This indicator improved with respect to the value obtained in 2020 (4.37), mainly due to the 29% growth in EBITDA from COP 5.8 billion to COP 7.4 billion and the prepayment of the IDB Invest loans for USD 450 million and Bancolombia for COP 450 thousand million.



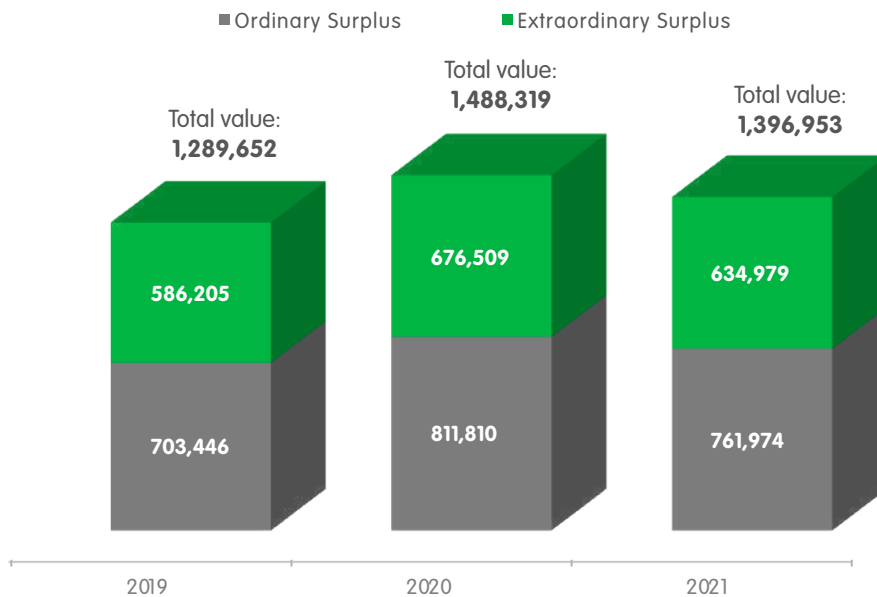
Within the framework of the **Ituango Hydroelectric contingency Project**, an advance payment was received for the claims of affected third parties and repair of community infrastructure in the Extracontractual Civil Liability policy for COP 2 billion. Regarding the All Risks Construction and Erection policy, a third advance payment was made in August for USD 100 million, which added to the payments made in 2019 and 2020, totaled USD 350 million.

In 2021, the Company received COP 425,954 million for Directors and Administrators Civil Liability policies, and due to the second instance ruling of the Office of the Comptroller General of the Republic, on December 10, 2021, EPM and Mapfre signed a settlement agreement in the All Risks Construction and Erection policy, which definitively closes the contingency claim, and a payment of USD 633.8 million was agreed.

It is important to highlight that the book value of portfolio investments in controlled and non-controlled companies amounted to COP 15 billion at the end of 2021, dividends were received for COP 767,974 million, an increase of 67%, of which 80% came from subsidiaries and the rest from non-controlled companies.

Transfers to the Municipality of Medellín

In 2021, EPM delivered to the Municipality transfers equivalent to COP 1.4 billion, of which COP 761,974 million were ordinary transfers, corresponding to 30% of the 2020 profits, and COP 634,979 million were extraordinary transfers, corresponding to 25% of the profits.



Amounts in millions of pesos.



10.

Challenges 2022

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



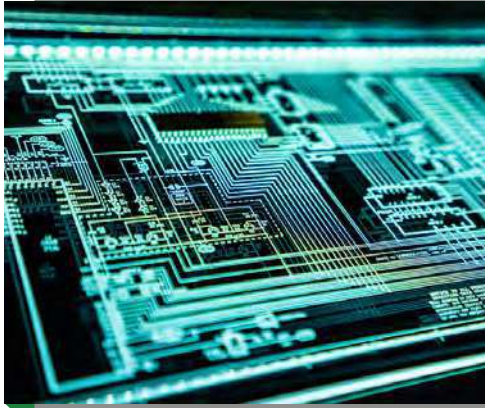
Start operation of Hidroituango: stabilizing the future hydroelectric power plant in all its dimensions and complying with the schedule for the start-up of the generating units is undoubtedly a priority goal due to the firm energy commitments to the National Interconnected System (SIN) and the Company's financial health.



Improve Project Management: deepen our capabilities in the development of the infrastructure necessary to provide the services we deliver to our customers and users, making the development of projects more agile in terms of planning and execution.



Strengthen the Organization's culture: explore and incorporate new forms of interaction both internally and with our stakeholders to strengthen decision making and attract talent that contributes to the fulfillment of the corporate group's purpose.



Evolving the organization beyond residential public utilities: take advantage of the possibilities offered by new digital technologies, incorporating and articulating them with the vision of territory that we develop in the business group, this will allow us to expand the portfolio of solutions that EPM can deliver positively impacting people and territories.



Creating greater value for our stakeholders by being efficient in our operations: to undertake the Productivity Paths program to achieve the objectives set in terms of cost and expense optimization, this is an essential challenge to improve EPM's competitiveness, protecting people and assets.

External verification

See the certificate of the external verification of the figures of EPM's 2021 Management Report that are part of the EPM 2021 Sustainability Report at: [Independent Review Report.](#)

The financial figures listed below were externally audited by Deloitte, through its audit of EPM's financial statements. The reports of the independent auditors are available at: [EPM Certifications.](#)

Financial information	Data subject to verification	Disclosed statement	Page
Financial Performance	EPM's revenues	In EPM at the end of 2021 we reached revenues of COP 11.3 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Result for the period	In EPM at the end of 2021 we reached a result for the year of COP 3.4 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Assets	Total assets amounted to COP 55.9 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Liabilities	Liabilities COP 27.9 billion. Figures validated with substantive evidence and cross-checked against separate financial statements.	88
	EPM's Assets	Equity in COP 28.1 billion.	88



Grupo EPM Management Report



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Members of EPM's Board of Directors

Our fundamental commitment of 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; associated 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 live 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 returning 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 63 MW of solar capacity corresponding to the Tapuy 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 transparently 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 *Altria*. Fervent in our commitment to the quality and improvement of the service provided in the Caribbean region, the subsidiary closed 2021 with significant improvements of 17% and 18% in the indicators of duration of service interruptions -SAIDI- and frequency of interruptions -SAIFI-.



In Antioquia, the future Ituzingo 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 11.4 billion, which includes the payment of insurance as a lower value of the assets. These facts allow us to show Colombians that HidroItuzingo 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 2014.

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 programs, with which we contribute to the goal of 140 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 TIGSA and EPM, we recovered the operation of five wastewater treatment plants, three in the state of Tlaxcala 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 grow 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 50% come 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 364 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 Solutions¹, as well as the definition of six strategic fronts that will mark the route for the rearticulation 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.

¹This 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 on integral and innovative projects, 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, thus 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 respects to our commitment with the "Communication on Progress" to inform about the practices of the business group derived from the conviction and consensus we have with the ten principles on human rights, labor standards, environmental and anti-corruption. We renew our willingness to remain adhered to the United Nations Global Compact, as we have done annually since 2004, 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 Camillo Cardoso

EPMS 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 need 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.



²This 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:



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, Atria, Aguas de Malambo, Aguas Regionales, Aguas de Oriente, Aguas Nacionales and Emvialos.

16,850
employees

9,074,242
customers and users

COP 4.2 billion
in infrastructure investments

35,466
external employment for suppliers and contractors

*This business contributes the offer of new solutions that satisfy the preferences and needs of increasingly demanding customers, attract and are timely contracts, through different mechanisms and platforms, delivering on time and innovative projects, generating positive experiences and benefits for our stakeholders. As of December 2021, this business does not stand separately because it is fully owned by EPM, and its financial results are included by EPM in its consolidated financial statements. This information is presented as an explanatory element, however, it has not generated value 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 2024.



In figures...

Water Provision and Commercialization in the Grupo EPM

Revenue:

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

epm

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 was 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 three storage tanks with a capacity of 600 m³ will be built.

aguas regionales

We built the La Lucía 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 control sector.



We made progress in the North Desalination Plant Phase II project, by obtaining maritime concessions, 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 BCSA; 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 (NWT)
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

Revenue: 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 Agua Clara 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, Ocas Cuencas, Centro Parilla, La Iguanó, 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 Cauca, eliminating two dumping points; and the construction of a wastewater pumping station (BBAS) in Turbo with a capacity of 170 l/s.



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 Valle, eliminating two water discharge points into the Pastosillo 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 Tlaxcala 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 (SAE) for the **operation and stabilization of the WWTP**, located in the municipality of Bella, 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 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.

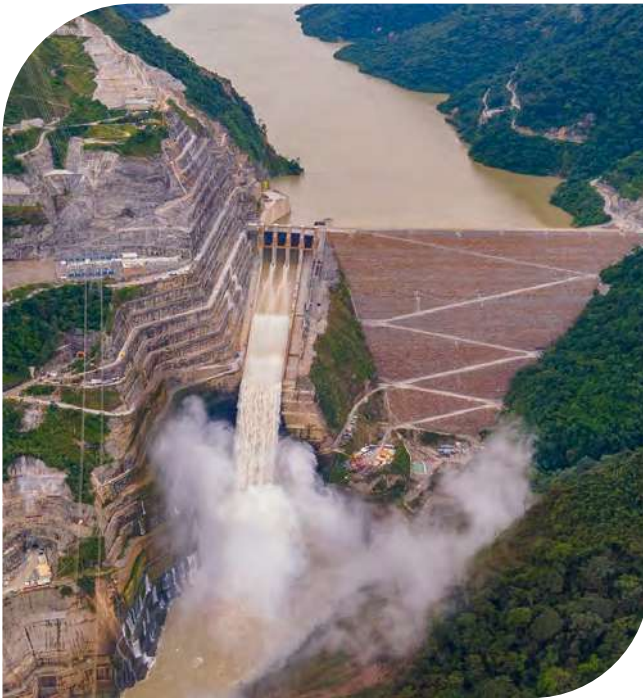


We reached **agreements with the Cauca River Guardians organization** to support their territorial development in four basic lines of action: protection of swamp ecosystems, conservation areas, productive projects, and participation and governance.



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

Income: **COP 397 thousand million** 12% ↑

EBITDA: **COP 310 thousand million** 15% ↑



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.



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.**



"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.





● 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.

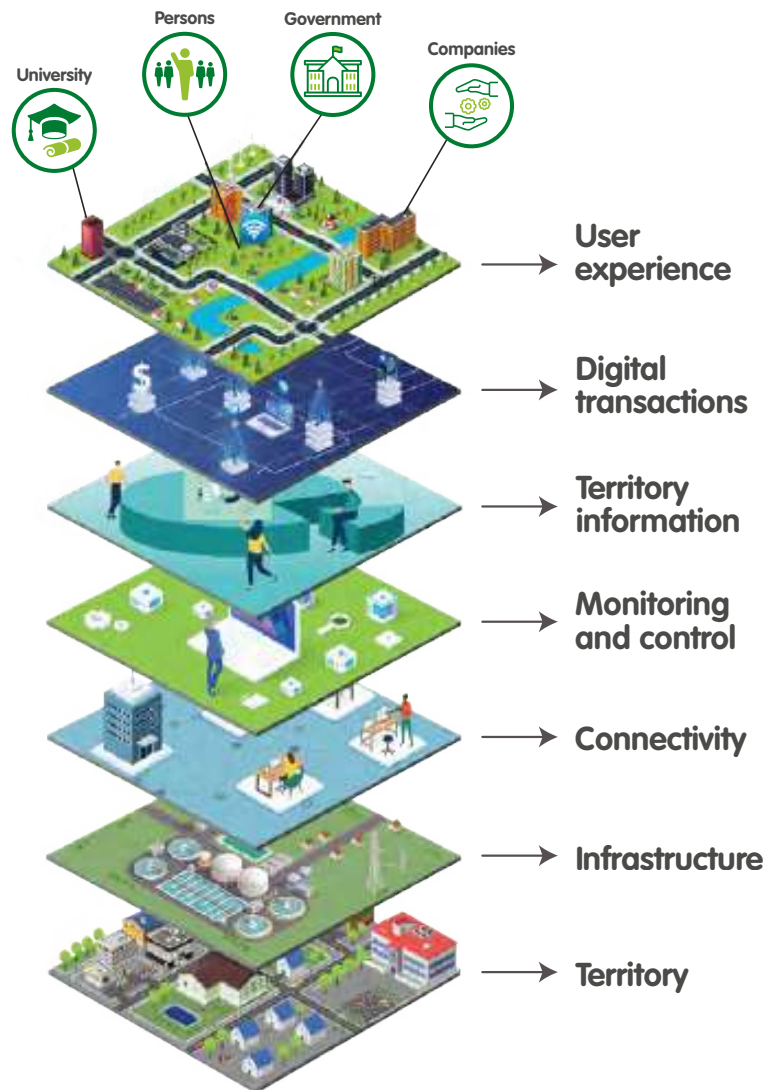


We are launching EPM at your door, a new service portfolio that offers **installation, maintenance and repair services of household appliances and gas appliances for homes and businesses** in the metropolitan areas of the municipalities of the Aburrá Valley.



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

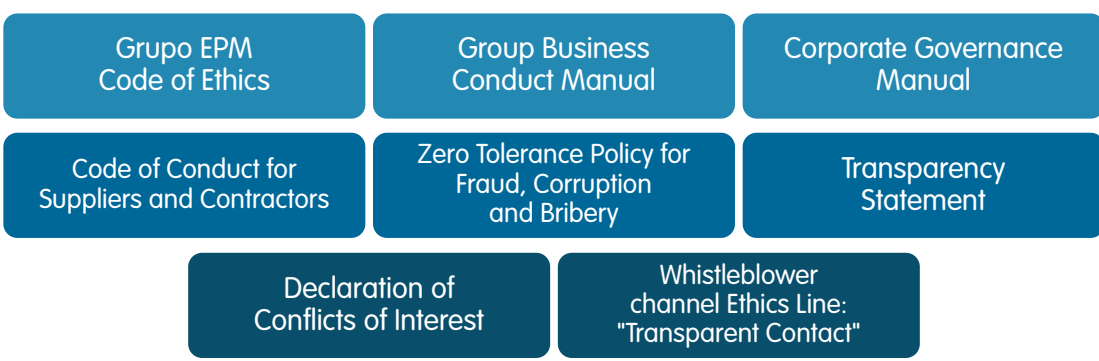
Our vision of competitiveness, growth and long-term permanence as a Group is aligned with SDG 16, thanks to the **pursuit of generating economic value, contributing to sustainable human development and increasing value for stakeholders.** Based on transparency practices that generate and maintain trust 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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- 7 AFFORDABLE AND CLEAN ENERGY

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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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

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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.



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.



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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.

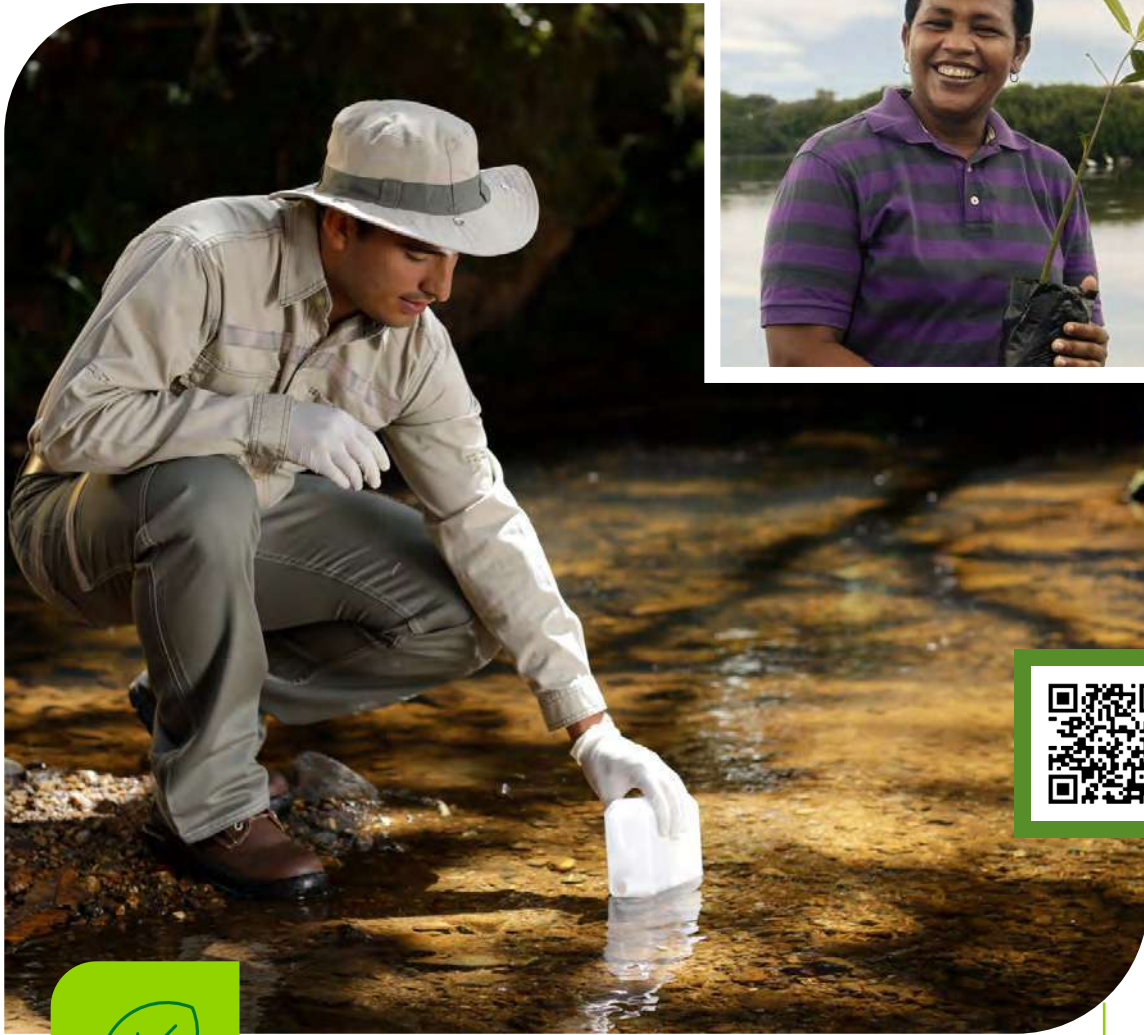


In relation to the above, we highlight two initiatives that are fundamental to this purpose: the **Strategy for the Integral Management of Water Resources and Biodiversity**, and the **Climate Strategy**.

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 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%

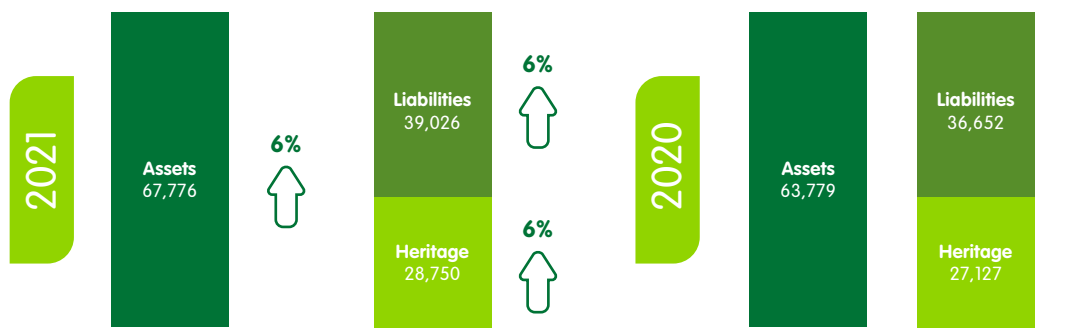


The economies where we are present as a business group continued on a path of recovery in 2021, reaching rates above their potential growth, a positive performance in the midst of an environment of political and social uncertainty in some Latin American countries. In **Colombia**, where the largest share 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.

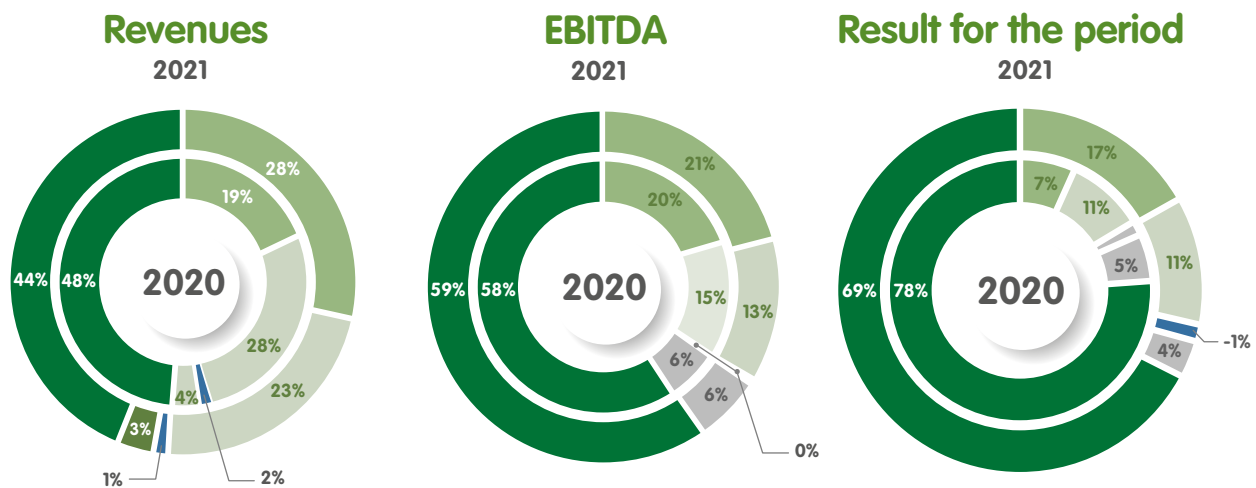
On the other hand, the **liabilities** of the Grupo EPM grew 6%, going from COP 36.6 billion to COP 39 billion, due to the disbursements managed for the financing of investment projects, especially in EPM. **Equity** presented a 6% growth, going from COP 27.1 billion to COP 28.7 billion.

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%.

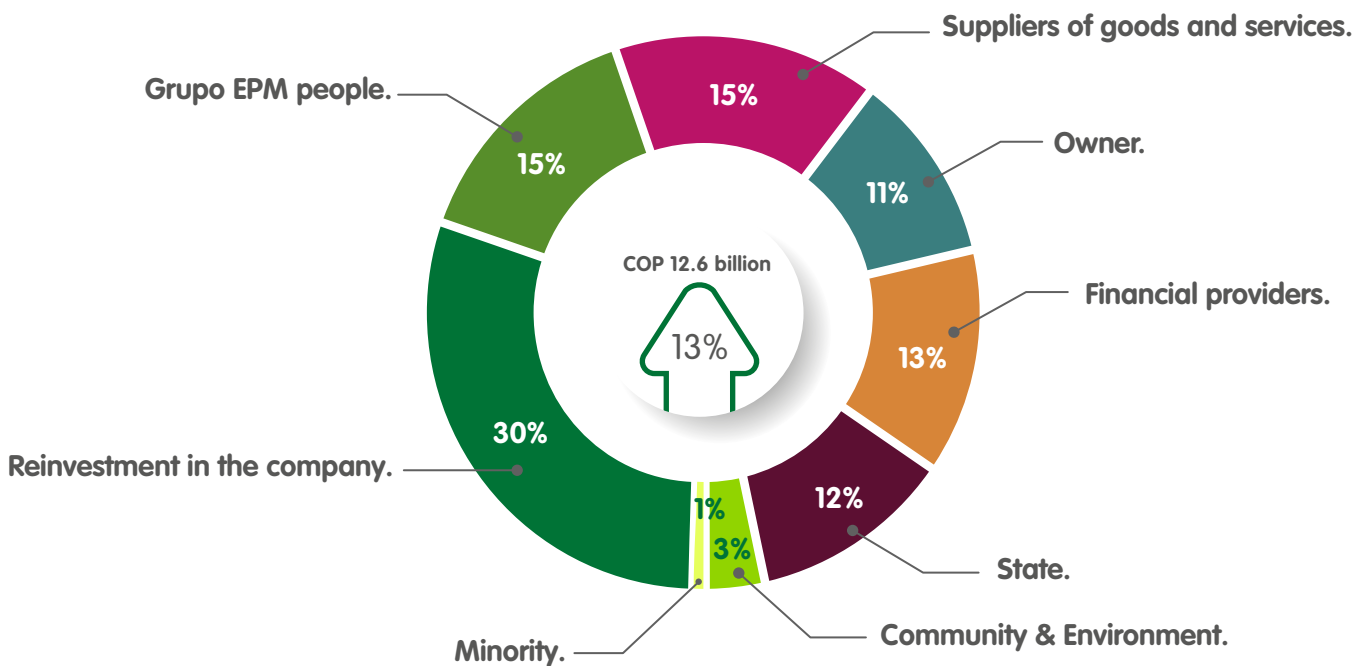
The **net income** of the Grupo EPM was COP 3.3 billion with a decrease of 12%, mainly generated by the registration in 2020 of the Afinia operation, which caused a recognition for the difference between the book value of the assets and the real potential of generating market value and its associated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



- EPM
- Subsidiaries energy Colombia
- Subsidiaries foreign energy
- Subsidiaries waters Colombia
- Subsidiaries in foreign waters

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.



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



Corporate Governance Report

SUSTAINABLE DEVELOPMENT GOALS





Presentation



1. Presentation



EPM, in its role as the parent company of the Grupo EPM, annually prepares a **Corporate Governance Report** that is submitted to the Board of Directors of EPM with the other year-end documents, after review and a favorable report from the Audit Committee.

Código País 33.1, GRI 102-32

This report gives an account of the reality and operation of the main corporate governance practices of Grupo EPM, as well as the progress and relevant changes that occurred during 2021, and is an example of EPM's permanent commitment to transparency and disclosure of information to its stakeholders.

Código País 33.2, 33.3

Grupo EPM understands corporate governance as the system with which companies are directed, managed, and controlled through the balance between ownership and administration, to guarantee their sustainability and growth, the rights of their investors, transparency, and ethics in their performance and access to information for their stakeholders. Corporate governance is relevant for Grupo EPM because it allows evidencing the management following the business philosophy, leverages the achievement of strategic objectives, and generates trust in stakeholders and society.

EPM faces corporate governance challenges mainly associated with the need to maintain a long-term vision in its strategic direction, and thus, in the development of its plans, programs, and projects; as well as to generate trust in its stakeholders, through the observance of transparency, efficiency and accountability criteria in its management.

To meet these challenges, EPM has defined a Corporate Governance Model that seeks to generate a system of weights and counterweights, through the balance in its governing bodies (owner, represented by the Mayor of Medellin, Board of Directors, and General Manager), so that each body has a clear framework for action, adequately exercises its rights and responsibilities, and with appropriate information flows, which allow the achievement of unity of purpose and direction of the Group, and the generation of business value.

Aware of these challenges and the evolution of corporate governance for state-owned companies, EPM constantly reviews its Governance Model to incorporate the best national and international practices in this area, and to adapt to the new dynamics and challenges of the environment. In line with this, leaders are increasingly required to act with greater awareness of the impacts that their actions and decisions may generate, as well as the need to put the general interest before the particular interest.



Corporate governance, defined for the Grupo EPM, contributes to the sustainability and competitiveness of the companies that comprise it, as well as to guarantee the quality, continuity, reliability and coverage in the provision of residential public utilities in the territories where the Grupo EPM is present, taking as an articulating pillar the ecosystemic purpose of “Contributing to the harmony of life for a better world”.



Grupo EPM Corporate Governance Code



In 2021 no updates were approved to EPM's Corporate Governance Code; however, as of December 31, 2021, the incorporation of the Information Disclosure Policy of Empresas Públicas de Medellín E.S.P. as an annex to the Code was in process.

The Code compiles and discloses the corporate governance practices that are defined and implemented in EPM, and are adopted by the subsidiaries of the corporate group according to their internal procedures, adapting them to the standards and particularities that apply to each company of the Group.

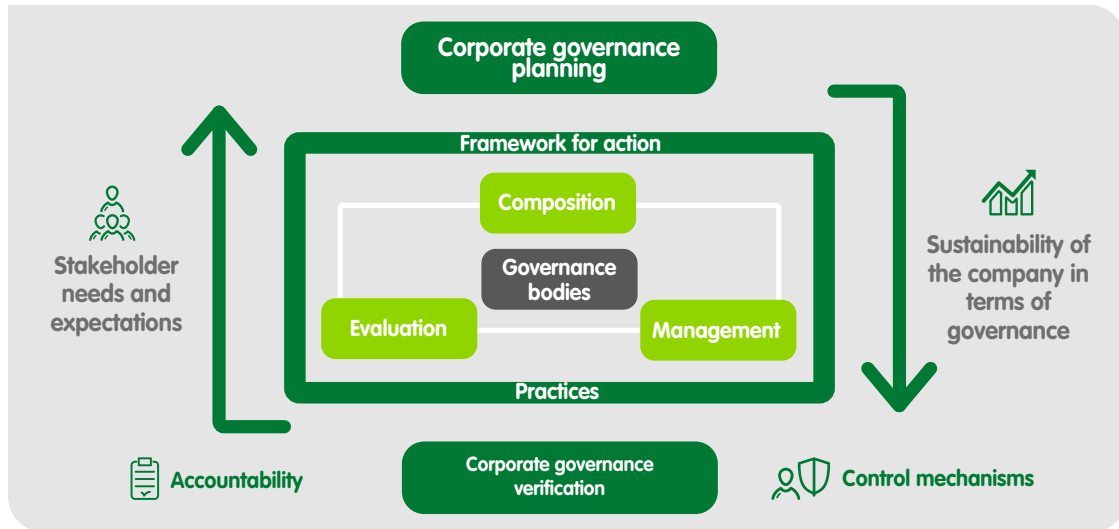
EPM has focused its efforts on the implementation of the General Framework of Corporate Governance of Grupo EPM, which is the set of elements that interact to strengthen corporate governance, promoting unity of purpose and direction through the implementation of a model aligned with the strategic direction defined for the corporate group.

This model is based on the governing bodies, and the definition of its Action Framework through governance practices, control mechanisms, and accountability.



See [Attachment 1: General Framework of Corporate Governance of Grupo EPM.](#)





The Corporate Governance practices that EPM has and that make up the documentation structure of the General Framework of Corporate Governance of the Grupo EPM are as follows:

Company Bylaws and their amendments

Municipal Agreement No. 12 of 1998 and Municipal Agreement No. 32 of 2006.

Corporate Governance Code

Adopted by Decree 472 of 2019 and amended by Decree 481 of 2020. The Code compiles and discloses the Corporate Governance practices defined and implemented in EPM.

General Corporate Governance Framework of the Group

Adopted on September 24, 2019. The General Corporate Governance Framework, defines the scope of action of the ownership, management and management or management of the companies of the Grupo EPM, in order to implement the necessary practices to strengthen these governance bodies, verify their degree of compliance and disclose the results to their stakeholders.

Relationship Framework Agreement

Signed on April 23, 2007, the Framework Relationship Agreement expresses the general conditions that frame the "owner-company" relations between the Municipality of Medellín - a public entity owning 100% of the capital - and EPM, thus defining the principles that must govern them and the specific obligations in which their effective balance is manifested.

Rules of Procedures of the Board of Directors

Modified by Decree 579 of June 29, 2021, which establishes the rules of operation of this collegiate body, to achieve greater efficiency and effectiveness of the same and that decision making is carried out objectively and responsibly.

Conflicts of interest and treatment of decisions in the Group's interest manual

Adopted by Decree 390 of 2015, which provides the necessary information and procedures that allow managers and employees of Grupo EPM to know, prevent and adequately and timely manage conflicts of interest that may arise in the exercise of their positions.

Bylaws of the Board's Committees

Each of the Board of Directors' committees: the Audit Committee, Management Committee, Strategy and Business Committee, Project Follow-up Committee, and Relationships Committee, have their regulations that define the rules and procedures that regulate their operation, as well as the rules of conduct of their members.

Governance Agreement

Signed on November 8, 2013, among the Colombian companies of the Grupo EPM and subsequently adhered to by the international subsidiaries. This agreement formalized and operationalized the relationship model and the structure of Grupo EPM to facilitate the achievement of business objectives and achieve synergies.

Rules of procedure of the strategic committees

Decree 2208 of 2018, whereby the mandatory strategic, tactical and operational committees in EPM are defined and updated.

Corporate Governance Plan 2022-2025

Consolidates initiatives to maintain the evolution of corporate governance for Grupo EPM.

Compliance with the Code

Section "9.2 Annual Corporate Governance Report of Grupo EPM" establishes, among other things, that EPM shall issue a report in which, in addition to disclosing data related to the content of the Code, it shall indicate its degree of compliance. The degree of compliance with the Corporate Governance Code is published on EPM's website, which can be [consulted here](#).





EPM ownership structure



2. EPM ownership structure

EPM is a public utilities company, constituted as an Industrial and Commercial Company of the State, of the municipal order—owned by the municipality of Medellín—, subject to the legal regime that regulates the provision of utilities, established in Law 142 of 1994.

The Municipality of Medellín is the sole owner of EPM.



The relationship with the Municipality of Medellín, as its owner, the respect for the autonomy granted by the administrative decentralization, and the internal regulations are contained in the Relationship Framework Agreement signed in 2007 between the Mayor's Office of Medellín and EPM. The powers of the Council of Medellín concerning EPM are defined in the Company's Bylaws and Colombian law.

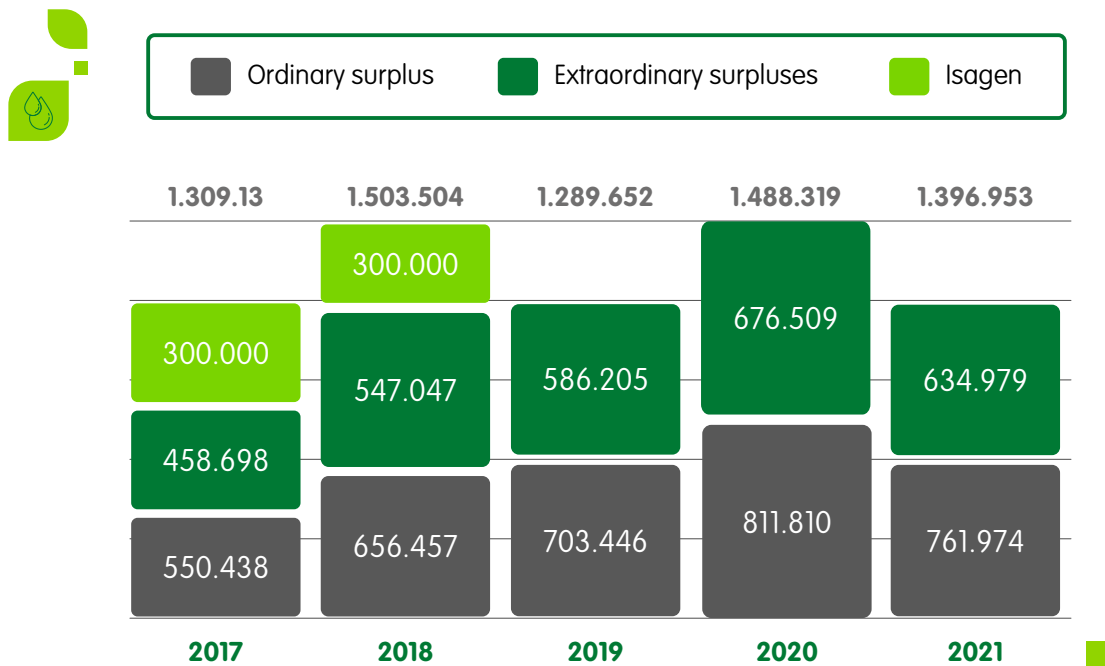
The Mayor of Medellín, in his role as representative of the owner, exercises ownership exclusively through the Board of Directors of EPM, in his role as Chairman thereof, pursuant to the provisions of the Relationship Framework Agreement. By legal provision and the Company's Bylaws, the Mayor of Medellín appoints the General Manager and designates the other members of the Board of Directors.

Transfers to the Municipality of Medellín

Municipal Agreement No. 69 of 1997 of the Council of Medellín establishes that EPM must transfer annually, on an ordinary basis, up to 30% of the profit. However, the Framework Relationship Agreement allows for additional transfers to be decreed, considering both the financial requirements of the Municipality for specific investment programs, as well as the financial sustainability of EPM. Additional transfers must be authorized by the Council of Medellín.

In 2021, EPM delivered to the Municipality of Medellín transfers equivalent to COP 1,396,953 million, of which COP 761,974 million were ordinary transfers, corresponding to 30% of the 2020 profits, and COP 634,979 million were extraordinary transfers corresponding to 25% of the profits.

The following graph shows the **transfers for the last five years**:



Ordinary and extraordinary transfers between 2017 - 2021 to the Municipality of Medellín (value in millions of COP).



Note: the transfers for the concept of ISAGEN are given as provided by the Council of Medellín in Agreement No. 032 of June 5, 2017, concerning the transfer of an item of EPM's assets, product of the disposal of EPM's shareholding in ISAGEN S.A. E.S.P., to the general budget of Medellín distributed in fiscal years 2017 and 2018, for a value amounting to COP 600,000 million of the total obtained in the transaction, which amounted to COP 1.4 billion.

Ordinary and extraordinary transfers between 2017 - 2021 delivered to the Municipality of Medellín, amounted to COP 6,987,564 million (COP 3,484,126 as ordinary and COP 3,503,438 as extraordinary).

Framework Relationship Agreement EPM - Municipality of Medellín

In the Framework Relationship Agreement, signed between EPM and the Municipality of Medellín in 2007, the obligations of both parties are agreed through self-regulations that delimit the exercise of ownership and business management, while the common objective of the two entities is to generate business management conditions in EPM that improve the generation of value for its stakeholders and make it viable as a source of income, growing and sustainable, for Medellín.

This agreement determines the principles of the owner-company relationship. These principles go beyond the legal conditions that both entities must comply with, becoming self-regulations that limit the exercise of ownership and business management. In this way, a system of counterweights is generated that establishes responsibilities and self-limitations for each of the parties.

The provisions of this agreement are a clear demonstration that corporate governance is a key factor in business competitiveness and sustainability, contributing to a proper balance in the exercise of ownership, management, and administration.



See [Attachment 2: Background on the Framework Relationship Agreement.](#)

Self-evaluation of EPM's fulfillment of its obligations established in the Framework Agreement.

The following is a detail of the self-assessment performed by EPM to comply with its obligations during the year 2021:

Self-evaluation conducted by EPM

	Obligation	Performance
Compliance with financial management metrics	<p>To carry out efficient and productive financial management, based on technical criteria and reflected in minimum EBITDA criteria, return on equity, and other financial indicators.</p> <p>The Board of Directors will define the indicators annually, based on the strategic plans and the budget, for the time horizons agreed at the Board of Directors.</p>	<p>The financial indicators are the product of the business plan (financial projections) and short and medium-term goals are established.</p> <p>The monitoring of the indicators is part of the Balanced Scorecard (BSC), a mechanism through which the performance of the business group's strategy is periodically reviewed.</p> <p>The BSC, in turn, is part of the Grupo EPM's Business Plan and Strategic Plan, which are approved by the Board of Directors.</p> <p>The monitoring of the BSC is periodically presented to the Board of Directors, and every year investment decisions are monitored as part of the typical agenda of the Board.</p>



	Obligation	Performance
Transfers to the Municipality	<p>Transfers may only exceed 30%, considering the Municipality's financial requirements for specific investment programs and EPM's financial needs, so as not to jeopardize business viability and expansion.</p> <p>The additional transfers must be authorized by the Council after the Mayor has substantiated the effects on EPM's finances.</p>	<p>See transfers delivered to the Municipality in the EPM Property Structure chapter of this report.</p>

	Obligation	Performance
Settlement of transfers	<p>The plan to make the transfers should consult the cash requirements of the Municipality and the availability of EPM's liquid resources. In this way, adequate cash management will be carried out in both entities.</p>	<p>The surpluses that EPM delivers to the Municipality of Medellín are defined in EPM's bylaws: ordinary surpluses correspond to 30% of the net income of the previous year and extraordinary surpluses have corresponded to a maximum of 25% of the net income of the previous year.</p> <p>Based on the foregoing, the current projection of surpluses to the Municipality, corresponding to 55% of the net income of the previous year, contemplates compliance with legal and statutory requirements, and the monitoring of the Company's liquidity, thus guaranteeing the resources for the normal operation of the business and the execution of the infrastructure investment plan, to continue providing high-quality utilities.</p> <p>This is in compliance with the obligation to adequately manage the cash in EPM.</p>

	Obligation	Performance
Appropriate communication mechanisms	<p>The relationship between the owner and the decentralized entity (EPM) is channeled through: the Mayor of Medellín - the Board of Directors of EPM – EPM’s CEO.</p> <p>The other relations are between the Private Secretary of the Municipality and the Public Relations Department of EPM.</p>	<p>The communication channel in the owner-company relationship has been:</p> <p>Mayor - Board of Directors and its support committees.</p> <p>Mayor – EPM’s CEO.</p> <p>Mayor’s Office - directly with some VPs. Formal procedures and requests from the municipal administration as a territorial entity are channeled through EPM’s Public Relations, under the Communication and Corporate Relations Department.</p>

	Obligation	Performance
Commitment to transparency towards the community	<p>Contractual processes under principles of transparency, impartiality, and objectivity, in an environment of free competition, applying the regime of disqualifications and incompatibilities.</p> <p>The invitation to submit bids is made through the corporate information system.</p>	<p>Contractual processes in EPM are governed by: Decree 362 of 2014 of the Board of Directors whereby the general contracting rules are issued.</p> <ul style="list-style-type: none"> • Policy for the supply of goods and services approved by the Board of Directors in December 2014. • Application of the transparency declaration of public employees. <p>See Compliance chapter in this report.</p>
	<p>Define profiles and competencies for employees, which will be strictly verified in the selection processes.</p>	<p>EPM has defined position manuals with the profile and competencies required for employees. It is available on the corporate intranet and is the input for the selection processes.</p>

	Obligation	Performance
Commitment to transparency towards the community	<p>Have mechanisms for communication and dissemination of information to the public related to contracting and selection processes.</p>	<p>EPM publishes the selection and hiring processes on its website, in the following links:</p> <ul style="list-style-type: none"> • Job offers: https://cu.epm.com.co/institucional/ofertas-de-empleo • Contractual processes for suppliers and contractors: https://cu.epm.com.co/proveedoresycontratistas/contratacion/te-cuento

	Obligation	Performance
Permanent External Audit	<p>Permanent external audit: Permanent external auditor hired according to the guidelines of the Audit Committee.</p> <p>He/she may not render services other than account auditing within the entity, and his/her contract shall not exceed 3 years.</p> <p>The external auditor shall be the same for all the companies that make up the Grupo EPM.</p>	<p><u>See chapter on Accountability in this report.</u></p>



	Obligation	Performance
Corporate Social Responsibility	<p>Formulate and develop CSR policies:</p> <ul style="list-style-type: none"> • Activities circumscribed in the corporate purpose and aligned with the strategic objectives. • Actions that do not compromise financial viability. • CSR model is incorporated into the strategic framework, keeping the Company's sustainability as a central objective and taking into account the commitments of the Global Compact, in relation to each of the following aspects: human rights, labor standards, environment, and anti-corruption. 	<p>The sustainability model and the CSR are a integral part of Grupo EPM's strategy dimension, approved by the Board of Directors. Likewise, said model in the Grupo EPM is based in an ethical conviction and materializes in facts that add value to the stakeholders and the business.</p> <p>The CSR policy was approved by EPM's Board of Directors on September 1, 2009. In addition, EPM has the following complementary policies:</p> <p>Human Rights Policy, approved by the Board of Directors on October 25, 2012.</p> <p>Human Talent Management Policy, approved by the Board of Directors on December 7, 2010, and modified on November 10, 2020.</p> <p>Environmental Policy with corporate group scope, approved by the Board of Directors on July 7, 2008.</p> <p>Zero Tolerance to Fraud, Corruption, and Bribery Policy, approved by the Board of Directors on December 15, 2015.</p> <p>Taking into account the exercise of Materiality of Grupo EPM in which the requirements of investors and other stakeholders were highlighted, on the adoption and promotion of solid governance for sustainability, based on an ethical and transparent performance in the relationship and decision making, it is recommended: 1) Include in the risk map of EPM, the risk of undue political interference. 2) Address challenges associated with the results of the update of the Grupo EPM Materiality exercise; in particular, for the new material issue of Corporate Governance.</p>

	Obligation	Performance
Supporting the Municipality with human resources	Provide, with its servers, support to the Municipality under special circumstances, formalized through agreements in which the resource, the time required, and the consideration are expressed.	A projects & engineering management professional from the Water, Sanitation, and Gas division was provided on secondment to the Municipality of Medellin from March 16, 2020, to March 16, 2022.

Public Accountability



Aware that the citizens of Medellin are, ultimately, the owners of EPM, as a practice of transparency and in compliance with constitutional and legal provisions, **EPM annually performs its public accountability to disclose the main achievements** and challenges of business management and its articulation with stakeholders.



The **public accountability report** was held on Thursday, May 13, 2021, at 9:30 a.m., a 100% virtual event due to the confinement situation by COVID-19. It was televised by the regional channel Telemedellín and the public broadcasting channel (Institutional Channel) for the whole country and broadcasted on EPM's social media.



The issues addressed in this space were related to the management of 2020 in the following topics:

- Measures were implemented during the pandemic to make life easier for customers and users.
- Pandemic management at EPM and Hidroituango.
- Afinia.
- Future Ituango hydroelectric power plant.

The issues addressed in this space were related to 2020 results on the following topics:

- Bajo Cauca Territory.
- Grupo EPM investments and main actions carried out by business with such investments.
- Solidarity with San Andres and Providencia - hurricane Iota.
- Construction of sustainable and intelligent territories.
- Financial results.



EPM management structure



3. EPM's management structure

Critical concerns

GRI 102-33 102-34

For the purposes of this report, a critical concern is understood as an event that challenges the governing bodies in their management and has a reputational impact.

In 2021, the main critical concerns were:

- **Nullity action in the appointment of the CEO of EPM, Jorge Andrés Carrillo Cardoso:** on October 13, 2021, EPM received notification from the Fourth Oral Chamber of the Administrative Court of Antioquia, declaring in first instance the nullity in the appointment of the CEO of EPM Jorge Andrés Carrillo Cardoso, by indicating that at the time of his appointment to that position, 12 months had not elapsed since his resignation as a member of the Board of Directors of EPM, which would configure inability to exercise his position as CEO under the terms of Article 10 of Decree 128 of 1976.

According to the Second Instance Ruling of December 15, 2021 (with file number 2021-00936-01), the Fifth Section of the Council of State revoked the decision of nullity of the appointment of the CEO of EPM highlighting that the disqualification for which it was accused was not configured, because although the requirements of: (i) active subject because the defendant was a member of the Board of Directors of EPM and (ii) of disqualifying period because he was appointed manager of the same entity within the year following his retirement; his link is legal and regulatory, and is not related to the provision of professional services in the entity or in other entities that are part of the administrative sector to which that entity belongs. Therefore, it revoked the appealed judgment and denied the claims of the lawsuit.

Throughout the process, the CEO continuously performed his duties, so that EPM maintained the dynamics and normality in all its operations and services.

- **Comprehensive evaluation report of EPM by the Utilities Authority (Superintendencia de Servicios Públicos Domiciliarios):** in November 2021, the Utilities Authority issued the

comprehensive evaluation document of EPM as a public utilities company, in which some related findings are mentioned with corporate governance, administrative and financial matters; the provision of residential public utilities of water and sewerage, electricity, and fuel gas; Hidroituango; user protection and management in territory.

Regarding the findings on corporate governance, EPM generated an improvement plan for 2022 with the purpose of closing the gaps identified in corporate practices and governance.

- **Office of the Comptroller General of the Republic confirms fiscal responsibility ruling in Hidroituango:** in November 2021, the Office of the Comptroller General of the Republic confirmed the fiscal responsibility ruling for COP 4.3 billion that held 26 people jointly and severally liable, including officials and contractors, related to Hidroituango for alleged damage to the State's assets, and declared the insurance company Mapfre Seguros Generales de Colombia as a civilly liable third party, with a view to enforcing the All Risks policy it had subscribed and which covers the construction and loss of profits of the project since 2011.

In January 2022, Mapfre made the last total and final payment for USD 633.8 million within the coverage of the "All Risks Construction and Erection" policy, which is in addition to other payments previously made by Hidroituango's insurers to EPM as follows: Mapfre with a payment of USD 983.8 million for coverage of the "All Risks Construction and Erection" policy; Compañía de Seguros Sura with a payment of COP 402,454 million within the "Directors and Administrators Civil Liability" policy, AXA for COP 21,500 million, SBS for COP 2,000 million, and other income associated to the loss.

These payments are made in compliance with the provisions of the transaction agreement signed on December 10, 2021, between Mapfre and EPM, and constitute the termination of the fiscal responsibility process defined by the Comptroller General of the Republic. With the confirmation of the payment, EPM proceeded to withdraw the arbitration claim that was suspended before the Conciliation, Arbitration, and Amicable Composition Center of the Medellín Chamber of Commerce.

For its part, the Office of the Comptroller General of the Republic, by means of RULING N°0104 of January 2022, resolved to declare the fiscal damage fully compensated, by total payment; not to send to coercive collection the executive title resulting from the fiscal responsibility process; to order the lifting of precautionary measures on the assets owned by those declared responsible, and to warn that, against the decisions contained therein, no appeal may be filed.

Pöyry's Report on Hidroituango: the National Environmental Licensing Authority (ANLA) exercising its legal powers, hired Pöyry to generate an independent opinion on the definition and authorization of the environmental license of the future Ituango hydroelectric power plant, and comprehensive analysis of the project's risk levels.

This report was filed by EPM before the ANLA in December 2021; in February 2022, said entity ratified the conclusion of the Pöyry Report indicating that there is no restriction for the generation of electric power in 2022, as a risk mitigation measure in the future Ituango hydroelectric power plant.

- **Hidroituango forensic audit report:** in October 2021, the results of the forensic audit report were presented to the Board of Directors, whose purpose was to strengthen the defense strategy of EPM's interests as partner and constructor of the future Ituango hydroelectric power plant, which was based on an expert examination of financial, technical and accounting nature.

Previously, in August 2021, by instruction of the CEO of EPM Jorge Andrés Carrillo Cardoso, the report had been forwarded to the EPM Disciplinary Control Office for its knowledge and evaluation regarding its competence. The report identifies 49 findings, of which 32 correspond to actions or omissions and 17 to sanctioning decisions adopted by the National Environmental Licensing Agency (ANLA).

These findings correspond to events that occurred between the years 2011 and 2019 and with respect to them, in consideration of the contractor, there may be civil, fiscal, criminal, and/or disciplinary liability both for breach of obligations and for acts or omissions. Therefore, the report was sent by EPM to the competent control, supervision, and oversight entities.

- **Bilateral Modification Agreements No. 39, 40, and 41 to Contract CT-2012-000036 whose object is “construction of the dam, power plant and associated works of the Ituango Hydroelectric Project.”**

In 2021, the AMB N°39 signed in December 2020 between EPM and the Contractor (Consortio CCC Ituango: formed by the firms Camargo Correa Infra SA, Constructora Concreto S.A., and Coninsa Ramón H S.A.) came into force, through which the parties agree, among other aspects, the following:

- Extend the execution term and the remuneration methodology until December 31, 2021, given that at that date the fiscal responsibility ruling of the Comptroller General of the Republic was in force, disqualifying Hidroituango contractors to continue with the execution of the contracts. However, once the payment of the insurers was made (see numeral 3), the Comptroller’s Office resolved to declare the fiscal damage fully compensated.
- Provisions regarding the alignment of interests, personnel, and equipment required for the development of Hidroituango and the interaction between the consultant (designer) and the contractor, during the stage of completion of the works of the project and continuity of the contract. Regarding this last aspect, it was established that in the event that some of the parties do not intend to continue the execution of the contract beyond December 31, 2021, they must notify the other party of their intention not to continue with the execution of the contract before July 1, 2021.

In December 2021, the parties entered into Bilateral Modification Agreements No. 40 and 41 (AMB40 and AMB41). AMB40 was intended to settle differences of interpretation in relation to the authorization of the assignment of the position of Construções e Comércio Camargo Corrêa SA in the Consortium and therefore in Contract CT-2012-000036. While AMB41 was subscribed for the purpose of extending the term of execution of the contract by 8 months as from January 1, 2022, plus 3 months of splicing period.

AMB39, AMB40, and AMB41 constituted relevant issues for EPM’s Board of Directors in 2021.

- **Lawsuits against EPM's corporate governance:** during 2021, two popular actions were filed with claims related to several elements of EPM's Corporate Governance Model. In one of them, SINPRO—an industry labor union—sued the Municipality of Medellín, invoking the protection of the collective rights to administrative morality, the defense of public assets, access to utilities, and their efficient and timely provision through compliance with EPM's corporate governance. In this process, EPM was involved as an interested third party.

In a second popular action, the Forjando Futuros Foundation sued EPM and the Municipality of Medellín, requesting the non-application, suspension, and adjustment of some components of EPM's Corporate Governance Model, as a guarantee for the protection of the collective rights to administrative morality and public patrimony.

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 claim.











EPM's Board of Directors

EPM is managed by the Board of Directors, pursuant to the provisions of the Company's Bylaws.

Formation of the Board of Directors

Código País 33.3 – ii. a); GRI 102-18 102-22

As of December 31, 2021, EPM's Board of Directors was comprised as follows:

<p>Daniel Quintero Calle</p>  <p>Chairman (Non-Independent) Profile: Mayor of Medellín Start: 01/01/2020 Participation in other boards: 3</p>	<p>Jorge Iván Palacio Palacio</p>  <p>Independent Profile: public and legal management Start: 08/17/2020 Participation in other boards: 0</p>	<p>Pablo Felipe Robledo Del Castillo</p>  <p>Independent Profile: public and legal management Start: 08/21/2020 Participation in other boards: 1</p>	<p>Bernardita Pérez Restrepo</p>  <p>Independent Profile: public and legal management Start: 08/25/2020 Participation in other boards: 2</p>
<p>Omar Flórez Vélez</p>  <p>Independent Profile: public and corporate management Start: 08/17/2020 Participation in other boards: 0</p>	<p>Gildardo Antonio Correa Salasazar</p>  <p>Control Board Member (Non-independent) Profile: social and community management and utilities Start: 08/25/2020 Participation in other boards: 0</p>	<p>Olmer Orlando Palacio Garzón</p>  <p>Control Board Member (Independent) Profile: social and community management and utilities Start: 08/25/2020 Participation in other boards: 0</p>	<p>Sergio Andrés Restrepo Muñoz</p>  <p>Control Board Member (Non-independent) Profile: social and community management and utilities Start: 05/19/2021 Participation in other boards: 1</p>

During 2021, the composition of EPM's BOD had had the following changes:

During 2021, the following changes were made to the composition of EPM's Board of Directors:

- By means of Municipal Decree 0278 of April 13, 2021, the resignation of Mr. Jorge Andrés Carrillo Cardoso as member of the Board of Directors was accepted.
- By means of Municipal Decree 0406 of May 19, 2021, the resignation of Mr. Guillermo León Diosa Pérez, as control member of the Board of Directors, was accepted.
- By means of Municipal Decree 0406 of May 19, 2021, the Mayor of Medellín appointed Mr. Sergio Andrés Restrepo Muñoz as member of the Board of Directors of EPM.
- Since April 13 until the end of 2021 there is a vacancy in the Board of Directors of EPM, and although efforts have been made to fill such vacancy, it has not been possible.

Composition of the Board of Directors

- The mayor of the city of Medellín, who presides over it.
- Five persons freely appointed by the Mayor of Medellín, all of them independent.
- Three persons chosen by the Mayor of Medellín from among the control members registered by the development and social control committees for utilities (Article 27.6 of Law 142 of 1994).

Código País 33.3 – ii. f); GRI 102-24



EPM's Board of Directors has maintained a number of independent members higher than the 25% established in Article 44 of Law 964 of 2005 for securities issuers and 55.6%, defined in the internal regulations. Currently, there is a vacancy in the Board of Directors, so five of the eight appointed members of the Board of Directors are independent (62.5% of the total).

EPM's Corporate Governance Code sets forth the criteria that the Mayor of Medellín must consider for the appointment of the members of the Board of Directors:

GRI 102-24

Academic and professional training in subjects related to the corporate purpose of EPM and the functions of a member of the Board of Directors.

Business or labor experience related to the public services sector.

For control members, evidence of the time they have been members of the Development and Social Control Committee that elected them, the relationship they maintain with it and the actions they have carried out in the performance of their duties is required.

The relationship of the Board of Directors with the users of residential public utilities is fulfilled through the participation of the control members in the collegiate body. In this way, the constitutional precept of citizen participation in the management and supervision of the Company as an entity providing residential public utilities is materialized. Likewise, in the Board of Directors, the control members represent the interest groups of customers and users, community and, in some cases, suppliers and contractors.

GRI 102-21 102-22

In order that the strategic direction, policies and guidelines set by the Board of Directors have continuity and do not generate negative effects for the operation of the Company as a result of changes in municipal administration, and to preserve the level of knowledge and experience acquired by the members of the Board of Directors, for its composition, under the Framework Relationship Agreement, the Mayor of Medellín will seek to maintain at least five of the independent members. In addition, the Mayor of Medellín will seek a gradual renewal of the members of the Board of Directors, consulting the profile of the Board of Directors, as well as the objective average of seniority of its members.

The members of the Board of Directors who are independent have this status from the date of their appointment. Pursuant to the provisions of the Corporate Governance Code of EPM, those persons who are:

- Employees or officers of the Company or of any of its affiliates, subsidiaries or controlling companies, including those persons who have held such position during the last 5 years immediately prior to the appointment, except in the case of the re-election of an independent person.

Código País 33.3 – ii. d); GRI 102-22

- Partners or employees of associations or companies that provide advisory or consulting services to EPM or to the companies that belong to the corporate group, when the income for such concept represents 20% or more of its operating income.
- Employees or directors of a foundation, association or society that receives contributions or sponsorships from the Company.
- Persons who receive from EPM any remuneration other than fees as a member of the Board of Directors, the Audit Committee or any other committee created by the Board of Directors.
- Office secretaries, employees of the Municipality of Medellín or of any of the entities controlled, assigned or linked to the same, or who have been so during the last 5 years, prior to their appointment.
- Administrators of an entity in whose board of directors EPM participates.
- Persons who depend exclusively on the income received by fees as members of the Board of Directors of EPM.
- Relatives of any person who is or has been employed in the last three years by the Company or its subsidiaries as an executive.
- Advisor or employee of a company that advises the Company or one of its senior management members.
- Supplier or significant customer of the Company.
- Individuals who have entered into contracts for personal services with the Company, or with a member of senior management of the Company.
- Partner or employee of the Company's external audit firm during the last three years.

The independence criteria for the Board of Directors of EPM are in accordance with the provisions of Law 964 of 2005 (Article 44), the Framework Relationship Agreement and good corporate governance practices. Likewise, the members of the Board of Directors are subject to the regime of disqualifications and incompatibilities established by law, in accordance with Article 9 of the Bylaws.

Profiles of the members and characteristics of the Board's composition

Matrix of Board Member Profiles.

The term "profile" is understood to mean the area of knowledge in which one has training or experience.

Education and/ or experience / Board Member	Daniel Quintero Calle	Jorge Iván Palacio Palacio	Bernardita Pérez Restrepo	Pablo Felipe Robledo del Castillo	Omar Flórez Vélez	Sergio Andrés Restrepo Muñoz	Gildardo Antonio Correa Salazar	Olmer Orlando Palacio Garzón
Business management.	●				●			
Financial management.	●							
Domiciliary public services management or other business sectors of EPM including urban development and social control of public utilities.						●	●	●
Ethics, sustainability and corporate social responsibility.								
Public management or legal management.	●	●	●	●	●			
Social and community management.						●	●	●

Details of the resumes of the members of the Board of Directors can be found at the end of this report.



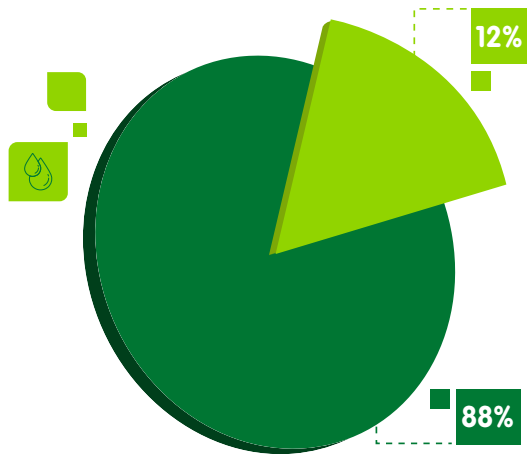
See Attachment 3: Resume of Board Members.

Código País 33.3 – ii. b); GRI 102-22



Note: Board members Sergio Andrés Restrepo Muñoz and Omar Flórez Vélez have knowledge and experience in environmental and social management.

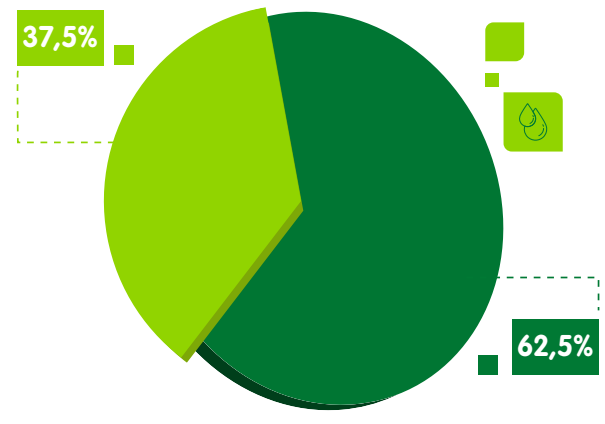
Distribution by gender



■ Men on the board ■ Women on the board

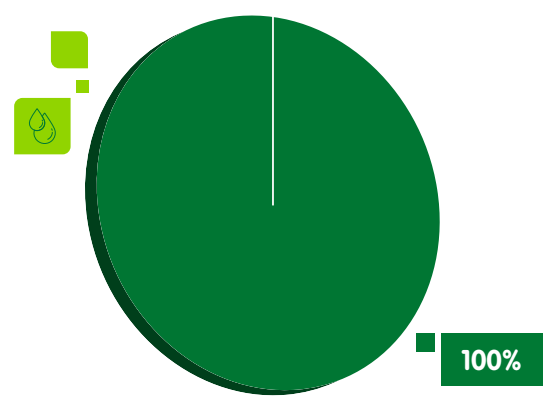


Distribution by age range



Over 50 years of age Between 30-50 years of age

Distribution by rank of length of service on the Board of Directors



Less than 4 years of permanence

Board of Directors Onboarding

GRI 102-27

During 2021, the onboarding cycle continued for the Board members: Mrs. Bernardita Pérez Restrepo and Mr. Jorge Iván Palacio Palacio, Mr. Pablo Felipe Robledo del Castillo, Mr. Omar Flórez Vélez, Mr. Jorge Andrés Carrillo Cardoso, Mr. Gildardo Antonio Correa Salazar, Mr. Olmer Orlando Palacio Garzón, Mr. Guillermo León Diosa Pérez.

The onboarding plan addressed the topics that had been pending in 2020, so that in January 2021 the onboarding of business processes, new business, innovation, technology and support processes was concluded.

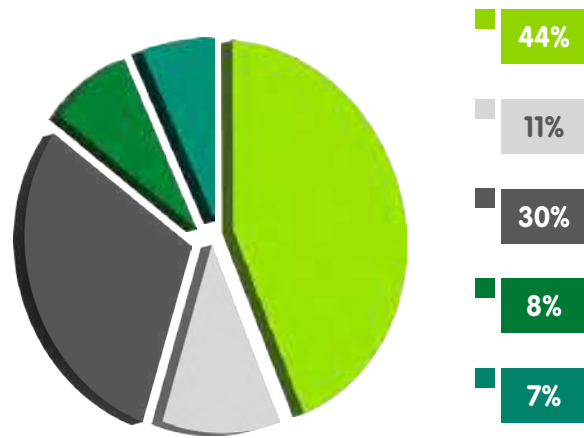
Continuation of member onboarding in 2021

Distribution of total time according to the topics presented in the sessions

Executed

8 Sessions
54 Hours and 54 minutes

- Attendance was **100%**.
- The onboarding program for Board members appointed in 2020 was completed in January.
- In June, the onboarding for the new Board member, Mr. Sergio Andrés Restrepo Muñoz, appointed in May 2021, was completed.



- Business cycle
- New business, innovation, IT
- Support processes
- General Corporate Governance Framework of the Group and Regulatory Framework associated with the Board of Directors
- Strategy and planning

The onboarding program for Board members appointed in 2020 was completed with 2 sessions in January, lasting 11 hours and 54 minutes.

Additionally, the onboarding for the new member of the Board of Directors, Mr. Sergio Andrés Restrepo Muñoz, took place in June with a duration of 43 hours and was developed in 6 sessions, included in the data and graphs mentioned above.

Board of Directors quorum

Código País 33.3 – ii. i)

In 2021, the deliberating and decision-making quorum required for the Board of Directors meetings was met, which corresponds to the majority of the members present at the respective session.

Board of Directors meeting quorum, 2021

	January			February			March	
Session date	11	26	28	1	10	23	17	23
N° Act	1702	1703	1704	1705	1706	1707	1708	1709
% Quorum	100%	100%	100%	100%	100%	100%	100%	100%
	April					May	June	
Session date	7	10	13	27	30	25	28	29
N° Act	1710	1711	1712	1713	1714	1715	1716	1717
% Quorum	100%	100%	100%	100%	100%	100%	100%	100%
	July	August		October				
Session date	27	26	31	5	12	13	20	
N° Act	1718	1719	1720	1721	1722	1723	1724	
% Quorum	100%	100%	100%	100%	100%	88%	100%	
	November			December				
Session date	2	17	24	2	7	13	14	
N° Act	1725	1726	1727	1728	1729	1730	1731	
% Quorum	100%	100%	100%	100%	100%	100%	100%	

For decision-making purposes, each member of the Board of Directors has one vote.

Board Directors Management

The functions of the Board of Directors are defined in Article 17 of the Bylaws, contained in Agreement 12 of 1998 of the Council of Medellín. In matters of contracting, the Board of Directors is responsible for issuing the general rules and indicating the amounts within which the CEO may delegate the authority to award and enter into contracts.

GRI 102-19

The Chairman of the Board of Directors fulfilled in 2021 the functions assigned in the EPM Board Regulations, among them the following stand out: **GRI 102-26**

- To name and remove freely any of its members.
- To make sure that the Board of Directors choose and implement efficiently the business strategic direction.
- To coordinate and plan its functioning through a yearly work plan.
- To be the spokesman of the Board of Directors and delegate said responsibility when considered necessary.
- To oversee the execution of agreements and compliance with the responsibilities and participation of all its members.
- To lead the evaluation process of the Board and its committees.
- To promote active coordination between the Company and issues of interest to the city of Medellín, in compliance with the Framework Relationship Agreement.
- To ensure compliance with the Board of Directors Regulations.

Código País 33.3 – ii. k); GRI 102-23

Likewise, **the Secretary of the Board of Directors**, who in accordance with the Bylaws is also the General Secretary of EPM, **fulfilled in 2021 the functions assigned in the Bylaws and Board of Directors Regulations**, among which the following stand out:

- To call meetings.
- To process in a timely manner the requests of the Board of Directors.
- To prepare the minutes of the meetings and sign them jointly with the Chairman.
- Ensure the preservation of the documents of the Board of Directors and the legality of its actions.
- Define the procedure for the effective development of the meetings of the Board of Directors.

Código País 33.3 – ii. I)

During 2021, the Company complied with the provisions of Article 8 of the **Board of Directors Regulations** that details the procedure to be followed by the Organizations areas in order to bring to the Board of Directors the issues within its competence. Among the main steps are the following: **GRI 102-33**

- At the Management Committee meeting, which is held one week after the Board of Directors meeting, the topics to be presented for consideration by the Board of Directors at the following meeting, the person responsible for the presentation of each topic and the time allowed for the presentation are defined.
- All matters of an approving nature that were submitted for consideration by the Board of Directors were previously analyzed by a Strategic Committee of the Organization (Management or Core), as well as by a Committee of the Board of Directors, in accordance with the respective regulations.
- On the first working day of the week prior to the Board of Directors' meeting, the documents, presentations, studies and annexes that served as support for the presentation of the topics were published in the Board of Directors' information system (ARCA).

Highlights of the Board's actions in 2021

GRI 102-29 102-31

- Approval of the Financial Statements of EPM and Grupo EPM as of December 31, 2020, and opinion of the external auditor.
- Approval of the Annual Management Report of the Chief Executive Officer as of December 31, 2020.
- Approval of the Corporate Governance Report as of December 31, 2020.
- Workshop on corporate strategic direction and analysis of the environment.
- Approval of the modifications to the investment plan, business plan, budget and future vigencias, in compliance with the provisions of Municipal Agreement 109 of March 6, 2019, which regulates the preparation, conformation and execution of the budgets of the industrial and commercial companies of the State of the municipal order of Medellín.
- Approval of the Information Disclosure Policy.

Código País 33.3 – ii. e)

- Follow-up of the Hidroituango continuity plan.
- Follow-up of EPM's business and the performance of its subordinates.
- Follow-up and analysis of the legal strategies of the main processes related to Hidroituango.
- Creation of the Hidroituango insurance fund.
- Approval of the modification of the EPM Board of Directors Regulation.
- Board of Directors strengthening plan.
- Adjustment to the strategy dimension.
- Approval of the EPM Company Plan 2022 - 2025.
- Approval of the Budget for the year 2022.
- Approval of the Infrastructure Investment Plan 2022 - 2025 and CMI Goals 2022 - 2025.
- Approval of the transaction contract between Mapfre Seguros Generales de Colombia S.A. and EPM.
- Approval of the typical agenda of the Board of Directors and annual calendar for the year 2022.
- Authorization to initiate the procedures for the total disposal of EPM's shareholding in UNE EPM Telecomunicaciones S.A. and Inversiones Telco S.A.S.

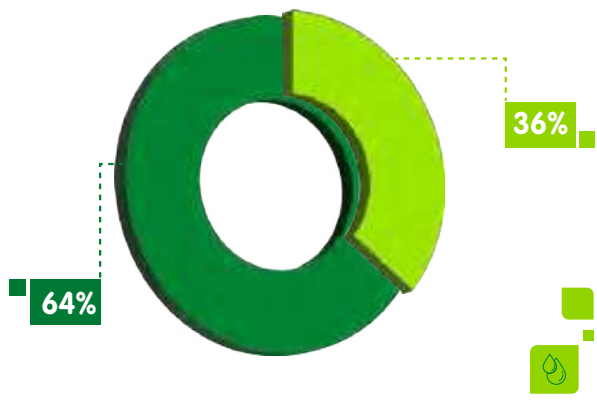


During 2021, the Board of Directors of EPM did not have the advice of external experts. **Código País 33.3 – ii. n); GRI 102-27**

The topics analyzed by EPM’s Board of Directors during 2021 are shown in the graphs:

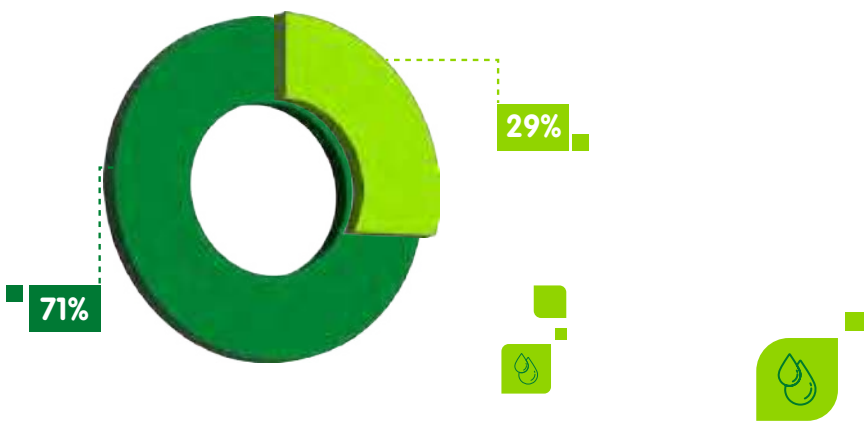
Topics EPM vs Group

EPM matrix Grupo EPM



Character of the Topics

Aprovatorias Informativa



Typical agenda and Board calendar

GRI 102-31 102-27 102-29

The definition of the typical agenda and the annual calendar of EPM’s Board of Directors is a planning tool that allows the collegiate body to address the issues that are fundamental and in which its contribution is greater, in accordance with the provisions of the Board of Directors Regulations and in line with the recommendations of Código País.

The typical agenda defines the frequency and periodicity with which the following topics are addressed during the year: strategy, business, investments, corporate governance, financial, audit, risk, compliance, legal, human development, environmental and social, among others.

The topics scheduled by typical agenda and reviewed by the Board of Directors in 2021 were as follows:

Subject	Topic	Character
Formal business of the Board	<ul style="list-style-type: none"> • Verification of quorum and approval of the agenda. 	Approval
	<ul style="list-style-type: none"> • Consideration and approval of the previous minutes. 	Approval
	<ul style="list-style-type: none"> • Follow-up on requests from the Board of Directors. 	Informative
	<ul style="list-style-type: none"> • Miscellaneous (includes Board member issues). 	Informative
	<ul style="list-style-type: none"> • Relevant information. 	Informative



Subject	Topic	Character
Updating and follow-up	<ul style="list-style-type: none"> • Reports of the Board Committees. 	Informative
	<ul style="list-style-type: none"> • General Manager's Report. 	Informative
	<ul style="list-style-type: none"> • Follow-up of Hidroituango Project continuity plan. 	Informative
	<ul style="list-style-type: none"> • Follow-up of financial statements. 	Informative
	<ul style="list-style-type: none"> • Follow-up of the BSC and the risk map. 	Informative
	<ul style="list-style-type: none"> • Follow-up of investment decisions. 	Informative
	<ul style="list-style-type: none"> • Follow-up to the EPM Foundation. 	Informative
	<ul style="list-style-type: none"> • Follow-up on environmental and social management. 	Informative
	<ul style="list-style-type: none"> • Follow-up of legal contingencies with Group scope. 	Informative
	<ul style="list-style-type: none"> • Follow-up Afinia and Shared Services Center. 	Informative
	<ul style="list-style-type: none"> • Follow-up on growth issues. 	Informative



Subject	Topic	Character
Strategy	<ul style="list-style-type: none"> Additional session: corporate strategic direction and analysis of the environment. 	Approval
	<ul style="list-style-type: none"> Progress in corporate strategic direction. 	Informative
	<ul style="list-style-type: none"> Progress in complying with the Group's innovation and technology strategy. 	Informative
	<ul style="list-style-type: none"> Progress in compliance with the human talent strategy with Group scope. 	Informative
	<ul style="list-style-type: none"> Progress in compliance with the Group's communication and outreach strategy. 	Informative
	<ul style="list-style-type: none"> Financial Forecasts 	Approval
	<ul style="list-style-type: none"> Progress in complying with the supply and shared services strategy with Group scope. 	Informative
	<ul style="list-style-type: none"> Additional session: EPM Business Plan 2022 - 2025, budget for the year 2022, Infrastructure Investment Plan 2022 - 2025 and CMI 2022 - 2025 goals. 	Approval
	<ul style="list-style-type: none"> Modification to the Investment Plan 2021-2024. 	Approval
Follow-up of the Grupo EPM's business strategy	<ul style="list-style-type: none"> Business monitoring from the perspective of customers - users by the Senior Management and the control members of EPM's Board of Directors. 	Informative
	<ul style="list-style-type: none"> Business Generation with Group scope. 	Informative
	<ul style="list-style-type: none"> Gas Business. 	Informative
	<ul style="list-style-type: none"> Water Supply and Wastewater Management Businesses matrix approach. 	Informative
	<ul style="list-style-type: none"> Businesses Water Supply and Wastewater Management approach subsidiaries. 	Informative

Subject	Topic	Character
Follow-up of the Grupo EPM's business	<ul style="list-style-type: none"> • Business monitoring from the perspective of customers-users by Senior Management and the control members of EPM's Board of Directors. 	Informative
	<ul style="list-style-type: none"> • Business Generation with Group scope. 	Informative
	<ul style="list-style-type: none"> • Gas Business. 	Informative
	<ul style="list-style-type: none"> • Water Supply and Wastewater Management Businesses matrix approach. 	Informative
	<ul style="list-style-type: none"> • Businesses Water Supply and Wastewater Management approach subsidiaries. 	Informative
	<ul style="list-style-type: none"> • Solid Waste Business. 	Informative
	<ul style="list-style-type: none"> • Business Transmission and Distribution with Group scope. 	Informative



Subject	Topic	Character
Financial issues and corporate governance	<ul style="list-style-type: none"> Approval of the account. Financial statements of EPM and the Grupo EPM as of December 31, external auditor's report, Annual Management Report of the General Manager, Corporate Governance Report and Código País report (informative). 	Approval
	<ul style="list-style-type: none"> Evaluation of the Manager and the Board of Directors. 	Informative
	<ul style="list-style-type: none"> Future Periods (the time allocated in the June session is derived from the modification of the Investment Plan) Finance and Investment Department. 	Approval
Risk and audit issues	<ul style="list-style-type: none"> Audit planning 2022. 	Approval
	<ul style="list-style-type: none"> Follow-up of the audit plan and results of evaluations by external control entities. 	Informative
	<ul style="list-style-type: none"> Risk management follow-up. Compliance Unit Management Report, Annual Compliance and Anticorruption Plan. 	Informative
Human Development	<ul style="list-style-type: none"> Salary increase for government employees. 	Approval
	<ul style="list-style-type: none"> Plant management. 	Approval
	<ul style="list-style-type: none"> Cultural evolution. 	Informative
Corporate governance	<ul style="list-style-type: none"> Typical Board of Directors agenda and annual calendar 	Approval
	<ul style="list-style-type: none"> Management Report Board of Directors Committees. 	Informative

Board of Directors Information System
Código País 33.3 – ii. o) GRI 102-27

In EPM, the information related to the Board of Directors and its support committees is managed in an automated manner through the ARCA information system, meeting criteria of integrity, security, timeliness, availability, traceability and confidentiality of the information.

During 2021, ARCA’s functionalities were stabilized and its usability was strengthened.

In addition, the following actions were implemented:

- Creation of a microsite for the Hidroituango Follow-up Committee - Legal Chapter.
- Creation of a microsite for the Hidroituango Follow-up Committee - Technical Chapter.
- Beginning of the redesign process and technological migration of the application.

Board of Directors Committees



Attendance at the Board of Directors

Código País 33.3 – ii. j)

During 2021, 30 Board of Directors meetings were held:



The total average attendance of the Board members was 99%. The following is a breakdown of attendance by each member:

Attendance at the Board		
Board Member	% Assistance	Period
Daniel Quintero Calle	97%	January - December
Bernardita Pérez Restrepo	100%	
Jorge Iván Palacio Palacio	97%	
Pablo Felipe Robledo Del Castillo	100%	
Omar Flórez Vélez	100%	
Gildardo Antonio Correa Salazar	100%	
Olmer Orlando Palacio Garzón	100%	
Sergio Andrés Restrepo Muñoz	100%	May - December
Jorge Andrés Carrillo Cardoso	100%	January - April
Guillermo León Diosa Pérez	100%	January - May

Management of Board Committees

The support committees to the Board of Directors are spaces designed with the purpose of guaranteeing the efficiency in the decision making of EPM's highest management body, through a detailed analysis of the issues prior to each Board of Directors' meeting.

The committees are formed by members of the Board of Directors and chaired mostly by independent members, considering the training and experience of its members, in accordance with the functions and responsibility of each one of them.


Código País 33.3 – ii. p) GRI 102-18 102-26 102-30

The following table lists the committees of the Board of Directors of EPM that operated in 2021, their composition and the issues they are in charge of, which are articulated with the recommendations of Código País and with the legal and statutory functions.

Committee	Activities	Conformation during 2021
Audit	<p>Supervision: internal audit, financial disclosure, external audit, internal control system, integrated risk management system, compliance, credit proposals, internal and external control entities, related party transactions, intellectual property and Corporate Governance Report.</p> <p>At the close of 2021, the Board of Directors requested that the Internal Audit report on the evaluation of the Organization's strategic line in terms of risk, control and governance, and its articulation with the other lines of defense, be presented to the Board of Directors upon recommendation of the Audit Committee at the close of 2021. This report will be presented to the Audit Committee and the Board of Directors in the first half of 2022.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Bernardita Pérez Restrepo</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Pablo Felipe Robledo del Castillo</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Olmer Orlando Palacio Garzón</div> </div> </div> <p>EPM's external auditor is a permanent guest of the Audit Committee, as it has a constant and periodic relationship with the Board of Directors.</p> <p>Código País 33.3 – ii. m)</p>

Committee	Activities	Conformation during 2021
<p>Management</p>	<p>Monitoring of corporate management, corporate reputation, intellectual capital, ethics, corporate image, administrative structure, business and commercial development projects, appointments and compensation, conflicts of interest, evaluation of management and senior management, and corporate governance.</p>	 Bernardita Pérez Restrepo  Pablo Felipe Robledo del Castillo  Omar Flórez Vélez
<p>Strategy and investments</p>	<p>Strategy, unity of purpose and direction, business policies, investments and new businesses, research, development and innovation projects, corporate social responsibility, sustainability, environmental management and stakeholder relations plans.</p>	 Sergio Andrés Restrepo Muñoz <small>(as of June 2021)</small>  Jorge Iván Palacio Palacio  Jorge Andrés Carrillo Cardoso <small>(until April 12, 2021)</small>  Guillermo León Diosa Pérez <small>(until May 18, 2021)</small>  Vacante <small>(as of May 18, 2021)</small>

Committee	Activities	Conformation during 2021
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Project follow-up</p>	<p>Follow-up on the formulation, execution and evaluation of the projects prioritized by the Board of Directors, as well as their respective risk maps, CMI and other control instruments.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Sergio Andrés Restrepo Muñoz <small>(as of June 29, 2021)</small></p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Omar Flórez Vélez</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Jorge Andrés Carrillo Cardoso <small>(until April 12, 2021)</small></p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Guillermo León Diosa Pérez <small>(until May 18, 2021)</small></p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Vacante <small>(as of May 18, 2021)</small></p> </div> </div> </div>
	<p>Specific chapter dedicated to the legal monitoring of the future Ituango hydroelectric power plant.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Bernardita Pérez Restrepo</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Pablo Felipe Robledo del Castillo</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Jorge Iván Palacio Palacio</p> </div> </div> </div>

Committee	Activities	Conformation during 2021
<p>Project follow-up</p>	<p>Specific chapter dedicated to the technical follow-up of the future Ituango hydroelectric power plant.</p>	 Sergio Andrés Restrepo Muñoz (as of June 29, 2021)  Omar Flórez Vélez  Jorge Andrés Carrillo Cardoso (until April 12, 2021)  Guillermo León Dios Pérez (until May 18, 2021)  Vacante (as of May 18, 2021)
<p>Relationship</p>	<p>To guide and support the strategic relationship of the Organization at the local, national and international levels.</p>	 Jorge Iván Palacio Palacio  Omar Flórez Vélez  Gildardo Antonio Correa Salazar

The Technical and Legal chapters of the future Ituango hydroelectric power plant were created in 2020 by the Board of Directors with the purpose of following up and analyzing in detail the project's recovery and contingency continuity activities. These two chapters operated in accordance with assigned attributions during 2021.

GRI 102-34

Attendance at Board committees **Código País 33.3 – ii. j)**

Attendance at Board committees averages 99.7%, as follows:

Attendance at Board committees

Member	Management	Relationship	Strategy and investments	Audit	Project follow-up	Project follow-up (Hidroituango Technical Cap.)	Project follow-up (Hidroituango Legal Cap.)
Bernardita Pérez Restrepo	100%			100%			100%
Pablo Felipe Robledo Del Castillo	100%			100%			100%
Omar Flórez Vélez	94%	100%			100%	100%	
Jorge Iván Palacio Palacio		100%	100%			100%	100%
Sergio Andrés Restrepo Muñoz			100%		100%	100%	
Olmer Orlando Palacio Garzón				100%			
Gildardo Antonio Correa Salazar		100%					
Jorge Andrés Carrillo Cardoso			100%		100%	100%	
Guillermo León Diosa Pérez			100%		100%	100%	
% Total assistance (*)	98%	100%	100%	100%	100%	100%	100%

Average for all committees: 99,7%

(*) The percentage of attendance is given as a function of the number of sessions attended over the number of sessions scheduled. If there are changes in the composition of the committees during the period, a greater number of members will be reflected in the committee whose composition was changed.

At the request of the Mayor, the private secretary of the Mayor's Office or whoever she delegates, is summoned to the meetings of the Board Committees, as recorded in the minutes of the Board of Directors No. 1690 of July 28, 2020.

Remuneration of the Board of Directors

Código País 33.3 – ii. h); GRI 102-36

By means of Decree 1165 of August 12, 2009, the Mayor of Medellín, as representative of the community and the owner of EPM, defined the remuneration of the members of the Board of Directors of EPM at three minimum monthly legal salaries in force in Colombia, for the attendance to each session of the Board of Directors and of each committee.

Código País 33.3 – ii. g); GRI 102-35 102-37

In EPM, the members of the Board of Directors do not receive variable remuneration and the Mayor of Medellín, as a member of the Board of Directors, does not receive remuneration.

The amount paid as fees to the members of the Board of Directors in 2021 is shown below:

Remuneration of the Board of Directors	
Concept	Amount paid in 2021
Board of Directors	COP 600,153,925
Board Committees	COP 539,664,444
Total paid	COP 1,139,818,369

Evaluation of the Board of Directors

Código País 33.3 – ii. q); GRI 102-28

The evaluation is a mechanism for monitoring the management of the Board of Directors and its committees. In EPM it is carried out as a good practice of Corporate Governance on an annual basis or whenever the Chairman of the Board deems it appropriate. In accordance with the provisions of the Board of Directors Regulations, the evaluation must refer to the functioning of the Board as a body, the performance of each of its members and the relations of the Board of Directors with the Administration.

The evaluation corresponding to the 2021 fiscal year will be carried out during the first half of 2022, for which purpose a public request for bids will be made in order to hire services to evaluate the Board of Directors of EPM and its committees, obtain recommendations of good practices that can be implemented in the area of corporate governance and formulate a strengthening plan that includes actions and mechanisms, instruments and indicators for its effective follow-up.

Senior Management

GRI 102-29 102-20

The Administration of EPM, its representation and the management of its business are in charge of the CEO who is empowered to enter into or execute, without other limitations than those established in the Bylaws, all acts included in its purpose or directly related to its existence or operation.

During 2021, the following changes occurred in the General Management of EPM:

- By Decree 0085 of February 1, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, declared the general manager Álvaro Guillermo Rendón López, who held the position from January 2, 2020 to February 1, 2021, to be suspended.

During 2021, the following C-Level changes occurred in EPM:

- By means of Decree 0086 of February 1, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mrs. Mónica María Ruíz Arbeláez as CEO, who served until Mr. Miguel Alejandro Calderón Chatet was appointed.
- By means of Decree 0248 of April 5, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mr. Miguel Alejandro Calderón Chatet as CEO, who held the position until April 12, 2021.
- By means of Decree 0281 of April 13, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mr. Jorge Andrés Carrillo Cardoso as CEO, who continues to hold this position to date.

The Senior Management in EPM is composed of twelve executives, reporting directly to the Chief Executive Officer of EPM. It has functions within the scope of Grupo EPM and is responsible for directing, planning, and verifying the achievement of objectives, plans and goals of EPM and the subsidiaries of the business group.

The team of vice presidents that accompanied the management of Mr. Jorge Andrés Carrillo Cardoso, as CEO during 2021 had the following novelties:



No. 1

Position: Business Management Executive VP.

Recent developments: No change.

Office Holder: Daniel Arango Ángel.



No. 2

Position: Projects and Engineering Executive VP.

New products: No change.

Office Holder: Gabriel Jaime Betancourt Mesa.

No. 3



Position: Executive VP of Strategy and Planning.

New products: No change.

Office Holder: Mónica María Ruiz Arbeláez.

No. 4

Cargo: Executive Finance and Investments VP.

New products:

- Between November 30, 2020 and April 4, 2021, Mr. Miguel Alejandro Calderón Chatet was the incumbent.
- Between April 6, 2021 and May 3, 2021 this position was vacant and Diana Oliva Rúa Jaramillo was in charge.
- As of May 4, 2021, Martha Lucía Durán Ortiz took office.

Office Holder: Martha Lucía Durán Ortiz.

No. 5



Position: Executive VP of New Ventures, Innovation and Technology.

New products: No change.

Office Holder: Darío Amar Flórez.

No. 6



Position: General Counsel.

New products:

- Between June 16, 2020 and March 23, 2021, Mr. Jhon Alexander Sánchez Pérez was the incumbent.
- Between March 25 and June 25, 2021 this position was vacant and Ángela María Guerrero Bolívar was in charge.
- Between June 26 and September 5, 2021, the position was vacant and the incumbent was Ángela María Guerrero Bolívar.
- As of September 6, 2021, Jhonatan Estiven Villada Palacio took office.

Office Holder: Jhonatan Estiven Villada Palacio.



No. 7

Position: Human Resources and Organizational Development VP.

New products:

- Between September 7, 2020 and July 15, 2021, Ms. Alejandra Vanegas Valencia served as the incumbent.
- Between July 16 and September 5, 2021, this position was vacant and María Cristina Toro Restrepo was in charge.
- As of September 6, 2021, Juliana Carolina Zapata Molina took over the position.

Office Holder: Juliana Carolina Zapata Molina.



No. 8

Position: Communication and Corporate Relations VP.

New products:

- Between February 21, 2020 and April 29, 2021, Mr. Manuel Eduardo Osorio Lozano served as incumbent.
- As of May 4, 2021, Mabel Rocío López Segura took office.

Office Holder: Mabel Rocío López Segura.



No. 9

Position: General Counsel.

New products:

- Between December 26, 2020 and February 28, 2021, this position was vacant and without assignment.
- Between March 1st and April 29th, Mrs. Ángela María Guerrero Bolívar was the incumbent.
- As of May 10, 2021, María Cristina Toro Restrepo took office.

Office Holder: María Cristina Toro Restrepo.



No. 10

Position: Risk Management VP.

New products: No change.

Office Holder: Andrés Felipe Uribe Mesa.





No. 11

Position: VP of Corporate Audit.
New products: No Changes.
Office Holder: Oscar Alberto Cano
Castrillón.



No. 12

Position: VP of Supplies and
Shared Services.
New products: No Changes.
Office Holder: Carlos Enrique
Londoño Amariles.

During 2021, Senior Management's administration focused mainly on the following issues, aimed at contributing to the fulfillment of the Sustainable Development Goals (SDGs):

- Adjustment to the Grupo EPM's strategy, defining management focuses that guide the Grupo EPM in the short and medium-term: energy transformation, circular economy, digital transformation, corporate and financial optimization, project management, and cultural evolution.
- Attention to the pandemic with emphasis on the vaccination strategy for employees and the gradual and alternating return to work headquarters.
- Ensure quality and continuity in the provision of public utilities through compliance with the investment plan.
- Integration of Afinia for the proper incorporation of the subsidiary to the Grupo EPM.
- Integral management of the future Ituango hydroelectric power plant to advance in the goal of starting to generate energy with its first two units in the second half of 2022.

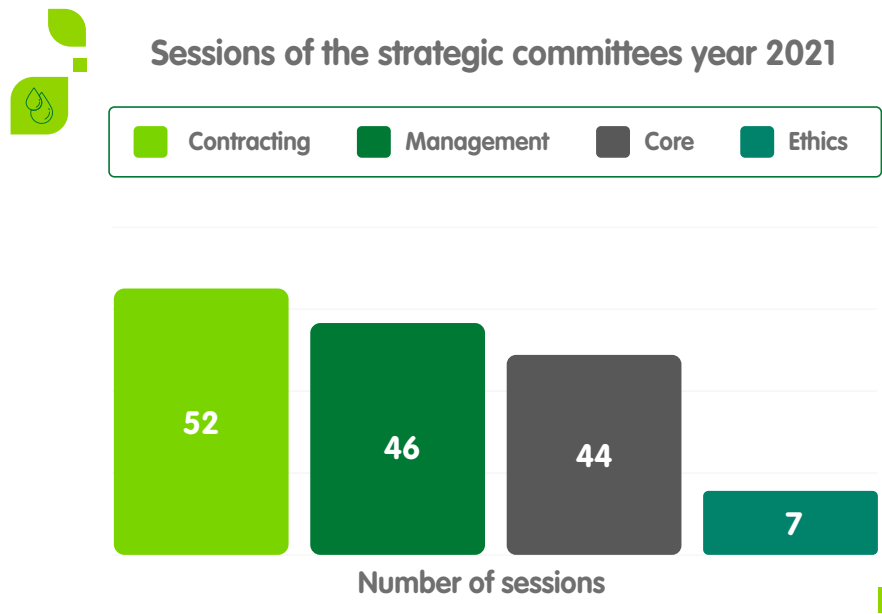
- Non-conventional renewable energies, focused on the third auction of non-conventional renewable energies organized by the National Government.
- Environmental Management, mainly in the strategies of Integral Management of Water Resources and Biodiversity, contributing, among others, to the national goal of planting 180 million trees by 2022; and in the Climate Change strategy.

Senior Management

GRI 102-26

The strategic committees are the mechanisms that facilitate the interaction of Senior Management, to address relevant and strategic decisions and/or actions in an articulated and coherent manner.

Below is the composition of the strategic committees and the number of sessions held during 2021:



Management	Core
<p>Objective:</p> <p>Articulate and control the management of the Company, through the analysis, definition, approval and monitoring of the matters within its competence, in order to achieve the strategic direction of EPM.</p>	<p>Objective:</p> <p>To establish and lead the unity of purpose and direction to be followed by all the companies of the Grupo EPM, through the analysis, definition and follow-up of the matters within its competence, in order to achieve the objectives of the business group.</p>
<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Leader of the Grupo EPM, CEO of EPM. • Secretary: VP of Strategy and Planning. • Members: First level vice presidents. • Permanent guests: VP of Business (one per week). 	<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Leader of the Grupo EPM, CEO of EPM. • Secretary: VP of Strategy and Planning. • Members: First level vice presidents. • Permanent guests: Head of Corporate Governance Unit.
<p>Topics:</p> <ul style="list-style-type: none"> • Planning. • Policies for EPM. • Monitoring the performance of EPM's businesses and services (EPM's CMI). • Risk management strategy, articulated with integrated planning. • Comprehensive risk monitoring and management. • Organizational capabilities, including digital transformation, technology and information. • Projects in EPM. • Relationship with stakeholders of the Company. • Customer experience. • Internal Audit • Changes to EPM's management structure • Reports from external assurance providers. 	<p>Key Issues/Missions:</p> <ul style="list-style-type: none"> • Strategic leadership: provide the vision, direction and purpose of the Grupo EPM. • Capital: minimize the cost of capital and provide funds for growth. • Capabilities: enable the implementation of the strategic direction. • Control: ensure compliance with strategies, plans, guidelines and compliance with legal and regulatory requirements. • Identity: formulate shared vision and values for the Grupo EPM.

Contracting	Ethics
<p>Objective:</p> <p>To analyze and recommend on contracting matters associated with the procurement process of goods and services and contracts in which EPM acts as a contributor, according to the decree of delegations.</p>	<p>Objective:</p> <p>To promote and lead the implementation of ethical management, guiding the consolidation of the exercise of public service in terms of efficiency, transparency, probity and service to the public by all public servants.</p>
<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Supply Chain Manager. • Secretary: Head of Contracting Management Unit. • Members: General Manager. Vice President of Legal Affairs (General Counsel). Executive Vice President of Corporate Finance (financial control). Vice President of Risk Management. Vice President of Corporate Audit. Executive Vice President of Business Management. Vice President of Projects and Engineering. • Permanent guests: Executive competent to contract according to delegations. The vice-president of the management area accompanied by the manager making the requisition. 	<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: VP of Human Talent and Organizational Development. • Secretary: Human Development and Organizational Culture Management. • Members: VP of Risks. VP of Communication and Corporate Relations VP of Corporate Audit. Head of Compliance Unit. External member. Servant elected by the General Manager. • Permanent guests: Manager Labor Relations Management. Corporate Communications Manager. Support Audit Manager.
<p>Topics:</p> <ul style="list-style-type: none"> • Pre-contractual and contractual procedures, in accordance with the principles governing contracting and with the corporate policy for the Acquisition of Goods and Services, approved by the Board of Directors of EPM. • Relevant recommendations and observations to the competent manager, according to the decree of delegations. • Periodic reports submitted by the vice presidencies, related to EPM's contracting and the pertinent recommendations. • Follow-up of the annual contracting plan. 	<p>Key Issues/Missions:</p> <ul style="list-style-type: none"> • Framework of action for ethical management. • Initiatives, mechanisms and methodologies for ethical management. • Ethical commitments. • Analysis of ethical dilemmas.

General Manager Induction

The Corporate Governance Unit prepared an onboarding plan for the CEO, which was carried out in April and May 2021, with the support of the Human Development Solutions Department and the participation of various departments of the Company.

Evaluation of the General Manager

Código País 33.3 – ii. q); GRI 102-28

EPM's Board of Directors carries out a systemic process of evaluation of EPM's General Manager that has as its purpose:

- Align expectations regarding the manager's management based on qualitative (behaviors and management style) and quantitative results.
- Identify strengths and opportunities for improvement, in order to promote actions that enhance their leadership and generate value to the organization.

The evaluation methodology includes:

- Quantitative evaluation (fulfillment of CMI goals).
- Multi-source evaluation of leadership style (competencies and other behavioral benchmarks).
- Feedback of results in a private Board session with the CEO resulting in a public statement on the management of the period and recommendations for the following year.
- Updating of the Management Style indicator in the CMI.
- Accompanying actions as part of the cultural evolution.





Board of
Directors



Self-assessment



Direct
Collaborators

Likewise, the Corporate Governance Code in numeral 4.7 establishes, among other matters, that the evaluation may “use the self-evaluation of the CEO the evaluation by the Board of Directors and the evaluation by the first level management team; its results will be disclosed in the public rendering of accounts and in the Corporate Governance Report”.

The evaluation process of the management of the CEO of EPM during the year 2021, began with the presentation of the methodology in the Core Committee and the Management Committee, the latter in its November session and the subsequent sending of the forms to the Board of Directors, the first level management and the manager. Likewise, the topic of evaluation was included in the agenda of the Board of Directors for the March 2022 session.

Senior Management Compensation

Código País 33.3 – ii. h); GRI 102-36

As part of the Human Talent Management policy, approved by the Board of Directors on December 7, 2010, the Vice President of Human Talent and Technology issued on November 15, 2019, Guideline 51, which touches on three important issues related to variable compensation, fixed compensation and benefits for EPM workers. **GRI 102-35**

The total compensation of EPM's Senior Management in 2021 was as follows:

Remuneration Senior Management EPM		
Cost Cluster	Position	Total paid in 2021
CEO	Chief Executive Officer	\$6,547,399,007
Executive Vice Presidents	VPE New Business, Innovation and Technology	
	Finance and Investments VP	
	Business Management VP	
	Projects and Engineering VP	
1st Level Vicepresidents	Strategy and Planning VP	
	Corporate Audit VP	
	Legal Affairs VP (General Counsel)	
	Communication and Corporate Relations VP	
	Supplies and Shared Services VP	
	Human Resources and Organizational Development VP	
	Legal Affairs VP (General Counsel)	
	Risk Management VP	

Note:

- Payments include vacation, bonuses and benefits (including vehicle allowance).
- The vehicle recognition benefit does not apply to the general manager.
- The total amount paid corresponds to the position, taking into account all the people who occupied the position as incumbent or by remunerated assignment during 2021.
- Severance payments are those paid directly to the employee or consigned in February 2021 to the Funds.

- Ratio of the semi-annual total compensation of the Organization's highest-paid individual to the median of the semi-annual total compensation of all employees excluding the highest-paid individual:

8.30 GRI 102-38

- Ratio of the percentage increase in the semi-annual total compensation of the Organization's highest-paid individual to the median of the percentage increase in the semi-annual total compensation of all employees, excluding the highest-paid individual:

1 GRI 102-39



Related party transactions



4. Related party transactions

EPM and the other companies that make up the Group have the Financial Policy, and among other documents, the “Manual of accounting practices and financial information in accordance with the International Financial Reporting Standards-IFRS” and the provisions of the “Technical Definitions of Financial Model and Technical-Financial Definitions”, which includes in paragraph 1.8 the provisions concerning related parties. In addition, in order to formalize the relationships between companies of the Group, there is a “Governance Agreement”, about which context is provided in this report. Additionally, EPM’s Tax Department has defined the “Transfer Pricing Management Manual”.

The detail of the operations with the most relevant related parties can be found in the note “Related Party Disclosures” included in the financial statements. Additionally, the operations between companies of the Grupo EPM are included each year in this report.



During the year 2021, the **proposed Policy and Guidelines for Operations with Related Parties** was prepared in order to incorporate it as an annex to the Corporate Governance Code of the Grupo EPM. This proposal is being reviewed and legal observations are being addressed, prior to the approval of the competent authorities.

Special Report

The special report with the economic relationships existing between the controlling company or its affiliates or subsidiaries with the respective controlled company, referred to in Article 29 of Law 222 of 1995, are listed in the “Governance Agreement” section of this Report, which provides a general context of the minutes subscribed between the companies of the Grupo EPM as part of the Governance Agreement and highlights the most important ones.

Conflicts of interest

Código País 21.4 33.3 - iii. c); GRI 102-25

Annex No. 8 of the Code of Corporate Governance, **“Manual on conflicts of interest and treatment of decisions in the interest of Grupo EPM”**, issued by Decree No. 390 of November 24, 2015, establishes the procedure for managing conflicts of interest of the members of the Board of Directors. When the conflict is of a permanent nature and prevents the independent exercise of functions, the Board member must resign.

Código País 33.3 - iii. d); GRI 102-25

This manual regulates the differences that may arise between the parent company of Grupo EPM and the subordinated companies, with respect to the interest of the corporate group. The procedure follows the Governance Agreement entered into between the companies of the Grupo EPM, the shareholders' agreements entered into and the governance model defined for each of the subordinated companies. It also indicates the actions that correspond in each case to the Board of Directors of the subordinated company, the Management Committee of the Parent Company and the Board of Directors with their respective committees.

Código País 33.3 – iii. a)

In compliance with paragraph 11 of the manual, which states that “Conflicts of interest that arise and oblige the manager to abstain from participating in the discussion of a given matter shall be published annually in the Corporate Governance Report”, it is reported:



In 2021, there were 2 conflicts of interest on the part of the members of the Board of Directors and 1 conflict of interest on the part of EPM's Directors, according to the definition of Directors established in the “Manual of conflicts of interest and treatment of decisions in the interest of Grupo EPM”.



The following are the conflicts of interest that occurred in EPM:

No.	Administrator	Date	#Meeting minutes	Description of the conflict	Date of report to Compliance Unit
1	Board of Directors	May 25, 2021	1715	<p>At the meeting held on May 25, 2021, the Board of Directors accepted the existence of a conflict of interest by Mr. Sergio Andrés Restrepo Muñoz, member of the Board of Directors of EPM.</p> <p>Mr. Sergio Andrés Restrepo Muñoz is a member of the Board of Directors of UNE-TIGO, and stated that he would abstain from participating in the discussion and decision of the "Proyecto Titán" issue, due to the fact that it is a decision of EPM in relation to the participation it has in that company.</p> <p>As a result of the foregoing, Mr. Sergio Andrés Restrepo Muñoz abstained from participating in the analysis, deliberations and decisions related to the "Proyecto Titán" issue, which were presented to the Board of Directors during the year 2021.</p>	Jun 21, 2021
2	Board of Directors	April 30, 2021	1714	<p>In the session of April 30, 2021, the Board of Directors accepted the existence of a conflict of interests by Mr. Omar Flórez Vélez, member of the Board of Directors of EPM.</p> <p>Mr. Omar Flórez Vélez declares a possible conflict of interests in relation to the approval of the appointment of Mrs. Mabel Rocío López Segura, in the position of Vice President of Communication and Corporate Relations given that she was part of his Legislative Unit in a period in the Congress of the Republic.</p> <p>Mr. Omar Flórez Vélez declared the conflict of interests in the Management Committee, and it was accepted.</p> <p>As a result of the foregoing, Mr. Omar Flórez Vélez refrained from participating in the analysis, deliberations and decisions related to the appointment of Mrs. Rocío López Segura, as Vice President of Communication and Corporate Relations.</p>	June 1, 2021

No.	Administrator	Date	Description of the conflict	Date of report to Ethics Committee
1	María Patricia Giraldo Velásquez y Juan David Vélez Hoyos	October 12, 2021	<p>The Ethics Committee ratified the concept issued by the Corporate Legal Support Direction of EPM on the existence of a real, sporadic and personal conflict of interest in the head of María Patricia Giraldo Velásquez, Human Development and Organizational Culture Manager, and Juan David Vélez Hoyos, Labor Relations Management Manager of EPM to pronounce and participate on the right of petition of the employee Rubén Darío Álvarez Ochoa, who holds the position of Customer Service Manager in category A522.</p> <p>Rubén Darío Álvarez Ochoa requests that the salary corresponding to the position of Manager in category A520 be recognized retroactively.</p> <p>María Patricia Giraldo Velásquez and Juan David Vélez Hoyos withdrew from all matters related to the attention of the matter, since the decision on the retroactive recognition of Rubén Darío Álvarez Ochoa's salary could impact his remuneration scheme. The response to the right of petition was channeled through EPM's Ethics Committee.</p>	October 12, 2021



During 2021, the Colombian subsidiary CHEC reported a conflict of interest by two of its managers, and in the international subsidiaries there were two conflicts of interest.

The following is a detail of the conflicts of interest in the domestic and international subsidiaries of the Grupo EPM:



No.	Date	Description of the conflict
1	February 16, 2021	<p>In compliance with Resolutions 080 and 130 of 2019 issued by the CREG, Juan Rafael López and Alberto Mejía Reyes, who serve as members of the Board of Directors of CHEC declared a conflict of interest and refrained from participating in the debate and decision making regarding the topic "energy purchases from the regulated market", keeping the corresponding procedures so that they do not have access to related information. The foregoing derived from the fact that both Juan Rafael and Alberto Mejía are directly linked to the businesses of Generation, Transmission and Distribution of Energy of EPM.</p>
2	November 26, 2021	<p>In the November session of the Boards of Directors of TRELEC, COMEGSA, Enérgica, AMESA, IDEAMSA and CREDIEEGSA, international subsidiaries of the Grupo EPM, Board member Mario Alberto Naranjo Echeverri declared conflict of interest and abstained from voting with respect to the approving issue "pending retroactive salary increase 2021". The foregoing, derived from the fact that he also serves as manager of EPM in Guatemala and participating in the making of this decision impacts his salary scheme as manager.</p>
3	November 26, 2021	<p>In the November session of the Boards of Directors of TRELEC, COMEGSA, Enérgica, AMESA, IDEAMSA and CREDIEEGSA, international subsidiaries of the Grupo EPM, Board member Mario Alberto Naranjo Echeverri declared conflict of interest and abstained from voting with respect to the approving issue "Governance Phase II, request for exchange control Lot 4, specifically regarding the redistribution of 1% of the weight assigned in the CMI to the milestone of analysis of financial viability of the companies". The above, derived from the fact that he also serves as manager of EPM in Guatemala and participating in the approval of the modification of Lot 4, affects the management objectives 2021.</p>

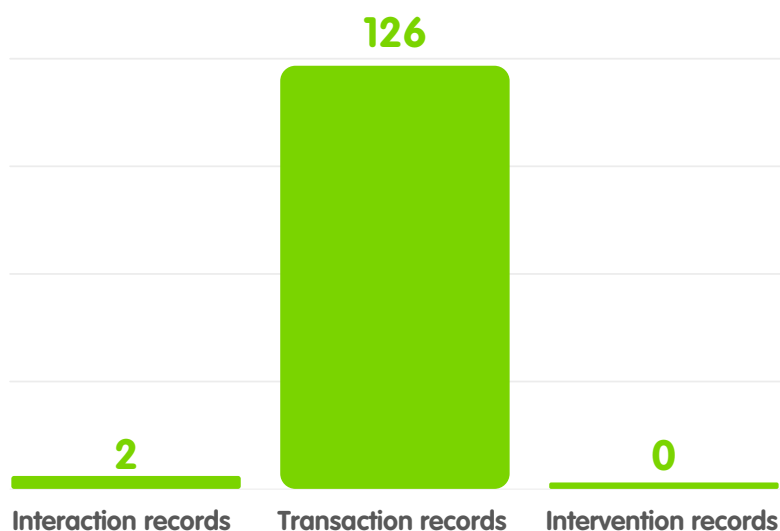
Government Agreement

Código País 33.3 – iii. b)

The Governance Agreement is a document that formally defines and guides the relations between the companies that make up the Grupo EPM. It has allowed subscribing different acts that facilitate the achievement of business objectives and obtaining business group synergies, in tune with the unity of purpose and direction. During the year 2021, 128 minutes were subscribed, 2 of interaction and 126 of transaction.

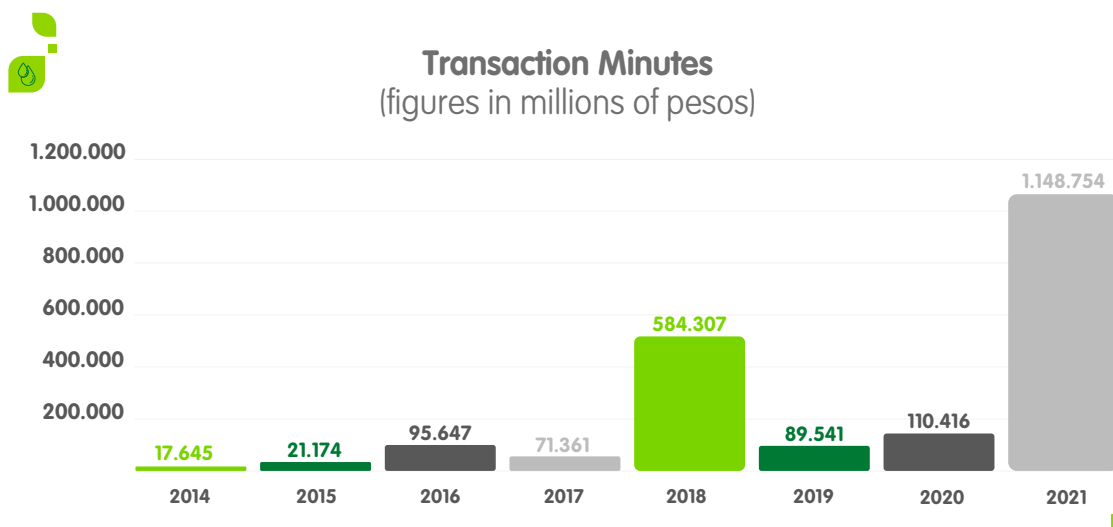


Number of signed minutes year 2021



General report on the minutes subscribed within the framework of the Government Agreement:

Transaction relationships are those established between the parties for the purpose of supplying goods and providing services to each other (not corresponding to the provision of residential public utilities), in order to amplify competitive advantages, as is the case of shared infrastructure and support, technical and commercial services, among others.



Regarding the historical information reported in 2020, the values are updated due to the fact that some minutes presented modifications, which are explained below:



In **2014** there was an increase of COP 718 million (from COP 16,927 million to COP 17,645 million), due to the fact that the agreement CT-2013-002297-A108 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., with the purpose of providing billing services, distribution of invoices, portfolio management, reports associated to the portfolio and joint collection of the tariff of the domiciliary public sanitation service and special services, presented a higher value going from COP 5,270 million to COP 5,988 million.

epm®
Fundación epm®

In **2017**, an increase of COP 120 million is reflected (from COP 71,241 million to COP71,361 million), due to the fact that the CT-2013-002297-A353 agreement signed between EPM and EPM Foundation, with the purpose of joining efforts to advance actions and implement the Environmental Management Plan - PMA and the Social Management Plan - PMS in the operation phase of energy transmission and distribution projects, presented an increase from COP 1,638 million to COP 1,758 million.

epm®
aguas
nacionales™

In **2018** a decrease of COP2,583 million is reflected (from COP 586,890 million to COP 584,307 million), due to the fact that the act CT-2013-002297-A421 subscribed between EPM and Aguas Nacionales EPM S.A. E.S.P., with the purpose of regulating the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by “the supplier”, for the provision by “the beneficiary” of the public sewage service to the users of the system, presented a decrease from COP 458,786 million to COP 456,203 million.

epm®
Ticsa

In **2019**, an increase of COP 5,755 million is reflected (from COP 83,786 million to COP 89,541 million), due to the increase in the following acts:

CT-2013-002297-A495 subscribed between EPM and Tecnología Intercontinental - TICSA COLOMBIA, for the construction of the outlet structures associated with the Modernization project of the drinking water production plant La Ayurá, increasing from COP 53,985 million to COP 59,480 million.



CT-2013-002297-A384-R1 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., with the purpose of providing the service of transportation and adequate final disposal of dehydrated sludge from the water treatment process of the plants owned by EPM, increasing from COP 518 million to COP 778 million.

In **2020**, there is an increase of COP 2,845 million (from COP 107,571 million to COP 110,416 million), due to the following variations:

Decrease in the values of the following minutes:



CT-2013-002297-A535 subscribed between EPM and Electrificadora de Santander S.A. E.S.P., with the purpose of rendering services related to credit granting and credit risk activities, as well as support, training and advisory services, from COP 402 million to COP 356 million.



CT-2013-002297-A583 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., with the purpose of providing activities related to the functional support, configuration, use of licenses and technical support of the Mercurio and Enter Online tools, from COP 121 million to COP 111 million.



CT-2013-002297-A569 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., in order to establish the administrative, technical and legal conditions based on which the client will grant the supplier a mandate with representation for the administration, payment of obligations and liquidation of the current contract, reducing from COP 17 million to COP 10 million.

Increase in the values of the following minutes:



CT-2013-002297-A593 subscribed between EPM and Electrificadora de Santander S.A. E.S.P., in order to fix the administrative, technical and legal conditions based on which the parties agree to provide basic technology and communications services, as well as support and specialized technical advice, increasing from COP 1,745 million to COP 2,409 million.



CT-2013-002297-A425-R subscribed between EPM and Aguas Regionales EPM S.A. E.S.P., in order to provide basic information technology services, operation and support of IT solutions, increasing from COP 201 million to COP 213 million.



CT-2013-002297-A622 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., for the management of the Transfer Station project in the execution planning phase, design phase and land acquisition management, increasing from COP 430 million to COP 500 million.



CT-2013-002297-A503-R1 subscribed between EPM and Aguas de Malambo S.A. E.S.P., in order to set the administrative, technical and legal conditions to provide basic information technology services, operation and support of information systems solutions, increasing from COP 69 million to COP 78 million.



CT-2013-002297-A613 subscribed between EPM and Tecnología Intercontinental - Ticsa COLOMBIA, for the design, supply, construction, assembly, commissioning and start-up of an operational flexibility module - MOFLO - with a capacity of 1.0 m3/s maximum daily flow (QMD) for the Manantiales potable water production plant, increasing from COP 47,149 million to COP 49,043 million.



CT-2013-002297-A588 subscribed between EPM and Aguas del Oriente S.A. E.S.P., with the purpose of providing preventive, predictive and corrective maintenance services for electromechanical equipment, at the time the subsidiary requires it, increasing from COP 21 million to COP 34 million.



CT-2013-002297-A565 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., in order to provide drinking water supply services by means of tanker trucks, increasing from 150 million to 300 million pesos.



CT-2013-002297-A633 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., in order to fix the administrative, technical and legal conditions for the implementation, operation and support services of information systems solutions, increasing from COP 588 million to COP 601 million.



CT-2013-002297-A516-R1 subscribed between EPM and Aguas del Oriente Antioqueño S.A. E.S.P. and Aguas del Oriente Antioqueño S.A. E.S.P., with the purpose of providing IT and office automation Help Desk services, and the technology services that may be agreed, increasing from COP 4 million to COP 5 million.



CT-2013-002297-A601 subscribed between EPM and Centrales Eléctricas del Norte de Santander S.A. E.S.P., in order to establish the administrative, technical and legal conditions based on which "the principal" will grant the "mandatory" the representation for the negotiation, acceptance, liquidation, technical management and administrative management, increasing from COP 266 million to COP 317 million.



CT-2013-002297-A587 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., with the purpose of rendering services related to credit granting and credit risk activities, as well as support, training, advisory and accompaniment to the subsidiary, going from having no value to COP 31 million.

In addition, of the 126 transaction agreements signed in 2021, the following stand out:



- **Act between EPM and Aguas Nacionales EPM S.A. E.S.P.** to regulate the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by “the supplier”, for the provision by “the beneficiary” of the public sewage service to the users of the interconnected system of Valle de Aburrá for COP 1,066,819 million.

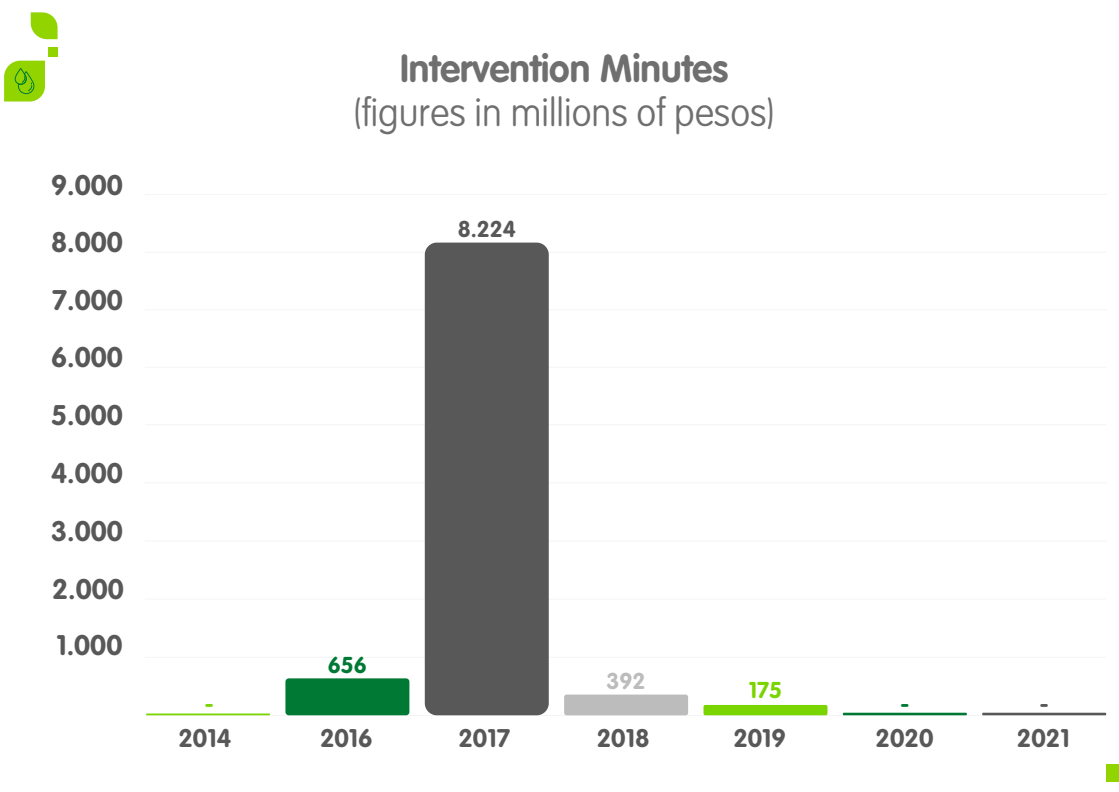


- **Agreement between EPM and Tecnología Intercontinental -TICSA COLOMBIA** for the design, supply, transportation, installation and testing of a biogas utilization plant for the injection of biomethane to EPM’s natural gas networks and other related works and activities for COP 13,701 million.



- **Agreement between EPM and Fundación EPM** for the provision by this entity and in favor of EPM, of services for the development and execution of education, relationship, social and environmental management activities in the territories where EPM is present for COP 12,010 million.

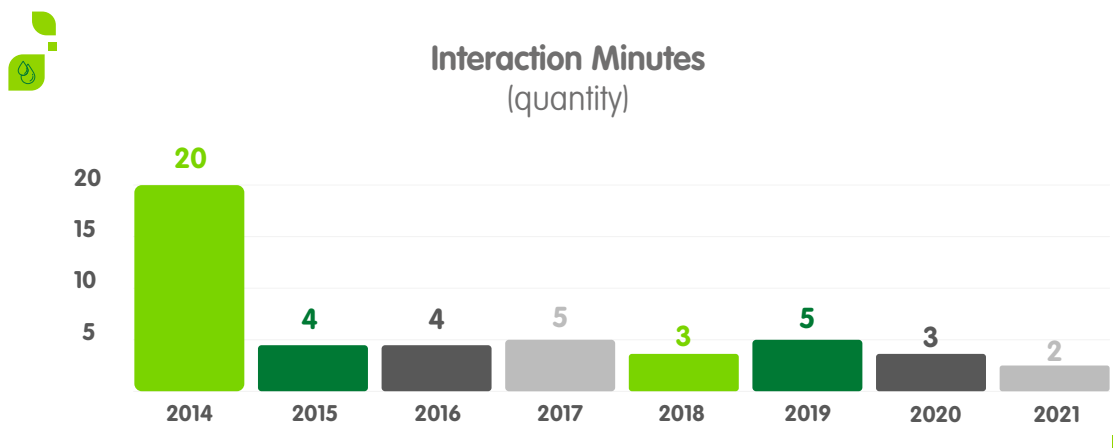
Intervention relationships are those established between EPM and other parties to execute a directive of the Corporate Core that implies a certain transaction for the supply of goods and services between a company of the Grupo EPM and a third party, derived from control and good governance actions such as, for example, contracts for the statutory audit and information systems required by the Corporate Core for all the companies of the Grupo EPM, among others.



There are no variations in relation to the historical data of the intervention minutes. In the year 2021 no such minutes were subscribed.

Interaction relationships arise in order to enable the unity of purpose and direction of the Group and allow, among other aspects, to optimize processes and adopt integrated procedures defined by the Corporate Core for the benefit of the business group.










Referring to the history reported in the 2020 report, it is reported that a decrease was identified in 2017, due to the fact that two Minutes that were in process (CT-2013-002297-A340 and CT-2013-002297-A341), both with the purpose of defining the aspects for the centralized execution of the Financing Management Process, were cancelled by the Capital Management Department, due to an error in the procedure.

In 2021, the two interaction Minutes were subscribed to:



To enable the functional relationship between EPM and Afinia, in accordance with the strategic guidelines of the process operation model proposed for the integration and management of the subsidiary.

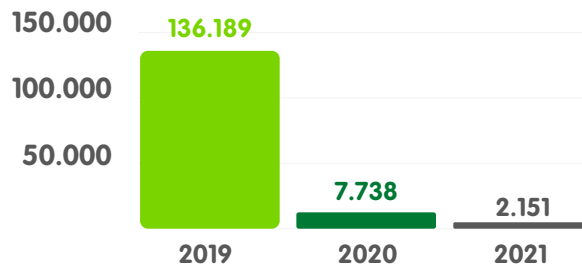






Enable the functional relationship between EPM and the energy subsidiaries in Colombia, in relation to the purchase process of electricity assets.

The following is a summary of the transaction agreements entered into between subsidiaries, in which EPM is not a party involved:



Intercompany Transaction Minutes (figures in millions of pesos)



Compared to the historical information published, the values are updated due to the fact that some minutes presented modifications. Additionally, in 2020 there is an increase with respect to the values published in the report for that year, because Emvarias reported a new transaction agreement signed with TICS Colombia, for the purpose of "Operation of the leachate treatment system, including corrective maintenance of equipment and other activities associated with the operation of the system" for COP 6,810 million.

During 2021, 11 transaction agreements were signed for COP 2,151 million, among which the following stand out:

aguas nacionales[®]

Fundación epm[®]

Subscribed between Aguas Nacionales and the EPM Foundation for the purpose of "Rendering of services for the design of the programmatic offer of a recreational, educational, cultural, recreational and environmental nature in the Aguas Claras Grape", for COP 784 million.



Subscribed between EDEQ and CHEC S.A. E.S.P. for the purpose of "Mutual or Loan - Loan of 55km of covered aluminum cable", for COP 291 million.



Subscribed between EDEQ and CHEC S.A. E.S.P. for the purpose of "Construction and commissioning of the electric vehicle charging station located at the Tambo Jardín viewpoint in the municipality of Filandia, Quindío", for COP 278 million.

In addition, in 2021, the following 2 agreements were signed between international subsidiaries:



Enérgica

EEGSA and Enérgica S.A. for the purpose of "Execution of electrical installation and civil works necessary for the operation of electrical equipment, related to energy efficiency, electrical mobility and pilot projects for future business opportunities", with undetermined value.

IDEAMSA | CREDIEEGSA

IDEAMSA and CREDIEEGSA S.A. with object "Lease of sixty square meters, of property 730, folio 227, book 6 of old book, located in 6ta av. 8 - 14, zone one, municipality of Guatemala, department of Guatemala, specifically in level one" for value US 395.28.





Ownership structure of Grupo EPM



5. Ownership structure of Grupo EPM

The Grupo EPM, whose parent company is EPM, is a multi-Latin business group that, as of December 31, 2021, is comprised of 45 companies between affiliates and subsidiaries, with presence in Mexico, Guatemala, El Salvador, Panama, Chile and Colombia, with 7 businesses: Energy Generation, Energy Transmission, Energy Distribution, Gas, Water Supply, Wastewater Management and Solid Waste Management.





At the end of 2021, Grupo EPM's revenues amounted to COP 25,257 billion.



Grupo EPM's capital and ownership structure

Código País 33.3 – i. a); GRI 102-10

In 2021, the following novelties were presented in the ownership structure of the Grupo EPM:

- The equity interest in Aguas de Malambo S.A. E.S.P. is modified and EPM is left with an equity interest of 98.10% and EPM Inversiones S.A. is left with an equity interest of 0.47%.
- The equity interest in Proyectos de Ingeniería Corporativa S.A. de C.V. (Proinge) is modified and Corporación de Personal Administrativo S.A. de C.V. (CPA) is left with an equity interest of 0.06% and Tecnología Intercontinental S.A.P.I. de C.V. (TICSA) with 99.94%.

The ownership structure of Grupo EPM can be found in Annex 4 of this report.



See [Attachment 4: shareholder composition of the Grupo EPM.](#)



Corporate Governance in the acquisition of Afinia



In accordance with the diagnosis and plan for closing gaps in corporate governance defined for the subsidiary Afinia in 2021, several actions and deliverables were managed:

- Evaluation of governance bodies (Manager and Board of Directors).
- Adjustments to the bylaws in aspects related to corporate governance.
- Conflicts of interest manual and treatment of decisions in the Group's interest.
- Relevant information in accordance with the practice defined for the Group.
- Regulations of the Board of Directors.
- Follow-up on compliance with the typical agenda approved by the Board of Directors.

In addition, as part of the knowledge transfer activities and lessons learned in the management of the Board of Directors, the General Counsel of Afinia was integrated into the Colombian Subsidiaries Committee convened by the Corporate Governance Unit of EPM. In this committee, work was done on the Guide for the Management of the Boards of Directors of the Group's companies, as well as other relevant governance matters.

Regarding the Governance Agreement, advice was provided in the subscription of the minutes and support was provided for the formalization of the Interaction Act that enables the relationship between EPM and Afinia, in accordance with the strategic guidelines defined by EPM in its capacity as the parent company.



The stabilization stage of the operation in the subsidiary is also included in this stage. Likewise, in the aforementioned stage, the participation of the Corporate Governance Unit of EPM is maintained, which seeks to compile the governance practices adopted by the subsidiary in the Governance Code, consistent with the Group's definitions.




In general, during 2021, progress was made in the commitment to strengthen corporate governance in the subsidiary, and as an example of this, with the articulated effort between EPM and Afinia, various practices were implemented, maintaining a collaborative work by the Corporate Governance Unit of EPM and the General Secretariat of the subsidiary.


Grupo EPM shareholder agreements

Código País 33.3 i. f)

The following are the shareholders' agreements subscribed by EPM and in effect as of December 31, 2021.

Company	Parties involved	Date of signature	Synthesis
	<ul style="list-style-type: none"> • EPM • Millicom Spain S.L. (and other companies of the Millicom Group) • Institute of Sports and Recreation of Medellín (Inder) 	October 1, 2013	Relationship and commitments between shareholders. Establishes the special majorities of the Assembly and Board of Directors.
	<ul style="list-style-type: none"> • EPM • Government of Antioquia • Municipality of Apartadó • Municipality of Chigorodó • Municipality of Mutatá • Municipality of Turbo • Municipality of Carepa 	<p>December 1, 2006</p> <p>December 19, 2007</p>	Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of the company.

Company	Parties involved	Date of signature	Synthesis
	<ul style="list-style-type: none"> • Municipality of Carepa • EPM • Government of Antioquia • Municipality of Santa Fe de Antioquia • Municipality of Sopetrán • Municipality of San Jerónimo • Municipality of Olaya 	December 1, 2006	<p>Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of the company.</p>
	<ul style="list-style-type: none"> • EPM • Government of Antioquia 	December 19, 2007	
	<ul style="list-style-type: none"> • EPM • Municipality of Malambo • Community Action Boards of Malambo • Municipal Sports Institute • Malambo Hospital • Institute of Culture of Malambo 	December 2006 and December 27, 2007	<p>It ensures that decisions in the company are made by a plurality vote of EPM and the Governor's Office of Antioquia.</p>
	<ul style="list-style-type: none"> • EPM • Municipality of Malambo • Community Action Boards of Malambo • Municipal Sports Institute • Malambo Hospital • Institute of Culture of Malambo 	June 29, 2011	<p>Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of this company.</p>

Company	Parties involved	Date of signature	Synthesis
 <p>HIDROECOLÓGICA DEL TERIBE, S.A.</p>	<ul style="list-style-type: none"> • EPM • Administradora Serviagro S.A. • Consultores Asociados de Ingeniería S.A. • MacEnergy (Cayman) Ltda. 	November 6, 2003	Determine the basic conditions that will govern their relations within the company, as well as the establishment of the agreements required to exercise and fulfill their rights and obligations to achieve the complete execution of the project.

*After the merger of Aguas de Urabá S.A. E.S.P. and Regional Occidente S.A. E.S.P. in 2015, the shareholder agreements that existed in each of the merged companies are maintained.



Note: the Afinia Shareholders' Agreement reported in the 2020 Corporate Governance Report is deleted from the list of Shareholders' Agreements of the Grupo EPM 2021, considering that such agreement was not subscribed by EPM.

Shareholders' meetings and partner relations

During 2021, ordinary meetings of the shareholders' assemblies of all the companies of the Grupo EPM were held, in these spaces the management reports of the Board of Directors and Management were presented, as well as the financial results at the end of the fiscal year, and the Board of Directors was also appointed for the period from March 2021 to March 2022. These meetings are par excellence the meeting space with the different partners of the Grupo EPM.

In order to strengthen trust with partners, Grupo EPM companies are committed to keep updated the section on the website of each subsidiary, enabled for the attention of this stakeholder group. In this way, transparency, access to information and communication channels are strengthened.

Código País 33.3 – v. b) c)



The stakeholder engagement plan Partners, had 100% compliance in 2021, largely thanks to the proposal of EPM's Corporate Governance Unit to standardize corporate governance issues in the respective sustainability or management reports of the national subsidiaries.



Management structure of Grupo EPM



6. Management structure of Grupo EPM

The administration of the Grupo EPM is exercised through its governing bodies: General Assembly of Shareholders, Board of Directors and General Manager of each subsidiary. These bodies must ensure the articulation of each of the companies with the vision of the business group.

Board of Directors Grupo EPM

The composition of the boards of directors of the subsidiaries responds to the relationship model established in the business group. Strategic factors are taken into account, the specific situation of each company, the level of involvement of the subsidiary with EPM and the knowledge of the plans drawn by the Grupo EPM for each business by the EPM executives that are part of the respective business, in search of the unity of purpose and direction that characterizes the business groups. Thus, as defined in the "Guide for the nomination of Boards of Directors of the Group's companies", the predominant profile of the members representing EPM is business, and business/financial in some cases.

GRI 102-18

The objective is to have administrative bodies that align the management of the companies with the unity of purpose and direction, while facilitating the implementation of the strategy and business plans outlined by the Parent Company, and to have a coordinated decision-making process and effective instruments to develop the principles of corporate governance that govern the Grupo EPM, oriented to the generation of value. The Boards of Directors have the mission of controlling compliance with the financial and ethical plans and standards.

In this way, the boards of directors have internal members who are part of EPM's governing body and do not receive additional remuneration for this function, and representatives of the partners who, for the most part, correspond to territorial entities.

Additionally, in some cases, EPM evaluates the relevance of nominating external members that provide diversity in the profiles of the boards of directors, provide experience in the local context for decision-making in the board and contribute to the strategic relationship of the business group in the territory, therefore, for the appointment of these members, it is intended to select people from the market of incidence of each of the companies.

The following table includes the composition of the Boards of Directors, Boards of Directors, Boards of Directors of the companies of the Grupo EPM for the period between March 2021 and March 2022:



Water and Sanitation

National Water and Sanitation Companies




Company	Position	Name	Category
 Aguas del Oriente	1	León Arturo Yepes Enríquez	Internal
	2	Valeria Restrepo Abad	Internal
	3	Santiago Wilches Yepes	Internal
	4	Representante Municipio El Retiro	Partner
	5	Representante Municipio El Retiro	Partner
	Alternate 1	Luisa María Pérez Fernández	Internal
	Alternate 2	Hemel Adolfo Serna Valencia	Internal
	Alternate 3	Juan Carlos González Ramírez	Internal
	Alternate 4	Representante Municipio El Retiro	Partner
	Alternate 5	Representante Municipio El Retiro	Partner
 Aguas de Malambo	1	Santiago Ochoa Posada	Internal
	2	Jorge Antonio Yepes Vélez	Internal
	3	Lady Johanna Ospina Corso	External
	4	Maritza Amparo Orrego Martínez	Internal
	5	Alcalde Municipio de Malambo	Partner
	Alternate 1	Jorge William Ramírez Tirado	Internal
	Alternate 2	Leon Arturo Yepes Enríquez	Internal
	Alternate 3	Silvio Triana Castillo	Internal
	Alternate 4	Valeria Restrepo Abad	Internal
	Alternate 5	Julio César García Fernández	Internal



National Water and Sanitation Companies

Company	Position	Name	Category
	1	Jorge William Ramírez Tirado	Internal
	2	Maria del Pilar Restrepo Mesa	Internal
	3	Leon Arturo Yepes Enríquez	Internal
	4	Luis Fredy Mejía Betancur	Internal
	5	Representante Departamento de Antioquia	Partner
	Alternate 1	Valeria Restrepo Abad	Internal
	Alternate 2	Jorge Antonio Yepes Vélez	Internal
	Alternate 3	Juan Carlos Restrepo Benítez	Internal
	Alternate 4	Santiago Wilches Yepes	Internal
	Alternate 5	Representante Departamento de Antioquia	Partner
	1	Luisa María Pérez Fernández	Internal
	2	Jorge Antonio Yepes Vélez	Internal
	3	Juan Carlos Castro Padilla	Internal
	Alternate 1	Jorge Alberto Cadavid Monroy	Internal
	Alternate 2	Silvio Triana Castillo	Internal
	Alternate 3	Juan Carlos González Ramírez	Internal

International Water and Wastewater subsidiaries





Company	Position	Name	Category
	1	Martha Lucía Durán Ortiz	Internal
	2	Alejandro José Jaramillo Arango	Internal
	3	Santiago Ochoa Posada	Internal
	4	Luisa María Pérez Fernández	Internal
	5	Gilberto Escobedo	External
	Alternate 1	Jorge Antonio Yepes Vélez	Internal
	Alternate 2	Juan Carlos Restrepo Benítez	Internal
	1	Santiago Ochoa Posada	Internal
	2	Álvaro García Hurtado	External
	3	Andrés Felipe Uribe Mesa	Internal
	4		
	5	Luisa María Pérez Fernández	Internal
	1	Santiago Ochoa Posada	Internal
	2	Luisa María Pérez Fernández	Internal
	3	Alejandro José Jaramillo Arango	Internal
	4	Andrés Felipe Uribe Mesa	Internal
	5	Carlos Mario Tobón Osorio	Internal






Solid Waste subsidiary company

Company	Position	Name	Category
	1	Daniel Arango Ángel	Internal
	2	Santiago Ochoa Posada	Internal
	3	Andrés Moreno Múnera	Internal
	Alternate 1	Dario Amar Flórez	Internal
	Alternate 2	Juan Carlos Castro Padilla	Internal
	Alternate 3	Andrés Moreno Múnera	Internal



Energy

Colombian energy subsidiaries

Company	Position	Name	Category
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Diego Humberto Montoya Mesa	Internal
	Alternate 1	Juan Rafael López Foronda	Internal
	Alternate 2	Fabio Andrés Rivera Barrera	Internal
	Alternate 3	Carlos Mario Jaramillo Duque	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Gilberto Saffón Arango	External
	4	Diego Humberto Montoya Mesa	Internal
	5	Gobernador de Caldas	Partner
	Alternate 1	Juan Rafael López Foronda	Internal
	Alternate 2	Alberto Mejía Reyes	Internal
	Alternate 3	Carlos Mario Jaramillo Duque	Internal
	Alternate 4	Juan Carlos Duque Ossa	Internal
Alternate 5	Alcalde de Manizales	Partner	
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Gobernador de Santander	Partner
	Alternate 1		
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Delegado del Gobernador	Partner
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Gobernador de Norte de Santander	Partner
	Alternate 1		
	Alternate 2	Jaime Alberto Villa Valencia	Internal
	Alternate 3	Carlos Mario Tobon Osorio	Internal
	1	Daniel Arango Ángel	Internal
	2	Martha Lucía Durán Ortiz	Partner
	3	Darío Amar Flórez	Internal
	4	Andrés Moreno Múnera	Internal
	5	Gabriel Jaime Betancourt Mesa	Internal
	Alternate 1		
	Alternate 2	Juan Carlos Castro Padilla	Internal
	Alternate 3	Alejandro José Jaramillo Arango	Internal
	Alternate 4	Juan Felipe Valencia	Internal
	Alternate 5	Jhon Jairo Celis Restrepo	Internal

International energy subsidiaries			
Company	Position	Name	Category
	1		
	2	Carlos Mario Tobón Osorio	Internal
	3	Eric Casamiquela	External
	Alternate 1	Diego Humberto Montoya Mesa	Internal
	Alternate 2	José Enrique Salazar Velásquez	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
 	1	Mario Alberto Naranjo Echeverri	Internal
	2	Daniel Arango Ángel	Internal
	3		
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4	Martha Lucía Durán Ortiz	Internal
	5	Maria del Carmen Aceña Villacorta	External



International energy subsidiaries			
Company	Position	Name	Category
GESA	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
Crediegsa Enérgica Ameasa Ideamsa	1	Mario Alberto Naranjo Echeverri	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Juan Carlos Duque Ossa	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
 HIDROECOLÓGICA DEL TERIBE, S.A.	1	Daniel Arango Ángel	Internal
	2		
	3	Diego Humberto Montoya Mesa	Internal
	4	Federico Alfaro Boyd	Partner
	5	Julio Javier Caballero Decerega	Partner
 ENSO	1		
	2	Alberto Mejía Reyes	Internal
	3	Maritza Amparo Orrego	Internal
	4	Luz Marina Escobar Arango	Internal
	5	Alvaro León Ospina Montoya	Internal



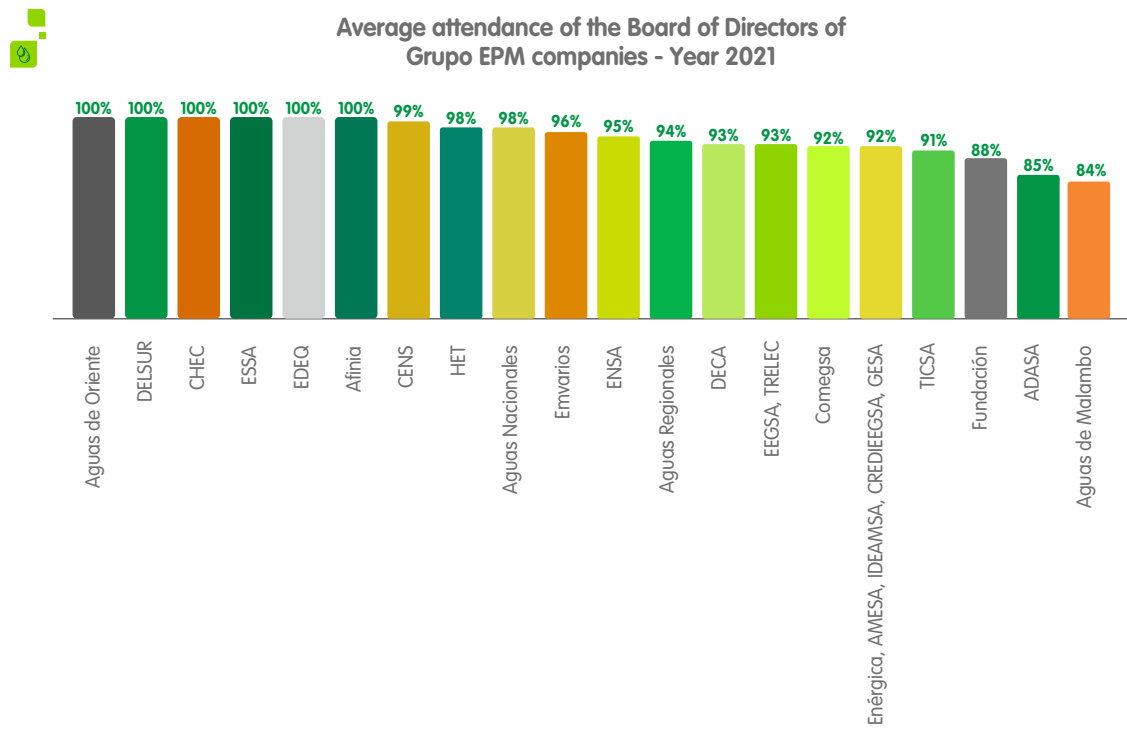
Investment vehicles and corporate ventures

Investment vehicles			
Company	Position	Name	Category
EPM Inversiones	1	Juan Carlos Castro Padilla	Internal
	2	Maritza Amparo Orrego Martínez	Internal
	3	Carlos Mario Giraldo Gómez	Internal
	Alternate 1	Ángela María Ocampo Carmona	Internal
	Alternate 2	Ángela María Loaiza Cortés	Internal
	Alternate 3	Juan Carlos Sampedro Tobón	Internal
EPM Latam	1	Carlos Mario Tobón Osorio	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Maritza Amparo Orrego Martínez	Internal
Panamá Distribución Group S.A.	1	Carlos Mario Tobón Osorio	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Maritza Amparo Orrego Martínez	Internal
epm [®] Chile	3	Carlos Mario Tobón Osorio	Internal
	4	Juan Carlos Castro Padilla	Internal
	5	Maritza Amparo Orrego Martínez	Internal
epm [®] México	1	Juan Carlos Castro Padilla	Internal
	2	Carlos Mario Tobón Osorio	Internal
	3	Maritza Amparo Orrego Martínez	Internal

Investment vehicles			
Company	Position	Name	Category
max seguros epm [®]	1	Andrés Felipe Uribe Mesa	Internal
	2	Martha Lucía Durán Ortiz	Internal
	3	Luis Alberto Botero Gutiérrez	External
promobiliaria [®]	1	Carlos Enrique Londoño Amariles	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Sebastián Méndez Agudelo	Internal
	4	Karoll García Vargas	External
	5	Carlos Arturo Díaz Romero	External
Fundación epm [®]	1	Mabel Rocío López Segura	Internal
	2	María Natalia García De Castro	External
	3	Maria Inés del Carmen Uribe Pabón	External
	4	Hugo Alexander Diaz Marin	Rep. Municipality
	5	Mónica María Ruiz Arbeláez	Internal
	Alternate 1	Jennifer Andree Uribe Montoya	Rep. Municipality
	Alternate 2	Irina Jaramillo Muskus	External

Attendance to the Board of Directors of the Grupo EPM

Below is the average attendance of the members of the Board of Directors of the Grupo EPM companies:



Typical agenda and calendar of the Grupo EPM’s Board of Directors’ meetings

GRI 102-31

As a good corporate governance practice and to promote the unity of purpose and direction of the Grupo EPM, the Corporate Governance Unit prepares each year the integrated calendar of the ordinary sessions of the boards of directors and assemblies of the subsidiaries and defines the typical agenda. In the Joint Meetings session of December 18, 2020, these instruments were approved for the year 2021, and during this period the respective follow-up was carried out. The 2021 Joint Meetings were held on December 3, 2021, and these instruments were approved for 2022.



The typical Board agenda for the Grupo EPM in 2021 had an average compliance for Colombian companies of 98% (energy subsidiaries of 99.7% and water subsidiaries of 97%) and for international companies of 99% (energy subsidiaries of 100% and water subsidiaries of 98%).

Evaluation of the Grupo EPM's Boards of Directors

Since 2014, the Grupo EPM has had a unified evaluation methodology for the Group's boards of directors, in order to know in detail the management of this body, the degree of compliance with the commitments assumed by each of its members and the value that their performance adds to each company. The governance codes implemented in 2020 in the Colombian subsidiaries include the provisions related to this practice.

Components evaluated:

- 1 Relationship of the Board of Directors with the company's management.
- 2 Performance and effectiveness of the Board of Directors as a collegiate body.
- 3 Role of the Chairman and Secretary of the Board of Directors.
- 4 Individual performance as a member of the Board of Directors.
- 5 Level of discussion and depth of topics by the Board of Directors.
- 6 Interaction and relationship between the parent company and the subsidiaries.

Additionally, and in order to strengthen the evaluations of the Boards of Directors and adopt best practices in this area, since 2017, the evaluation from the management perspective was implemented, with the purpose of evaluating the degree of alignment and interaction between the Management (Board of Directors) and the Administration (Senior Management).

Pilot - CHEC Board Evaluation

For the evaluation of the Board of Directors of CHEC for the 2021 fiscal year, a pilot was implemented with the purpose of strengthening the methodology and scope of the evaluation, but preserving the essence and the different components on which the Boards of Directors of the companies of the Grupo EPM have been evaluated.

The methodology incorporated evaluation elements based on the Conversational Capital model, and on the evaluation implemented by CHEC in previous years, and retained the structure of the analysis of the following components:



- Relationship of the Board of Directors with the Company's management.
- Performance and effectiveness of the Board of Directors as a collegiate body.
- Role of the Chairman of the Board of Directors.
- Individual performance as a member of the Board of Directors.

Likewise, the peer evaluation methodology was applied for the first time in the evaluation of CHEC's Board of Directors, with the support of an external firm and EPM's Corporate Governance Unit for the application and analysis of results.

The results obtained in the pilot evaluation of CHEC's Board of Directors are presented below, independently from the results of the other subsidiaries, since the methodologies are not comparable.

Conversational Capital Results

Under the perspective of Conversational Capital, it is identified that CHEC's Board of Directors has a high potential to accompany the Company's processes with sense and contribute from what each member of the body is, which allows internalizing the organizational flow. The percentage of presence shows the transition between resistance (difficulty to welcome the new) and adaptability (ability to allow the emerging future and contribute with an eye on a greater evolutionary purpose), which is typical of 3.0 organizations that focus their attention outside themselves.

There is also a tendency of the Board of Directors towards a willingness to contribute and open-mindedness, while retaining certainties and learned ways of operating.

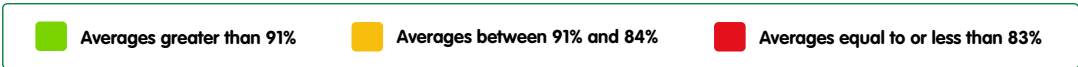
The main challenge is to continue working to make room for the new, recognizing the lessons learned from the past, and being ready to act based on the desired future and focusing more on the well-being of the whole.

Results of the CHEC methodology by evaluated component

■ Averages greater than 91%
 ■ Averages between 91% and 84%
 ■ Averages equal to or less than 83%

Components evaluated		chec	
		2020	2021
1	Relationship of the Board of Directors with the Company's management	● 99%	● 94%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 94%	● 89%
3	Role of the Chairman and Secretary of the Board of Directors	● 92%	● 89%
4	Individual performance as a member of the Board of Directors	● 99%	● 84%
Total average		● 96%	● 89%

Results of the self-assessments by component evaluated and by group of companies:



	Components evaluated	Colombian water, sanitation and solid waste companies:									
		Aguas del Oriente		Aguas de Malambo		aguas regionales®		aguas nacionales®		envarias®	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 78%	● 77%	● 87%	● 91%	● 98%	● 98%	● 89%	● 93%	● 83%	● 91%
2	Performance and effectiveness of the Board of Directors as a collegiate body.	● 87%	● 89%	● 92%	● 96%	● 97%	● 96%	● 98%	● 94%	● 93%	● 91%
3	Role of the Chairman and Secretary of the Board of Directors	● 92%	● 98%	● 98%	● 98%	● 98%	● 100%	● 100%	● 97%	● 97%	● 95%
4	Individual performance as a member of the Board of Directors	● 93%	● 93%	● 96%	● 97%	● 97%	● 98%	● 96%	● 99%	● 100%	● 97%
5	Level of discussion and depth of issues by the Board of Directors	● 83%	● 84%	● 88%	● 91%	● 95%	● 94%	● 90%	● 88%	● 81%	● 85%
6	Interaction and relationship matrix - affiliates	● 76%	● 77%	● 83%	● 91%	● 95%	● 90%	● 93%	● 100%	● 78%	● 91%
	Total average	● 85%	● 86%	● 91%	● 95%	● 96%	● 96%	● 94%	● 95%	● 89%	● 92%

■ Averages greater than 91%
 ■ Averages between 91% and 84%
 ■ Averages equal to or less than 83%

	Components evaluated	International water, sanitation and solid waste companies:			
		Ticsa		aguas antofagasta	
		2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 93%	● 87%	● 95%	● 95%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 93%	● 92%	● 97%	● 96%
3	Role of the Chairman and Secretary of the Board of Directors	● 100%	● 93%	● 100%	● 98%
4	Individual performance as a member of the Board of Directors	● 100%	● 93%	● 100%	● 97%
5	Level of discussion and depth of issues by the Board of Directors	● 94%	● 88%	● 93%	● 93%
6	Interaction and relationship matrix -subsidiary companies	● 96%	● 89%	● 95%	● 85%
	Total average	● 96%	● 90%	● 97%	● 94%

● Averages greater than 91%
 ● Averages between 91% and 84%
 ● Averages equal to or less than 83%

	Components evaluated	Colombian energy generation, distribution, transmission and commercialization companies:							
		2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 99%	● 98%	● 99%	● 97%	● 97%	● 99%	● 88%	● 74%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 99%	● 98%	● 99%	● 99%	● 97%	● 99%	● 92%	● 81%
3	Role of the Chairman and Secretary of the Board of Directors	● 99%	● 100%	● 100%	● 99%	● 98%	● 97%	● 86%	● 83%
4	Individual performance as a member of the Board of Directors	● 99%	● 98%	● 98%	● 99%	● 96%	● 99%	● 99%	● 90%
5	Level of discussion and depth of issues by the Board of Directors	● 97%	● 95%	● 96%	● 94%	● 95%	● 93%	● 89%	● 74%
6	Interaction and relationship matrix - affiliates	● 98%	● 100%	● 97%	● 93%	● 90%	● 87%	● 89%	● 87%
	Total average	● 98%	● 98%	● 98%	● 97%	● 95%	● 96%	● 91%	● 82%

■ Averages greater than 91%
 ■ Averages between 91% and 84%
 ■ Averages equal to or less than 83%

	Components evaluated	International energy generation, distribution, transmission and commercialization companies:							
		Deca II							
		2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 93%	● 93%	● 96%	● 96%	● 97%	● 98%	● 98%	● 98%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 95%	● 95%	● 95%	● 96%	● 98%	● 98%	● 98%	● 98%
3	Role of the Chairman and Secretary of the Board of Directors	● 98%	● 97%	● 100%	● 100%	● 95%	● 93%	● 100%	● 100%
4	Individual performance as a member of the Board of Directors	● 97%	● 94%	● 100%	● 99%	● 99%	● 99%	● 98%	● 98%
5	Level of discussion and depth of issues by the Board of Directors	● 94%	● 91%	● 94%	● 95%	● 98%	● 95%	● 91%	● 96%
6	Interaction and relationship matrix - affiliates	● 93%	● 89%	● 95%	● 88%	● 96%	● 96%	● 100%	● 100%
	Total average	● 95%	● 94%	● 97%	● 96%	● 97%	● 96%	● 98%	● 98%

General conclusions

For the year 2021, the self-evaluations of the Boards of Directors of the Group's companies continued to show positive results, considering that most of them had the participation of new members.

Additionally, although the conditions imposed by COVID-19 did not allow a face-to-face relationship among the Board members, discussions and conversations took place in an environment of respect for each other and always acting in favor of the Company. There was objectivity among the members, which facilitated discussion and decision making as a collegiate body.

The behaviors evaluated were as expected for the development of the functions of these governing bodies and, in general, their management during the year 2021 was adequate, however, the members of the boards of directors agree that the virtuality has not favored a closer relationship. It is expected that in 2022 the number of face-to-face sessions will increase, as approved in the integrated calendar of Boards of Directors for 2022.

The governing bodies (Board of Directors and Administration) have always been characterized by their commitment as collegiate bodies, by the fulfillment of their legal duties, the confidentiality of confidential information, independence and objectivity in decision making, by their active participation, as well as by their strict compliance with the Internal Regulations of the Board of Directors. The performance of the role of the presidents and secretaries of the Boards of Directors is also highlighted.

The component "Interaction and relationship between parent company - subsidiaries", which accounts for the knowledge of the boards of directors about the guidelines for interaction between the governing bodies, the expectations and guidelines of the Group and corporate governance practices, in general, obtained lower results compared to 2020. EPM will provide the necessary spaces in order to provide the clarity that must be had regarding the relationship and the communication channels that are created in EPM, in order to ensure that the achievement of the objectives of the companies of the Grupo EPM is adequately supported; additionally, having external members in the Board of Directors means paying greater attention to permanently disseminating the interaction guidelines and expectations of the Grupo EPM.

Strengthening plan

The results of the evaluation of each Board of Directors are the basis for establishing a plan to strengthen its management.

In order to define the strengthening plan, at the meeting of each Board of Directors scheduled by typical agenda, a space for dialogue is created between the members of this body and the Administration. This plan is built and validated at this meeting and the Secretary of the Board is responsible for following up on its implementation.



The strengthening plan seeks to:

- Promote a systematic reflection by the Board on its own management and that of the Administration, in order to establish comprehensive improvement plans.
- Align the management of the Administration with the expectations of the Board of Directors.
- Contribute to the cohesion of the collegiate body and the generation of trust among its members.

The typical agenda of the subsidiaries of the Grupo EPM establishes the dates on which the implementation of this plan must be followed up.

Remuneration of the Boards of Directors of Grupo EPM companies

GRI 102-36

In Grupo EPM, external members and representatives of the partners are recognized for attending the meetings of the Board of Directors and the committees in the companies that have them. EPM officers who act as members of the Board of Directors in the companies of Grupo EPM do not receive remuneration for such management.

Amount paid by each affiliate per session attended and frequency of regular sessions:

GRI 102-35.



Company	Value per assisted session	Currency	Frequency of periodic meetings
Water companies			
 Aguas del Oriente	1 SMMLV*	COP	Monthly
 Aguas de Malambo	1 SMMLV	COP	Monthly
 aguas nacionales®	1.5 SMMLV	COP	Monthly
 aguas regionales®	1.5 SMMLV	COP	Monthly
 emvarias®	1.5 SMMLV	COP	Monthly
 aguas antofagasta	55	UF**	Monthly
 Ticsa	1,800	USD	Monthly
Power Companies			
 chec	2 SMMLV	COP	Bimonthly
 edeq	2 SMMLV	COP	Bimonthly
 ESSA	2 SMMLV	COP	Monthly
 CENS	2 SMMLV	COP	Monthly
 afinia	3 SMMLV	COP	Monthly
 Deca II 	2,000	USD	Monthly
 DELSUR	1,600	USD	Bimonthly
 ENSA	2,000	USD	Bimonthly

*SMLMV – Minimum Legal Monthly Minimum Wage in Force (Colombia).
 **UF - Unidad de Fomento (Chile). 1 Chilean Unidad de Fomento is equal to 39.65 US dollars.

In compliance with the Corporate Governance Code, the amount that each company paid during 2021 for fees and/or benefits (per diems) to the members of their respective boards of directors is detailed below:

Remuneration of the Board of Directors Grupo EPM		
Company	Currency	Frequency of regular meetings
 Aguas del Oriente	COP	21,804,624
 Aguas de Malambo	COP	9,993,786
 aguas nacionales [®]	COP	-
 aguas regionales [®]	COP	4,042,282
 envarias [®]	COP	21,804,624
 aguas antofagasta	UF	22,244,714
 Ticsa	USD	8,800
 chec	COP	54,566,874
 edeq	COP	3,234,352
 ESSA	COP	19,987,572
 CENS	COP	10,814,700
 afinia	COP	21,804,624
Deca II  comegsa	USD	48,165
 segsa  trabec	USD	22,676,92
 DELSUR	USD	54,420
 ENSO	USD	54,420

Managers of Grupo EPM companies

In 2021, the following new developments occurred in the **management of the Group's companies**:



Santiago Villegas Yepes, Manager of CHEC as of January 4, 2021.



Vivian Cecilia Puerta Guerra, Executive Director of the EPM Foundation as of May 13, 2021.



Javier Alonso Lastra Fuscaldo, General Manager of Afinia as of August 19, 2021.



Hernán Alexander García Henao, General Manager of Aguas de Oriente as of November 2, 2021.

The following is a list of the **leaders that make up the Grupo EPM's management team**:

Subsidiary	Name	Position	Seniority in Grupo EPM (years)
 Aguas del Oriente	Hernán Alexander García Henao	CEO	14,52
 Aguas de Malambo	Walther Darío Moreno Carmona	CEO	6.17
 Aguas Regionales®	Hernán Andrés Ramírez Ríos	CEO	4.49
 Aguas Nacionales®	Henry Parra Molina	Chairman	12.12
 Emvarias	Paula Andrea Zapata Uribe	CEO	1.20

Subsidiary	Name	Position	Seniority in Grupo EPM (years)
 aguas antofagasta	Carlos Mario Méndez Gallo	CEO	30.15
 Ticsa	Juan Carlos Restrepo Perea	CEO	10.51
 Hidrosur	Vacante	Legal Representative	0.00
 edeq	Jorge Iván Grisales Salazar	CEO	31.50
 chec	Santiago Villegas Yepes	CEO	12.54
 ESSA	Mauricio Montoya Bozzi	CEO	5.59
 CENS	José Miguel González Campo	CEO	5.14
 afinia	Javier Alonso Lastra Fuscaldo	CEO	0.37
 epm [®] Guatemala	Mario Alberto Naranjo Echeverri	Country Director	25.76
 DELSUR	Carolina Alexandra Quintero Gil	CEO	15.48
 ENSO	Esteban Barrientos Moreno	CEO	13.74
 max seguros epm	Oscar Armando Restrepo Posada	Head of Captive	8.08
 Fundación epm	Vivian Cecilia Puerta Guerra	CEO	0.64
 promobiliaria [®]	Nelson Armando Ramírez Gallo	CEO	1.50
 EPM Inversiones	Carlos Mario Tobón Osorio	Legal Representative (EPM employee)	27.57



Each year, aligned with the strategic objectives, performance commitments are defined for the managers of the Grupo EPM companies. Their purpose is to promote and emphasize the main value levers of the business, generate cohesion and coherence in the actions of the entire company and outline a basic roadmap of what is expected from each subsidiary and its management, taking into account their particularities and priorities.

The approval of such performance commitments is carried out in a very important space for the Grupo EPM, called "Joint Meetings of the Grupo EPM companies", where the three governing bodies of the subsidiary companies meet:

- Ownership, represented by the Manager of Grupo EPM and by representatives of some of the partners.
- Management, represented by the boards of directors.
- Management, represented by the managers.

Grupo EPM Executives Meeting

Since 2014, the Grupo EPM's management team, made up of EPM's vice presidents and the managers of the Colombian and international operating and corporate subsidiaries, led by EPM's CEO have been meeting periodically with two fundamental objectives:

- Create a shared vision of the Grupo EPM.
- Empower company managers as leaders of the business group.

Each meeting addresses a specific topic aligned with the strategic moment of the Grupo EPM, which strengthens the unity of purpose and direction.





In 2021, the **Grupo EPM Executives Meeting** was held on September 9 and 10 in person and was attended by 40 executives, including managers from Colombian and international subsidiaries, and first and second level vice presidents of EPM.



Grupo EPM Executives Meeting

Topics covered:

Day 1: Context of each of the subsidiaries, and the most relevant challenges for the short, medium and long term.

Day 2: Adjustment to the Grupo EPM strategy dimension, with the following subtopics:

- Classification of information Law 1712 of 2014.
- Grupo EPM management focuses.
- Grupo EPM integrated planning macro-process.
- Integrated planning cycle schedule 2021.
- Business architecture.
- Sustainable development model and strategy.
- Grupo EPM Sustainability Model.
- Strategy dimension.
- Grupo EPM business environment.
- New business paradigm for Grupo EPM.
- Work fronts of the adjustment to the strategy.
- Corporate strategy.
- Competitive and functional strategies.
- Map of corporate strategic objectives.
- Management focus initiatives.
- Growth horizons.
- Harmonization of strategy with corporate architecture.
- Cultural evolution focus.
- Summary of the fit with the strategy dimension.



Evaluation of Grupo EPM Managers

As part of the cultural evolution of the Grupo EPM, changes have been made since 2020 in the Human Talent Management Policy, and in the Human Development, Competencies and Performance Management models, which are benchmarks for the Group's companies and are incorporated in the human talent processes and practices. In this sense, in the year 2021 the performance assessment of the Group's CEOs was updated, with the objective of identifying the strengths and opportunities for improvement that each manager has to face the challenges and challenges in each organization.

The leaders of the Grupo EPM are the first to be called upon to recognize their potential, their skills, their leadership and to implement concrete actions that allow them to be an example for the people who make up the companies they lead.

In general terms, the purpose of the evaluation of managers is to align the expectations regarding their management based on quantitative and qualitative results (behaviors and management style) and to identify their strengths and opportunities for improvement, in order to promote actions that enhance their leadership and generate value to the Organization.

The unified methodology for this exercise consists of a multi-source tool that allows assessing the descriptors associated with four generic competencies and two managerial competencies defined for the Grupo EPM:

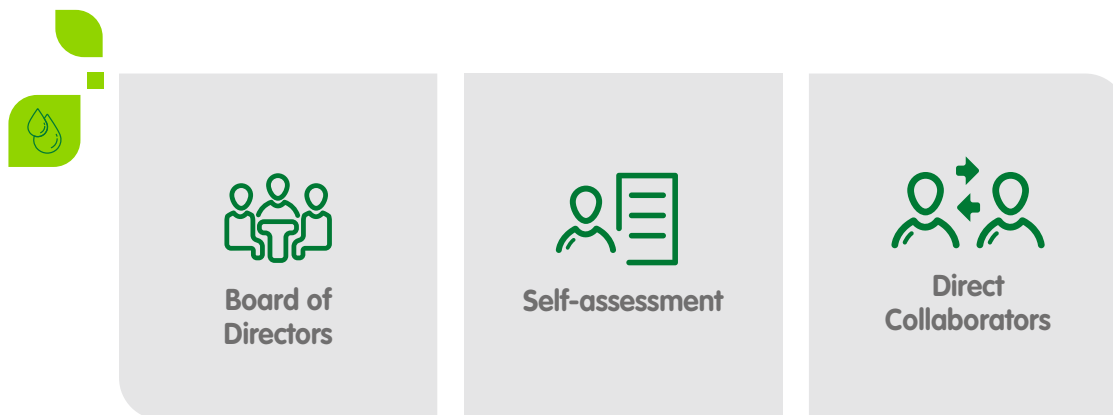
Generic Competencies

- Conscious personal leadership
- Connection with the purpose
- Proactivity to incorporate the future
- Collaborative creation

Management Competencies

- Empathy for evolution
- Perspective and dynamism

And the next is the **group of evaluators**:



Strengthening plan

The results of the evaluation are delivered at the February meeting of the Board of Directors of each subsidiary and are based on the following scale:

- In development
- Consistent
- Outstanding




This rating is part of each manager's goals and is called *Managerial Style* indicator, and in companies that have variable compensation, it registers a weight within their annual bonus.

Based on the results obtained in this evaluation exercise, a strengthening plan is defined for the manager and a public statement about his or her management that is part of the annual Management Report of the respective company.



Remuneration of Grupo EPM's management team in Colombia

In compliance with the Grupo EPM's Code of Governance, the amount for salaries and benefits paid during 2021 to the CEO and to the persons who are part of the first reporting level in the organizational structure of the Colombian subsidiaries is detailed below:

Remuneration of management team Grupo EPM (in COP millions)	
Subsidiary	Total paid 2021
 Aguas del Oriente	201,828,612
 Aguas de Malambo	465,168,325
 aguas nacionales [®]	699,865,676
 aguas regionales [®]	958,455,123
 envvarias [®]	1,892,793,783
 chec	2,964,287,667
 edeq	1,915,780,513
 ESSA	3,395,204,520
 CENS	2,461,681,812
 afinia	3,795,135,482
Fundación epm [®]	1,275,874,699



Corporate Governance Measurements



7. Corporate Governance Measurements

Código País

On January 28, 2022, within the deadline established by the Financial Superintendency of Colombia, EPM transmitted the Corporate Best Practices Implementation Report of the Código País Survey, corresponding to the period between January 1 and December 31, 2021. For this period, 78% of the 148 recommendations of the survey were reported as complied with.

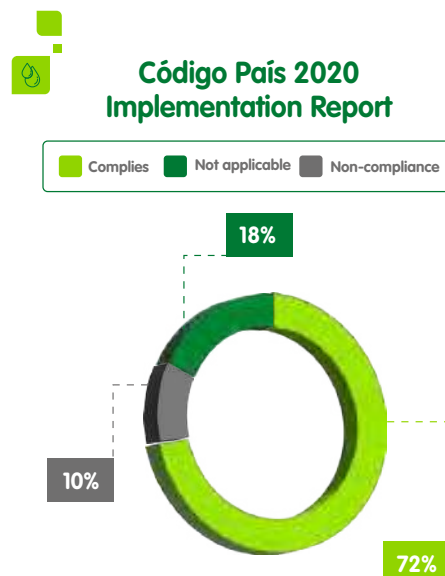
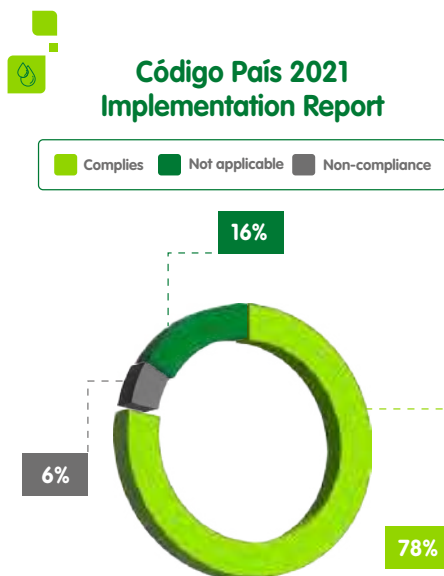
As required by the Financial Superintendence of Colombia, EPM retransmitted on June 11, 2021, the Implementation Report of the Código País Survey corresponding to the period between January 1 and December 31, 2020. For this period, 72% implementation was reported.

This shows an additional compliance of 6% of the recommendations in 2021 with respect to the 2020 report.

The answers to the survey explain the corporate governance practices adopted and applied by EPM during each period.

The recommendations that were not implemented are due to reasons of size, structure or particular moment of the company, while the recommendations whose implementation does not apply are associated with the legal nature of the Company.





 [The report of this survey is published here](#)

Corporate transparency

EPM participates in the Corporate Transparency Measurement—Utilities Chapter—, promoted by Corporación Transparencia por Colombia. The general objective of the measurement is, through the identification of corruption risks, to improve transparency and anti-corruption standards to strengthen corporate management. This is a tool that identifies institutional designs and practices that generate corruption risks and promotes the formulation and execution of improvement actions.

The Corporate Transparency Measurement consists of four components: clear rules, openness, dialogue and control.

EPM participates since 2008 in the Corporate Transparency Measurement, the results obtained with the measurements performed in EPM and the Colombian water and energy subsidiaries have reflected the commitment as a business group with this important practice and become a stimulus for continuous improvement and strengthening of the corporate integrity system. In 2021 the Measurement was not applied, however, EPM remains committed to the incorporation of transparency practices in its management and participation in the measurement processes carried out.

Investor Relations Recognition (IR)

For the 2021 fiscal year, as has been the case since 2013, EPM received the Issuer Recognition - IR - granted by the Colombian Stock Exchange (BVC), given the importance for the markets to have sufficient and timely information for investment decisions. This recognition promotes among issuers the adoption of best practices in disclosure of information and investor relations (Investor Relations, IR).⁵

AquaRating Report on Corporate Governance

In 2021 the AquaRating measurement report was generated for EPM, corresponding to the 2020 period. The AquaRating model is based on an international standard for the characterization and evaluation of companies, through management indicators and the application of practices in eight areas that integrate the different processes of its value chain, one of which is corporate governance.



⁵ https://www.bvc.com.co/pps/tibco/portalbvc/Home/Empresas/IR/Empresas_IR?action=dummy





EPM obtained an overall score of 77.06 in the corporate governance component in 2020, which is broken down into the following specific results:

- Provider autonomy and responsibilities with 57.14 points.
- Decision-making processes and accountability with 63.75 points.
- Transparency and control with 100.00 points.

The main opportunities for improvement in corporate governance for EPM, according to the measurement, are the autonomy of EPM in the management of matters related to the acquisition of national debt, remuneration and staffing of personnel, procurement of goods and services, selection of members of the Board of Directors and the general manager, and the powers and responsibilities assigned to the Board of Directors.

Credit risk rating

Regarding credit risk ratings, EPM in 2021 continued with its practice of informing risk rating firms in a broad and timely manner about relevant facts, in order to transparently provide them with the necessary elements for their decision making and thus maintain confidence in the Company.




In 2021, Fitch Ratings placed EPM's risk rating at "BB+" in international scale and "AAA" in national scale, both in negative observation, while Moody's maintained the international rating at "Baa3" level with negative outlook.

With respect to the Colombian subsidiaries and the ADASA subsidiary in Chile, their ratings were positive and sustained:


AAA     

AA+ 

A 

AA- 

Note: local rating in Chile.

BBB 

Note: Maintains its international investment grade with a stable outlook.





Investor relations



8. Investor relations



EPM maintained its transparency practices before the national and international financial markets, complying with the timely delivery of the Company's updated information. Some of the most representative practices in this regard are: the quarterly financial results teleconferences (four per year in both languages: Spanish and English), the Annual Investors Meeting, the web portal for investors (Spanish and English version) and the permanent attention to local and international investors through different channels (mailbox, teleconferences, calls).

Relevant information

EPM is an issuing entity because it participates in the Colombian public securities market, through the issuance of bonds and commercial papers. Given the foregoing, it must inform investors and the market in general of the relevant facts of the Company and its business group, and provide access to timely, truthful, sufficient, complete and easily understandable information on its financial and non-financial situation; in order to provide equitable treatment, generate relationships of trust and facilitate the decision making of its investors and other stakeholders.

In a complementary manner, and in line with good practices in transparency and disclosure of information, in the year 2021 the Board of Directors of EPM approved the Information Disclosure Policy.



During 2021 EPM made **107 reports of relevant information**, which includes financial and non-financial information.

On the website of the Superintendencia Financiera de Colombia (www.superfinanciera.gov.co/jsp/61446) you can consult the relevant information reports made by EPM in 2021.

Credit operations

In December 2021, EPM and IDB Invest agreed on the voluntary prepayment of the total amount of the loan granted to EPM in December 2017 for the financing of the future Ituango hydroelectric power plant, and whose total outstanding balance as of December 22, 2021 was USD 450 million.

The loan was repaid with available resources in the Company's cash, maintaining a positive level of liquidity, and without affecting the operation and continuity of the investments required both by the project, as well as by the other projects currently being developed in EPM.

This voluntary prepayment operation was developed in response to the priority given by EPM to honor all its financial obligations, to its financial capacity and to the integral preservation of the long-term relationship of the two institutions.





Corporate Governance Planning



9. Corporate Governance Planning

Each year the Board of Directors of EPM approves the “**Corporate Governance Plan**”, which consolidates the initiatives to be developed to maintain a constant evolution of corporate governance. This practice has been voluntarily implemented since 2006.

The plan includes activities to be carried out by different departments of EPM to improve the relationship between the governing bodies of the Company and the Group, in addition to strengthening the General Framework of Corporate Governance of the Grupo EPM.



See Attachment 1: **General Framework of Corporate Governance of the Grupo EPM.**

Follow-up to the Corporate Governance Plan 2021

During 2021, the schedules of the plan’s initiatives were defined, their scope was reviewed and the Corporate Governance Unit periodically monitored compliance with the planned activities, which facilitated compliance. Likewise, in September, the Management Committee of EPM’s Board of Directors followed up on the plan.



Follow-up to the Corporate Governance Plan 2021

N.	Emphasis/Plan Issues	% Planned progress	% Progress executed and compliance
1	Strengthening property management	100 %	100 %
2	Strengthening of the Grupo EPM's governing bodies	100 %	79 %
3	Strengthening intragroup relations	100 %	85 %
4	Strengthening the framework for action Governance Model and its relationships	100 %	100 %

% Planned

Compliance equal to or greater than 95%

Compliance between 75% and less than 95%

Compliance below 75%



In reference to the 79% compliance in the emphasis **“Strengthening of Governance Bodies of the Grupo EPM”**, there were gaps in the initiative “leading the corporate governance front of Afinia”, due to the fact that progress was made in the proposal of the Governance Code of the subsidiary in the stabilization of the operation and it is pending to be submitted for approval of the Board of Directors. There were also gaps in the initiative “to analyze the corporate governance instruments for the Grupo EPM board nomination guide”, because the proposed guide was validated with the Head of the Governance Unit and the General Secretary of EPM, and the review with the CEO of EPM was pending.



Regarding the 85% compliance in the emphasis **“Strengthening of intra-group relations”**, there were gaps in the initiative “to sign an interaction agreement with water and international energy subsidiaries”, due to the fact that the agreement and the proposal to update the guide were drafted and legal observations were addressed. However, the corporate legal area requested adjustments that coincided in time with the need to migrate the system that enables the minutes of the Government Agreement, which is why the update of the guide was articulated with such migration.

In addition, there were gaps in the initiative that seeks to define the Policy of Operations with Related Parties, due to the fact that the policy and guidelines were designed as annexes to the Governance Code; likewise, it was presented to the Corporate Core Committee in EPM, it was socialized in the Governance Committee of Colombian subsidiaries and it was sent for review to all the general secretaries of both Colombian and international companies. However, in the primary group of the Vice-Presidency of Legal Affairs of EPM, they requested to make adjustments to the guidelines previously presented to the Board of Directors of EPM. It is expected to be approved by the Board of Directors in 2022.



Achievements and progress



Analysis of the participation of office secretaries of the Municipality of Medellín in the committees of the Board of Directors of EPM, which was included in the proposal to reform the Regulations of the Board of Directors of EPM to be submitted for approval of said body in the first half of 2022.



Comprehensive review of EPM's Board of Directors' committees and preparation of a proposal to reform the regulations with the respective improvement actions.



Documentation of the onboarding methodology for the members of the Board.



Approval of the Information Disclosure policy and guidelines that meet Código País' recommendations.



Proposed business rule and guideline to amend internal circular 1553 of 2018, given the update of Decree 2555 of 2010 of the Ministry of Finance and Public Credit, regarding disclosure of information by issuers of securities.

The following progress was made in the initiatives proposed to strengthen the control environment:



Measurement of the ethical climate in EPM, survey addressed to 7,685 employees, with a response rate of 76.53%.

Achievements and progress

Grupo•epm



Presentation to the Colombian subsidiaries of the proposal of Corporate Governance issues to be included in the management reports for Shareholders' Meetings.



Strengthening of Corporate Governance in Guatemala, deliverables were obtained such as: Governance Model that includes RACI Matrix - Responsible, Approved, Consulted and Informed - and the mechanism for disagreement resolution and mandate scheme: Regulations of the Board of Directors.



Strengthening Corporate Governance in Afinia, deliverables were obtained such as: evaluation of the manager and the Board, transfer of knowledge of corporate governance practices through the participation of the general secretary of the subsidiary in the Corporate Governance Committee of the Colombian subsidiaries, Board of Directors Regulations, Manual of conflicts of interest and treatment of decisions in the interest of the Group, adoption of the practice of relevant information, follow-up of compliance with the typical agenda of the Board, among others. Likewise, progress is being made in the proposal of the Governance Code.



Proposal and validation by the General Secretariat of EPM of the Guide for the nomination of Boards of Directors of the Grupo EPM.



Progress is being made in the interaction act and in updating the guide of the Governance Agreement with the water and international energy subsidiaries, an issue that will be articulated with the migration of the Governance Agreement to the Ariba information system.



Proposal of policy and guidelines regarding operations with related parties to be incorporated into the Governance Code, which meets the recommendations of the Código País, which is awaiting legal feasibility.



Documentation of the Corporate Governance planning methodology.

With regard to the initiatives proposed to strengthen the control environment, the following progress was made:



Measurement of ethical climate in Colombian subsidiaries. EPM provided the mechanism to measure the ethical climate in each of the water and energy operating subsidiaries in Colombia, and it was confirmed that the measurement was carried out in the second half of 2021.



The mechanisms that EPM's parent company has for measuring the ethical climate were made available to the international operating subsidiaries, and support was provided where there is evidence of the measurement in TICSA and EEGSA, complying with the goal of accompanying at least two international subsidiaries in the measurement of the ethical climate.



Updating of the Business Conduct Manual in the companies of the Grupo EPM. The update was achieved in the subsidiaries in Colombia, and in the international subsidiaries TICSA, DELSUR, EEGSA, ENSA and ADASA.

Corporate Governance Plan 2022 - 2025

Based on an analysis of multiple sources, the Corporate Governance Plan 2022 - 2025 was designed, which consolidates a long-term vision and includes the initiatives of the Grupo EPM to maintain the constant evolution in this matter. The Plan was approved by the Board of Directors of EPM as part of the Company Plan 2022 - 2015, in session of December 13, 2021 (Act N°1730).

1 Strengthening property management

1	Define corporate governance matters to be included in management reports for shareholders' meetings.
2	Propose methodology to the municipality of Medellín for evaluation of the Framework Relationship Agreement.
3	Verification of requirements for the appointment of members of the Board of Directors.
4	Adoption of best management practices (Redefine the process for appointing and removing the general manager).
5	Presentation of a proposal of procedure for the modification of the corporate purpose: <ul style="list-style-type: none"> Analyze implementation in other government instruments. Proposed annexed Framework Relationship Agreement.
6	Relationship management in the electoral cycle (opening of information) and splicing.
7	Work plan of the Management Committee for the governing bodies, due to a change in the representation of EPM's ownership.
8	Evaluate the feasibility of defining and implementing the majority shareholder declaration.



**Subsidiaries: national and international companies or subordinate companies of the Grupo EPM.*

2 Strengthening of the governing bodies of the Grupo EPM companies

1	Update corporate governance codes in subsidiaries.
2	Formation of EPM Board Committees.
3	Board of Directors Minutes (procedure for approval and signing of minutes).
4	Specialized advice Corporate Governance
4.1	Clarify the role of the Chairman of the Board of Directors of EPM and evaluate the need to establish the position of Vice-Chairman of the Board.
4.2	Structuring the board policy of the Group's subsidiaries.
4.3	Evaluate the feasibility of defining and implementing a peer evaluation methodology for the Board of Directors in EPM and subsidiaries.
5	Evaluate the feasibility of defining a methodology or policy for management succession planning in subsidiaries and the nomination and removal process.
6	Complement the independence criteria for members of EPM's Board of Directors.
7	Review management evaluation methodology.
8	Structure a succession policy for senior management.
9	Define methodology for evaluation of strategic committees (Core and Management).
10	Updating EPM Foundation's bylaws and corporate governance practices.
11	Review governance models in subsidiaries.
12	Lead the implementation of mechanisms for the resolution of conflicts between governing bodies.
13	Analyze the corporate governance instruments for the Grupo EPM's board nomination guidelines.
14	Structure a succession policy for senior management.



**Subsidiaries: national and international companies subordinated to Grupo EPM.*

3 Strengthening intragroup relations

1 Define policy with respect to transactions with related parties.

4 Strengthening the framework for action, governance model and its relationships

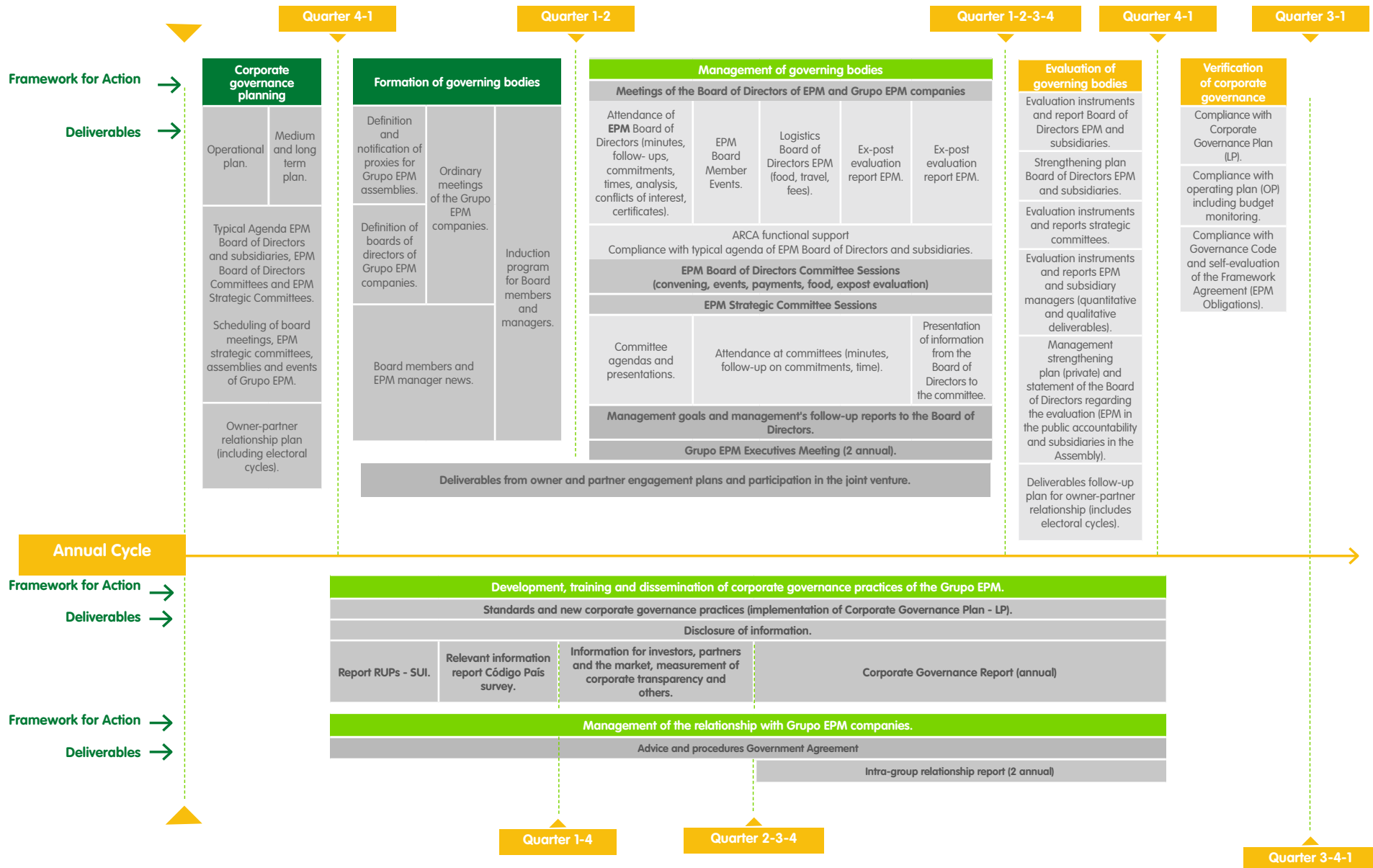
1	Attention SuperFinanciera de Colombia requirements (Código País): <ul style="list-style-type: none"> • Meeting with SFC. • Código País work plan. • Documentary management consultation.
2	Structuring a scorecard of corporate governance indicators and follow-up mechanisms.
3	Review ESG (Environmental, Social and Corporate Governance) standard to incorporate improvements in the Governance Report.
4	Corporate governance document management review (including document retention tables).
5	Specialized advice on corporate governance.
5.1	Conduct corporate governance training program (general public, governing bodies).
6	Initiatives to strengthen the control environment.
7	Lead the implementation of the ARCA information system in the Colombian subsidiaries.
8	Document work on standards and new corporate governance practices (execution of Corporate Governance Plan - CP).
9	Implement corporate governance evaluation proposal.
10	Disclosure of corporate governance practices.
11	Review, harmonize and update the different corporate instruments.
12	Once the annexes to the Framework Relationship Agreement have been approved, make the corresponding modifications to the Corporate Governance Code.



**Subsidiaries: national and international companies or subordinate companies of the Grupo EPM*

Corporate Governance Unit Operating Plan 2021

Consolidates the recurring deliverables of the annual cycle, in accordance with the Performance Framework and corporate governance practices of the Grupo EPM (see Annex 1: General Corporate Governance Framework of the Grupo EPM).



The results of the follow-up of the operating plan are detailed in this report.



Accountability



10. Accountability

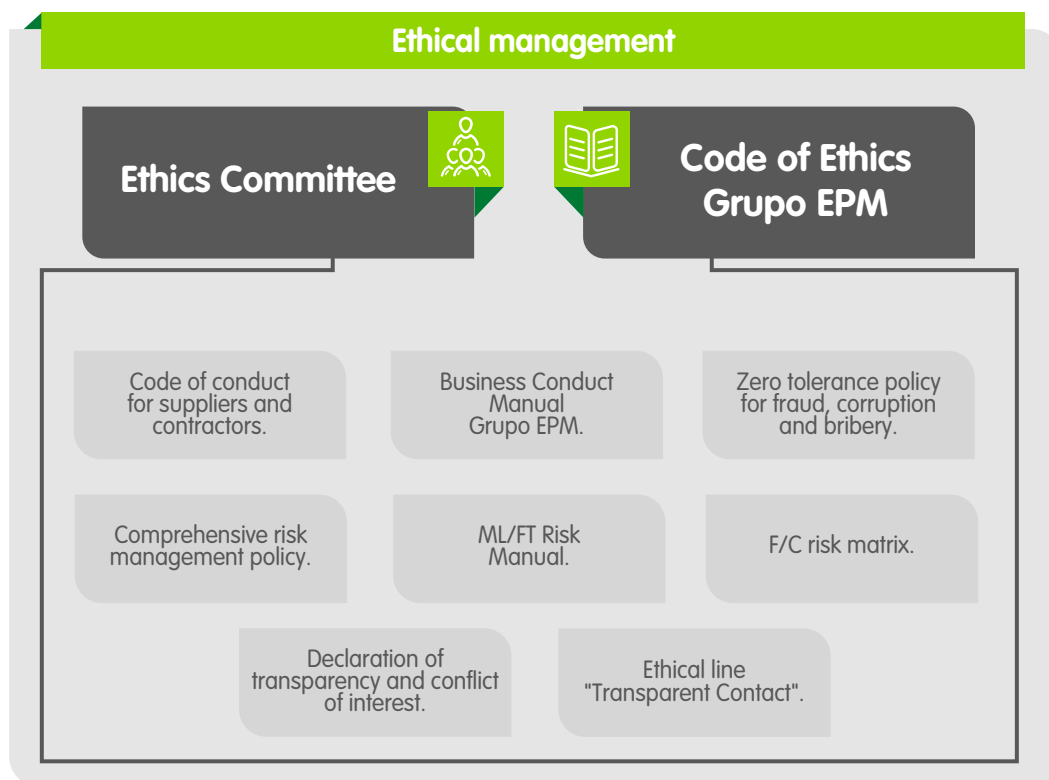
Ethical management of the Grupo EPM

GRI 102-17

The Grupo EPM is aware of the role it plays in the society where it operates and to which it provides its services. **That is why it instituted Social Responsibility as the transversal axis that guides its actions and its strategy to optimize operations and growth.**

This responsibility comes to life in the performance of the team of collaborators that make up each Company, **since each behavior of the Grupo EPM People reflects the principles of ethical action and values on which it is based.**





In the material topic **"Transparency"** of the Sustainability Report we report the details of the actions implemented during 2021 aimed at strengthening ethical and transparent behavior among employees, which are essential to strengthen trust among the different stakeholders with which the Company relates.

Grupo EPM control environment

Código País 32.5

The legal nature of EPM, its 100% state-owned nature, the economic sector in which it operates and its status as a securities issuer, make it an entity widely supervised by the internal control mechanisms regulated by the Law and the external control entities, in addition to those that have been adopted voluntarily and have been implemented in the companies of the corporate group.

In addition to allowing cohesion among the companies, the control environment allows having policies, processes, procedures, activities and information that guarantee unity of purpose and direction, and also comply with the internal and external legal framework that regulates it; all this with the purpose of achieving the objectives and the Group's MEGA.

Control environment

Comprehensive risk management



- It includes the definition of risk policies, as well as the definition and execution of methodologies for their identification, evaluation, measurement, management, monitoring and reporting.
- It requires an internal control system to ensure, by means of controls, that risks are managed in accordance with the policy and methodology defined and that these are applied in practice.

Internal control



(Law 87 of 1993) "System integrated by the organizational scheme and the set of plans, methods, principles, standards, procedures and verification and evaluation mechanisms adopted by an entity, with the purpose of ensuring that all activities, operations and actions, as well as the administration of information and resources, are carried out in accordance with the constitutional and legal rules within the policies outlined by the management and in attention to the goals or objectives foreseen".

Compliance



Risk management associated with money laundering and the financing of terrorism, which represent a significant threat to the economic, social and political stability of a country and markets worldwide.

Internal audit

- It performs the evaluation of the internal control system, which is defined as an independent and objective activity of assurance and consultation. Its finality is to help improve the management of the Organization and the fulfillment of its objectives.
- The internal audit activity provides a comprehensive approach to evaluate and improve the effectiveness of integrated risk management, controls and governance.



External financial audit

Evaluates the accounting information in general and the financial statements, as well as the rendering of an independent opinion regarding the reasonableness with which they indicate the financial situation of EPM at the end of each fiscal year.



External controls

They are also part of the Company's control environment due to their legal nature, since they seek to guarantee the development of its governance process within the public administration.

Corporate Audit Management

Código País 32.5

In 2021, 100% of the risk-based Audit Plan, approved by the Board of Directors and programmed for the Grupo EPM, was executed, covering the processes with the highest risk level and in accordance with the prioritization criteria defined in the methodology.



A total of **140 assurance and consultation**, management and development tasks were performed in the Grupo EPM to evaluate the mission, strategic and support processes.

As a result of the audit work, opportunities for improvement were identified that must be managed by those responsible through the formulation of improvement plans and the verification of their compliance and effectiveness, according to the follow-up carried out by the audit.



The **control effectiveness indicator in the Grupo EPM** during 2021 (monitoring of improvement plans) was 91%.

The **Corporate Audit Model** seeks to carry out assurance and consultation activities in the Grupo EPM; additionally, during 2021 the following activities were carried out:

- Definition and implementation of awareness and communication plans on control culture, with emphasis on the three lines of defense model and improvement plans.
- Quality Assurance and Improvement Program (PAMC), evaluation to determine compliance with international auditing standards.
- Development of tools for data extraction, automation and presentation, towards continuous auditing.
- Evaluation of the structuring of the Integrated Planning and Management Model (MIPG).
- Attention and coordination of the requirements of the different external control entities, as defined in Decree 648 of 2017.

As a result of the strategic approach of the Corporate Audit for the year 2021 - 2025, the following strategic initiatives were defined.

Strategic Initiatives: Corporate Auditing

Providing assurance and consultation services



Strengthening the Audit Activity

Implement and use tools that support and optimize the internal audit activity, based on compliance with current regulations, adding value and contributing to the achievement of organizational objectives.



Strategic Leadership

Maintain permanent communication with the management level, provide advice on control and risk issues through participation in strategic committees and the development of assurance and consulting work.



Alignment with strategic objectives and risks

To associate the work to be performed with the strategic objectives of the Organization from the general planning of the audit to deliver results that contribute to improve and protect the value of the Organization.



Relationships of trust

Strengthen communication with the different internal and external stakeholders in search of collaborative work.



Digital Transformation

Innovate and develop capabilities, increasing the quality of the Internal Audit activity, through the use of technology (IT - TO).

Enhance and protect the value of the Organization

External Audit Plan

Código País 29.12

Due to its legal nature as an Industrial and Commercial Company of the State, EPM is not required to have an external financial audit. As a good corporate governance practice and in compliance with the entity's commitments with multilateral banks, EPM hired an external financial audit, which included an opinion on the financial statements, an audit of the information reported to the Energy and Gas Regulatory Commission (CREG) by the network operators and related to the administration, operation and maintenance (AOM) expenses incurred, and a specific audit to certify EPM's compliance with the commitments acquired in the legal stability contract, and the letters of conformity for the issuance of bonds.



As of May 1, 2021, the private firm **Deloitte & Touche Ltda.** was hired as external financial auditor for the Grupo EPM, ranked among the four largest auditing firms in the world.

Contract	Object	Period (Start – End)	Payments made 2021
CW 55509 KPMG	The contractor is entrusted with the provision of external audit services required by EPM.	01/01/2021 30/04/2021	COP 337,724,648 (without VAT)
CW 130551 Deloitte	The contractor is entrusted with the provision of external audit services required by EPM.	01/05/2021 31/12/2021	COP 787,336,542 (without VAT)

The value of the external audit contract during the period from January to December 2021 was COP 1,125,061,190 (excluding VAT).

The fees paid by EPM to Deloitte during the period May - December 2021 represent 0.60% compared to the total income of Deloitte for the external audit activity for the same period.

This Corporate Governance Report has been prepared in accordance with Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and has been externally verified by the firm Deloitte, which is the external auditor of EPM and the statutory auditor of the companies of the Grupo EPM. The external verification certificate can be consulted in the [social and environmental management report](#) that is part of the Sustainability Report.

Código País 29.7

External control, supervision and oversight entities

External control entities

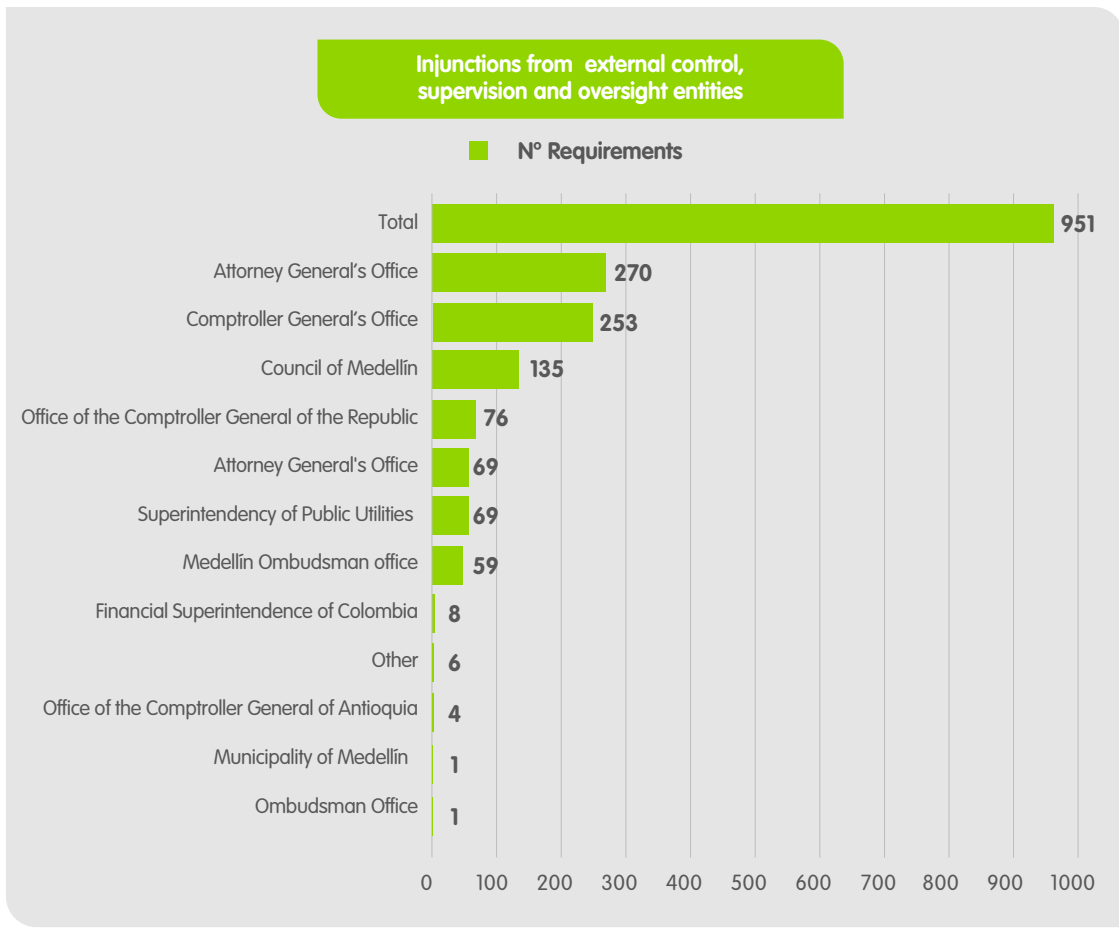
They are those bodies to which the Political Constitution of Colombia entrusts the functions related to disciplinary control, defense of the people, fiscal and political control. The control entities of the Colombian state are: the Office of the Comptroller General of the Nation, the territorial comptrollers, the Council of Medellin, the Public Ministry, which includes the Office of the Attorney General of the Nation, the Ombudsman's Office and the district and municipal ombudsman's offices.

Supervisory and oversight bodies

Entities defined in the structure of the Colombian State with supervisory and oversight functions in accordance with the services provided by EPM. The Superintendency of Public Utilities and the Superintendency of Finance are part of this group.

In its duty of transparency, EPM has the responsibility to respond in a timely, complete and relevant manner to the requirements made by the different control agencies and the supervisory and oversight entities.

✓ EPM attended, in a responsible and timely manner, during 2021 a total of **951 requirements from the different control, supervision and oversight entities.**



Notes:

Others include injunctions from the Ombudsmen of other municipalities other than Medellín.

The injunctions of the Financial Superintendence of Colombia, reported in this chapter, are different from the requirements and reports generated by EPM as part of the relevant information.

Comprehensive risk management

Código País 32.5; 33.3 – iv. b) c) d); GRI 102-30

The comprehensive risk management report is a section of the “Our Group” chapter of the Sustainability Report, where the definitions, progress and challenges of the Grupo EPM related to this matter can be found.



See [integral risk management](#).

Integrated Planning and Management Model (MIPG)

Código País 32.5; 33.3 – iv. a)

The Integrated Planning and Management Model (MIPG) is a reference framework to direct, plan, execute, follow up, evaluate and control the management of public entities and agencies, in order to generate results that address development plans and solve the needs and problems of citizens, with integrity and quality service, according to Decrees 1499 and 648 of 2017, of the Administrative Department of Public Function (DAFP).

In EPM, the responsibility for the Integrated Planning and Management Model (MIPG) lies with its legal representative (Decree 2198 of May 2, 2018), while its institutionalism is represented by both the Institutional Management and Performance Committee CIGD, and the Institutional Internal Control Coordination Committee (CCICI) (Decree 2192 of January 5, 2018), both are institutionalized through the EPM Management Committee, whose sessions are coordinated by the representative of institutional planning - the Vice President of Strategy and Planning, and Internal Control - Vice President of Audit - respectively.

In 2021 the MIPG Model completed three years in the process of implementation in EPM and subsidiaries in Colombia.

Governance structure for the implementation of MIPG in EPM: in order to advance in the implementation, the governance structure that responds to the roles and responsibilities of the topics that make up the dimensions and their policies is preserved.

The coordination of the implementation of MIPG in EPM is in charge of the Corporate and Business Planning Management, and those responsible for the implementation of each dimension of MIPG and its policies are distributed as shown below:

	1	2	3	4	5	6	7
Dimension	Human talent	Strategic direction and planning	Value-based management for results	Evaluation of results	Information and communication	Knowledge management	Internal control
Responsible	VP of Human talent and organizational development	VP of strategy and planning	VP of Human talent and organizational development VP of New business, innovation and technology VP of strategy and planning	VP of strategy and planning	VP of communication and corporate relations VP of Human talent and organizational development VP of Supply and shared services VP of New business, innovation and technology	VP of Human talent and organizational development VP of strategy and planning	VP of Human talent and organizational development VP of risks Corporate auditing VP of strategy and planning

The Colombian subsidiaries apply this model adapted to the structure of each one.

Evolution of FURAG 2018, 2019 and 2020 results: the Single Management Reporting and Progress Form (FURAG), a tool provided by the Administrative Department of the Civil Service (DAFP) that seeks to evaluate the evolution of the implementation of MIPG in each entity, has yielded the following institutional performance indexes -IDI- for EPM:



Year	2018	2019	2020
IDI	77	84	78.2

The above results represent a benchmark score on a scale of 1 to 100, and positions EPM in the top percentile score when compared to the peer group to which EPM belongs (Entities in Antioquia). As of the date of preparation of this report, no FURAG results had been reported for 2021.

Diagnosis of MIPG in 2020

Each year, the FURAG tool has had changes or improvements in its measurement structure, i.e., changes in the questionnaire due to adjustments to the MIPG model itself. These changes, added to some deficiencies in the quality of some evidence attached to the questionnaire, and new and existing gaps in the model in the process of implementation, resulted in the decrease of the IDI in 2020 compared to the previous year, which implied a thorough review of the results and recommendations for improvement provided by the application in order to identify the main points of attention in the process of implementation of MIPG in EPM.



Advances in MIPG in 2021

The main milestones advanced in 2021 are:

- Identification of gaps and registration of improvement plans in AVANZA by each of those responsible for the activity according to their role in EPM. Most of these improvement plans will be executed in 2022.
- Communication focused on MIPG for EPM. Several newsletters with detailed content on MIPG were made, in order to inform and train EPM people on the model and its implementation in EPM.
- Adjustment to the accountability process.



Update on the implementation of MIPG in subsidiaries

In 2020, the Public Function issued Circular 004, which determines that public utilities whose public shareholding represents less than 90% are not subject to the completion of the Single Management Reporting Form (FURAG). In this sense, the subsidiaries of EPM in Colombia that are excluded from filling out the FURAG are:



The subsidiaries that, like EPM, must fill out the FURAG are Aguas Regionales and Emvarias.

It is important to mention that MIPG is a model that constitutes a set of good business practices, mandatory for EPM. These good practices will have Group scope to the extent that the vision of the business group merits it and adds value to EPM and its stakeholders.

The Internal Control System in EPM: The person responsible for the Internal Control System is the CEO of EPM, and delegates its management to the Vice-Presidency of Strategy and Planning, in accordance with the instructions of MIPG.

In relation to the Internal Control System, the MECI has been and will continue to be the basis for its implementation and strengthening. From this, EPM developed a scheme of roles and responsibilities integrated by four **lines of defense** that provides a simple and effective way to improve communications in **risk management** and control by clarifying the related roles and duties.



The **control structure** is based on the COSO/INTOSAI scheme, consisting of five components

- | | |
|-------------------------|-----------------------------------|
| 1. Control environment. | 4. Information and communication. |
| 2. Risk assessment. | 5. Monitoring activities |
| 3. Control activities. | |

The Management Committee, as the Institutional Management and Performance Committee (CIGD), approved the structuring of the following lines of defense for EPM:





Strategic Line:

Formed by the Management Committee, led by the CEO. It analyzes institutional risks and threats to the fulfillment of strategic plans. MIPG establishes what Senior Management is, in decentralized entities of the territorial order.



First line of defense:

Composed of all public servants of EPM. At this level, the effective maintenance of internal controls is performed, the execution of risk management and controls on a daily basis. To this end, it identifies, evaluates, controls and mitigates risks through "Self-control".



Second line of defense:

The Risk Management Committee is comprised of 75 managers with responsibilities associated with nine (9) key aspects of success established for EPM. Its main role is to ensure that the risk management controls and processes of the first line of defense are appropriate and work properly, as well as to supervise the implementation of effective risk management practices; likewise, to consolidate and analyze information on key issues for the entity, basis for decision making and preventive actions necessary to avoid risk materializations, all of the above as part of the "self-assessment". It is important to bear in mind that the number of managers may increase or decrease according to the dynamics of the Organization.



Third line of defense:

Composed of the Corporate Audit Vice-Presidency, Business Audit Manager, Project and Supply Audit Manager and Support Audit Manager. This level provides independent assurance on the effectiveness of risk management and internal control to Senior Management, through independent evaluation.

According to the definition established by the Administrative Department of the Civil Service (DAFP), the key aspects of success for the proper functioning of the lines of defense are summarized below:

Operational assurance

Its scope includes the processes (strategic, mission and support), programs, and key projects for the fulfillment of the mission.

Risk monitoring integration mechanisms

Its scope is the mechanisms used to monitor the implementation of risk management practices. It includes the Committees evaluated in the Internal Control - Second Line of Defense Index.

Financial Information

Its scope is the processes related to the preparation of financial information.

Regulations

Its scope is compliance with applicable laws and regulations. It includes regulatory management and policy compliance assurance.

Reputation

Its scope is the transparency of the entity's activities and its relationship with stakeholders.

Monitoring and improvement

Its scope is supervisory activities: it performs continuous or separate evaluations and assesses and communicates deficiencies.

Security information

Its scope is related to the technological infrastructure guaranteeing confidentiality, integrity and availability of information.

Physical security

Its scope is the integrity of assets and people, guaranteeing the continuity of activities.

Management system

Its scope is the application of international quality, environmental and labor standards, among others, according to nature.

- (1) **Source:** Integrated Planning and Management Model - Module 7.
- (2) **Source:** Prepared by the Proponent (FURAG indicator results).
- (3) **Source:** COSO - Governance and Internal Control

FURAG results related to internal control: the following table shows the annual evolution of the FURAG policy indicators corresponding to dimension 7 of MIPG.

Policy Indicators	2018	2019	2020
I70 Internal Control Environment conducive to the exercise of control	74,5	90,4	75,0
I71 Internal Control Strategic risk assessment	70,3	75,9	63,5
I72 Internal Control Effective Control Activities	73,2	81,4	69,6
I73 Internal control Relevant and timely information and communication for control	72,7	94,9	78,4
I74 Internal Control Systematic, improvement-oriented monitoring activities	75,7	85,6	65,7
I75 Internal Control Independent evaluation of the internal control system	68,5	97,4	
I77 Internal Control Strategic Line	77,7	93,0	79,7
I78 Internal Control First Line of Defense	74,7	83,4	76,3
I79 Internal Control Second Line of Defense	74,6	83,6	72,3
I80 Internal Control Third Line of Defense	64,2	73,2	



Indicators 175 and 180 on independent evaluation of the internal control system and the third line of defense, respectively, were not measured in 2020, so the results of the indicator are not available.

The 2020 results show a decrease in the rating with respect to 2019, which generates the necessary alert to identify the opportunity for improvement with regard to the internal control system, and which will be addressed in 2022 in the improvement plans registered in the AVANZA improvement plan support information system.

As of the date of preparation of this report, no FURAG results related to internal control had been reported for 2021.

Evaluation of the Internal Control System

The Corporate Audit Vice-Presidency, in compliance with Article 156 of Decree 2106 of 2019, issued by the Administrative Department of Public Function (DAFP), performs every six months, the "Independent evaluation of the status of the Internal Control System - Dimension 7", supported by the methodology of the DAFP, and whose results are published on the EPM website that [can be consulted here](#). EPM has made significant progress in the different components, supported by the management of improvement plans.

Compliance

Código País 32.5; GRI 102-17

The compliance report is detailed in the material topic "[Transparency](#)" of the Sustainability Report, where the transparency practices applied in the Grupo EPM and its main achievements and challenges during the period are reported.





Attachments



11. Attachments

Attachment 1²: General Framework of the Group's Corporate Governance

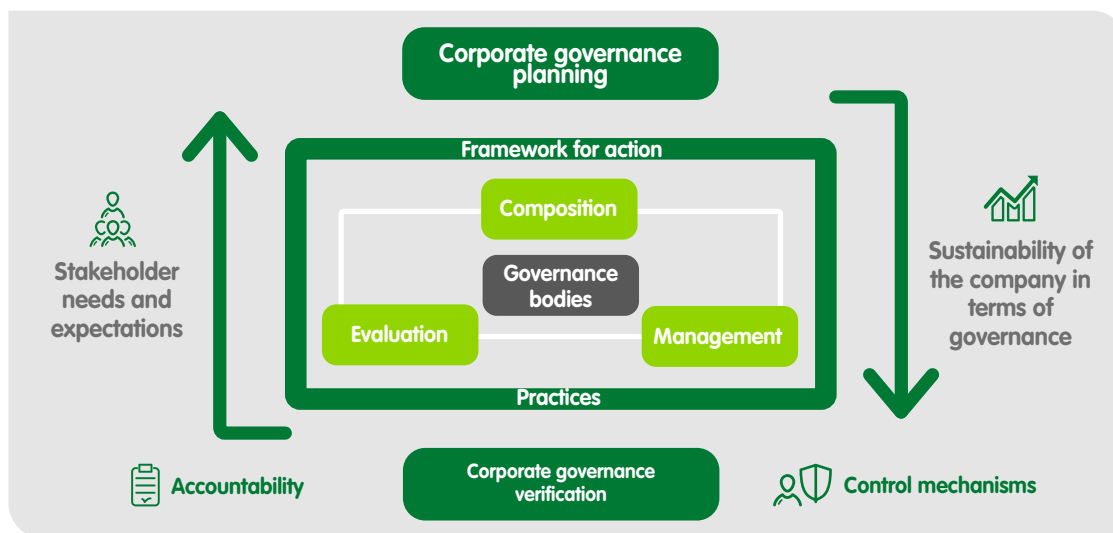
- Definition of Corporate Governance:** according to the provisions of numeral 1.3 of the EPM and Grupo EPM Governance Code, Corporate Governance is “the system³ by which Grupo EPM companies are directed, managed and controlled through the balance between ownership and administration, in order to ensure their sustainability and growth, the rights of their investors, transparency and ethics in their performance and access to information for their stakeholders (...)”.
- Corporate Governance Strategic Statement:** Grupo EPM guides its management through the development and adoption of good governance practices, for the conscious decision making of the governing bodies, fostering a corporate management culture that contributes to the balanced satisfaction of the needs of its stakeholders, the creation of value and the sustainability of the companies within the framework of unity of purpose and direction.
- Objective of the General Framework of Corporate Governance:** to define the scope of action of the ownership, direction and management of the companies of the Grupo EPM, implementing the necessary practices to strengthen these governance bodies, verifying their degree of compliance and disclosing the results to the stakeholders.
- Scope of the General Framework of Corporate Governance:** the “General Framework of Corporate Governance” is the set of elements that interact to strengthen corporate governance, promoting unity of purpose and direction through the implementation of a model, aligned with the strategic direction defined for the Group. The General Corporate Governance Framework is an integral part of the Code of Governance, in this sense it is defined and implemented in EPM, and is adopted by the subsidiaries, according to their internal procedures, adapting them to the rules and particularities that apply to each company of the Group.



² This text is a faithful copy of the General Corporate Governance Framework of the Grupo EPM, which is annexed to the Corporate Governance Code.

³ “Corporate governance is the system by which the direction and control of companies is exercised”, Sir Adrian Cadbury 1992, Report on Financial Aspects of Corporate Governance in the United Kingdom.

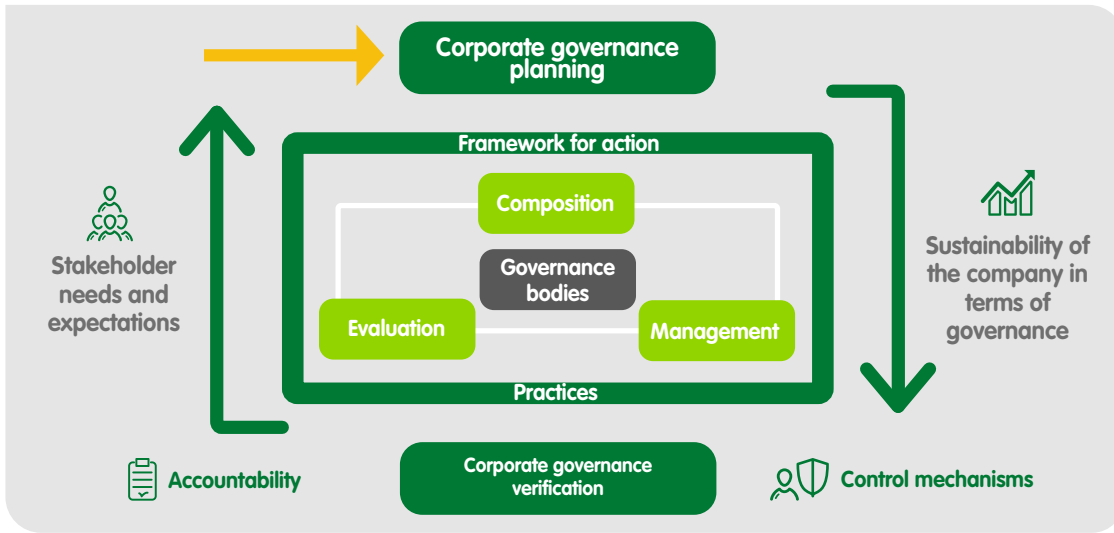
- **Graphic representation of the General Framework of Corporate Governance of the Grupo EPM:** this model is based on the governing bodies, the definition of its framework of action through governance practices, control mechanisms, and accountability.



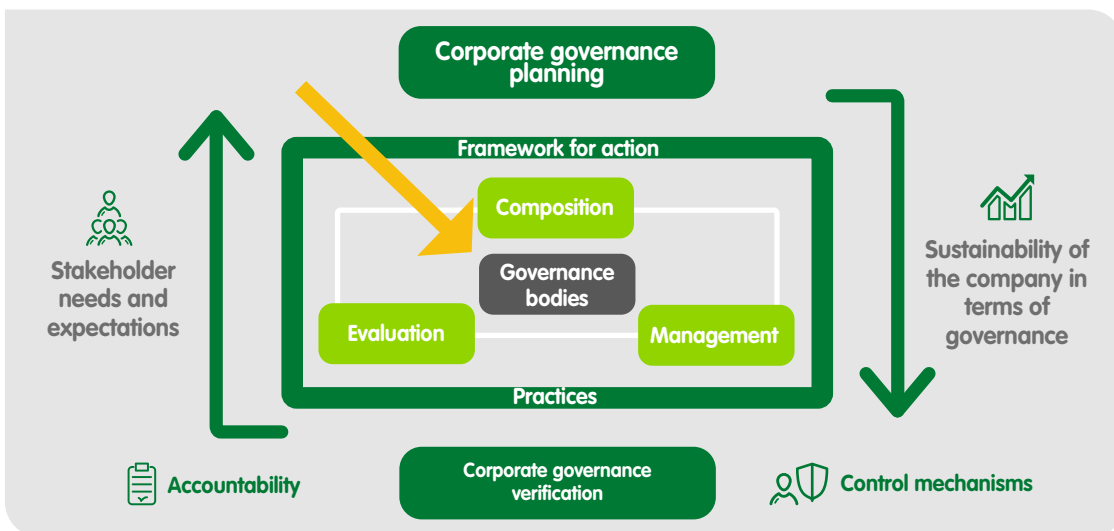
- **Corporate Governance Planning:** the General Corporate Governance Framework considers the needs and expectations of the stakeholders⁴ in corporate governance matters, it also seeks the articulation with the components of the strategic direction to align the interests of the governance bodies towards the achievement of the expectation of value generation, identifying the emphasis, initiatives, objectives, goals, targets and schedules that must be met to strengthen the level of maturity in corporate governance matters of Grupo EPM.

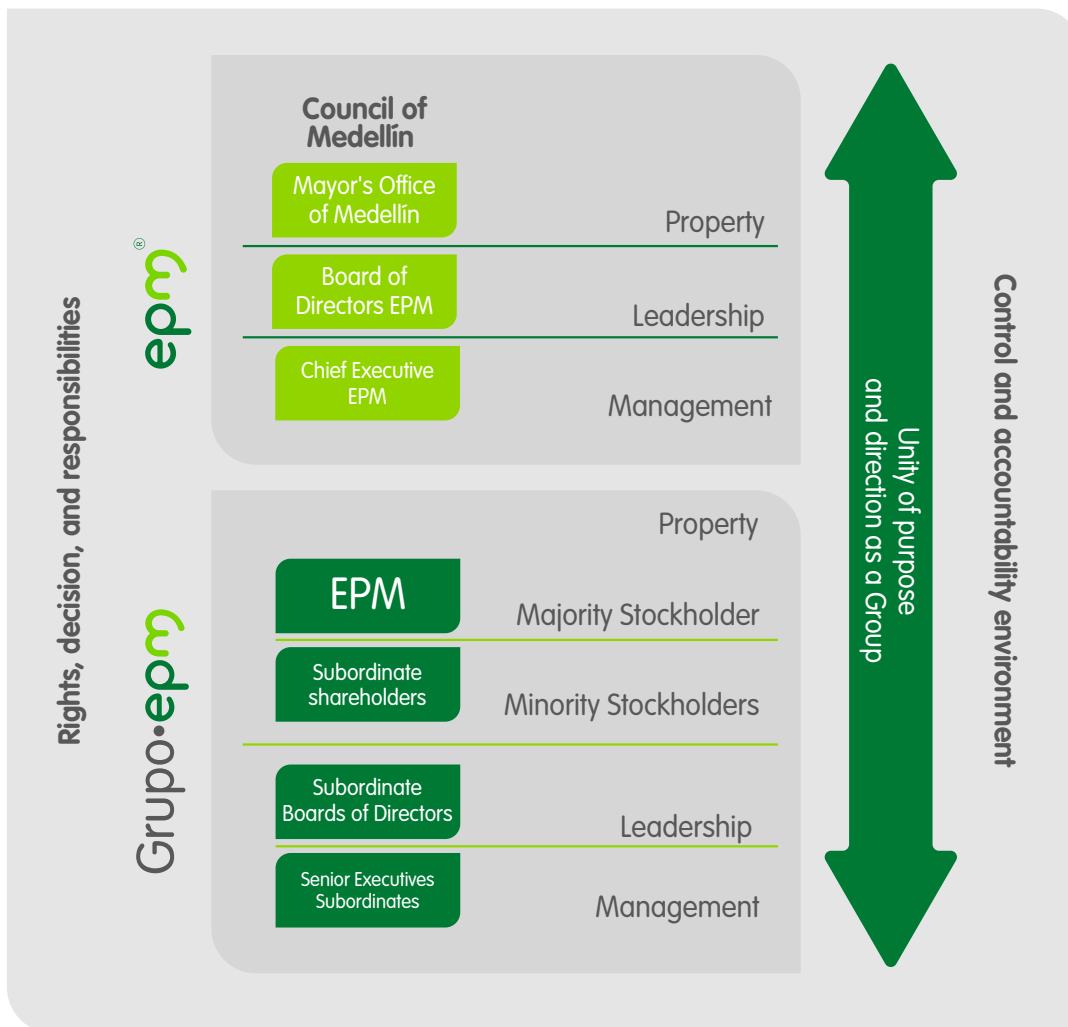


⁴ Person or organization that can affect, be affected or be perceived to be affected by a decision or activity (ISO 9001-2015).

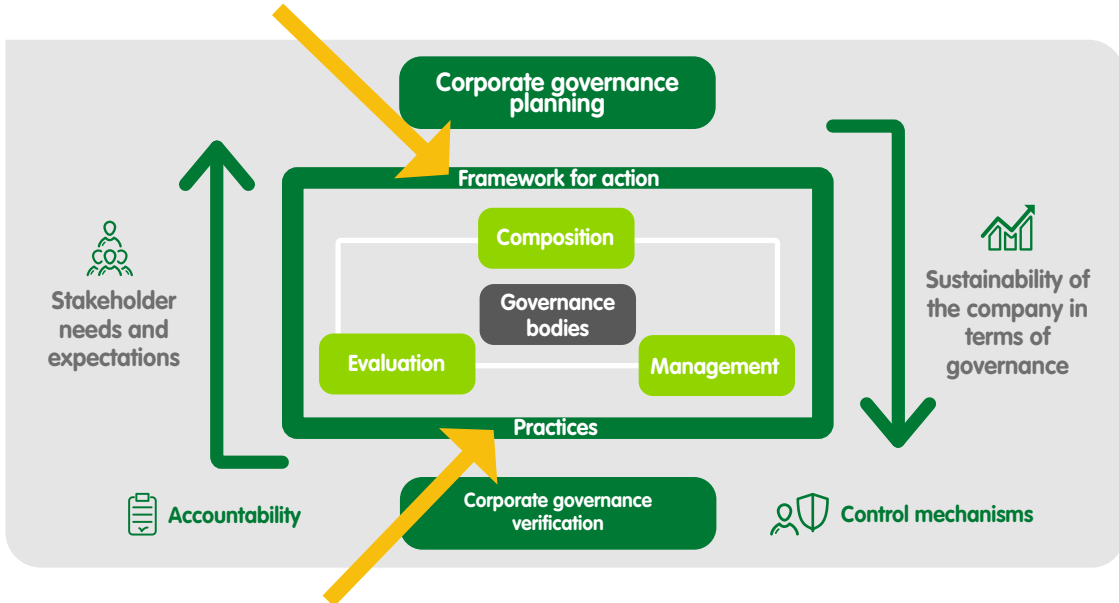


- Corporate governance bodies:** graphic representation of the governance levels of EPM as Parent Company of the Group and of the subordinate companies, indicating who exercises ownership, direction and management. It also shows the distribution of rights, decisions and responsibilities so that it develops in a system of weights and counterweights, aligned with the unity of purpose and direction, in an environment of control and accountability. The Corporate Governance Code describes each level.



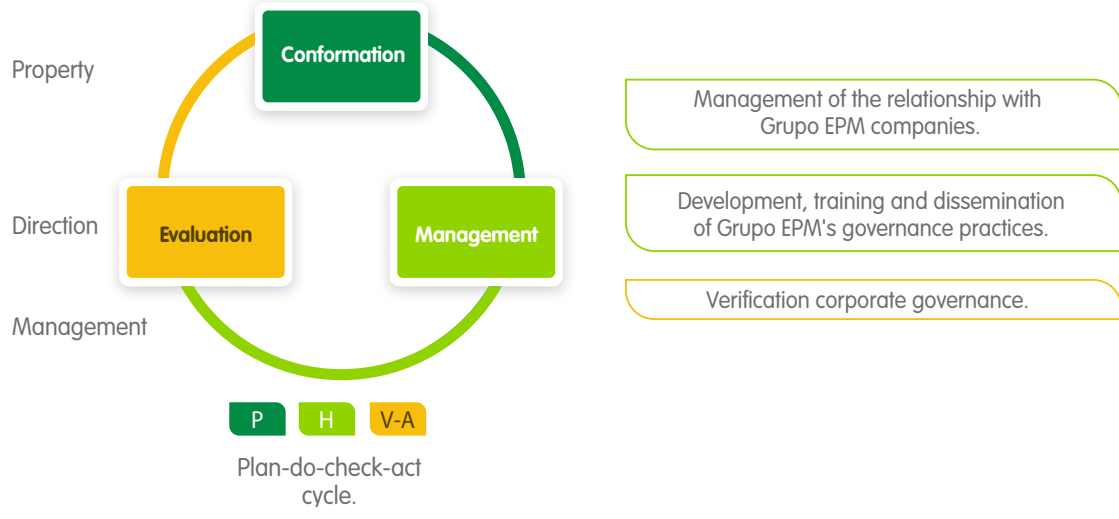


- **Action framework and practices:** graphic representation, in order of precedence and time, of the corporate governance practices applied to the Grupo EPM's governing bodies. Also included are those aimed at strengthening the relationship between the Group's companies, and finally those aimed at strengthening the evolution of corporate governance through development, training and dissemination.



General level action framework graph.

Corporate Governance Planning

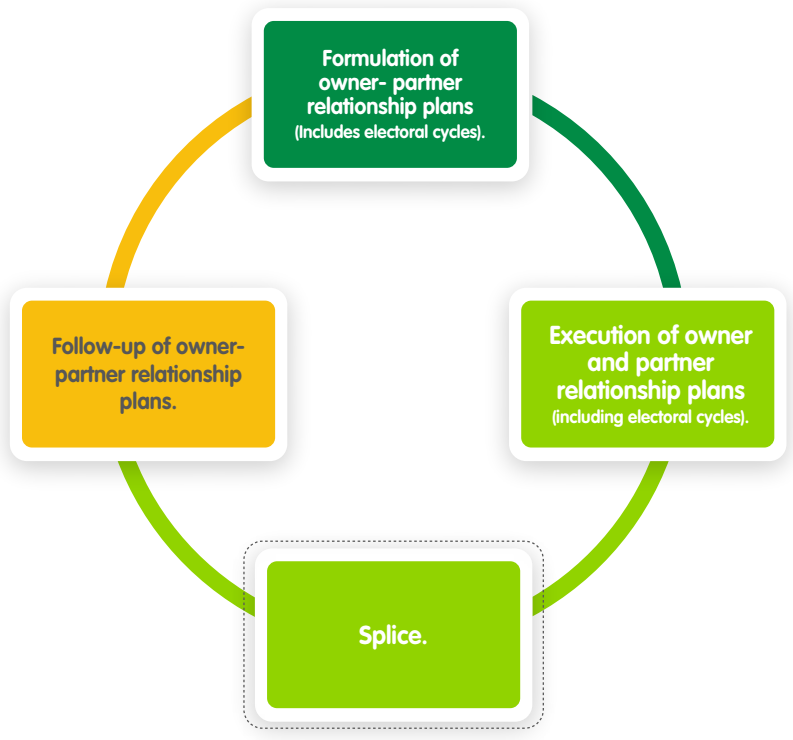


Ownership:
Conformation, management and evaluation of governing bodies.

Performance framework chart - ownership detail



EPM's practices with its owner, and EPM as majority shareholder



Applies for EPM

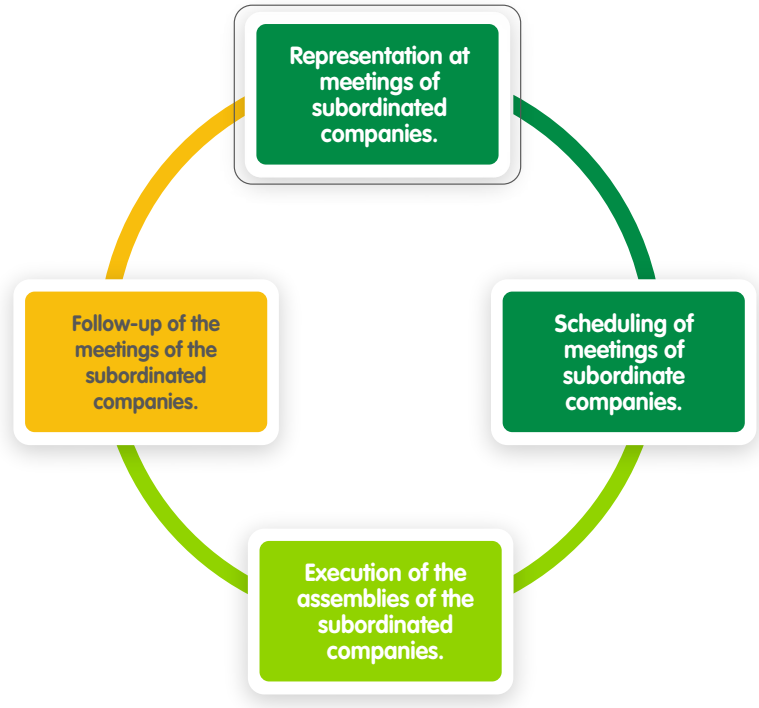


Applies every 4 years



Plan-do-check-act cycle.

Practices of the subordinate companies of the Grupo EPM



Applies for EPM



Applies every 4 years



Plan-do-check-act cycle.



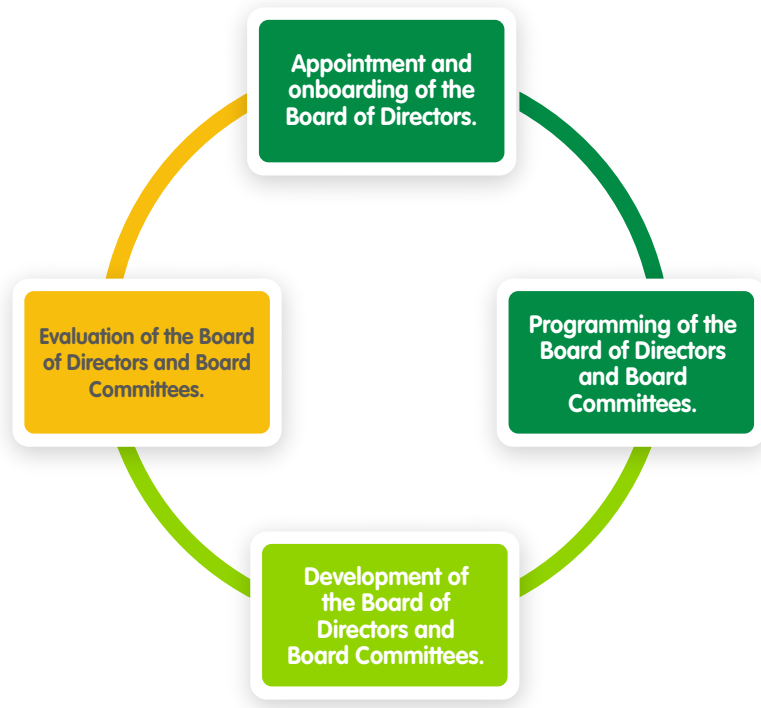
Management:

Conformation, management and evaluation of governing bodies.

Performance Framework Chart - detail of the Board of Directors.



Practices of EPM and the Grupo EPM's subordinated companies



P H V-A

Plan-do-check-act cycle.

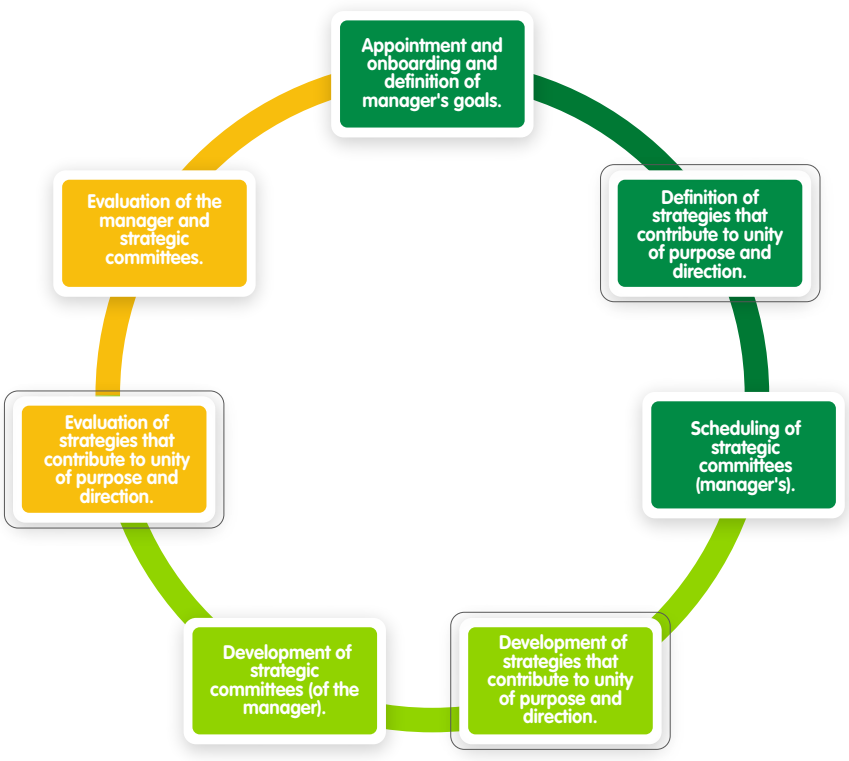
Management:

Conformation, management and evaluation of governing bodies.

Performance framework chart - management detail.



Practices of EPM and the Grupo EPM's subordinated companies



Applies for EPM

P
H
V-A

Plan-do-check-act cycle.

Management of the relationship with Grupo EPM companies.

Performance framework chart - detail of the management of the relationship between the Group's companies.



Practices of EPM and the Grupo EPM's subordinated companies



P H V-A

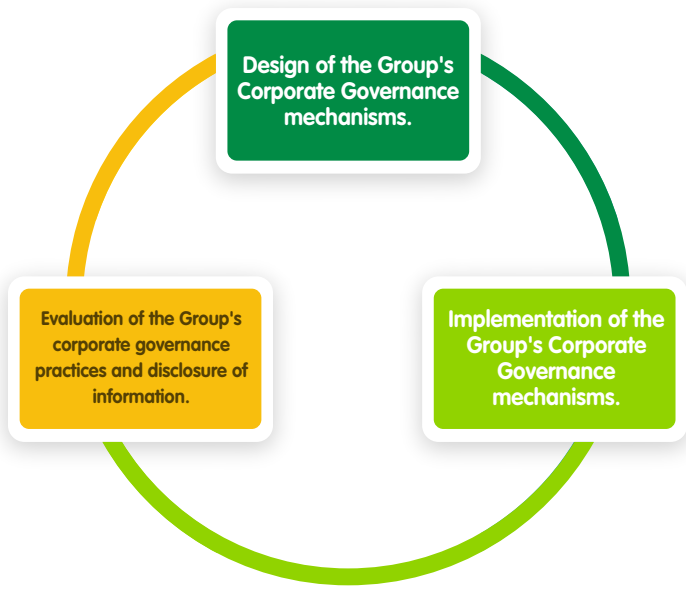
Plan-do-check-act cycle.

Development, training and dissemination of Grupo EPM's governance practices.

Performance framework chart - details of the development, training and dissemination of the Group's governance practices.



Practices of EPM and the Grupo EPM's subordinated companies



P H V-A

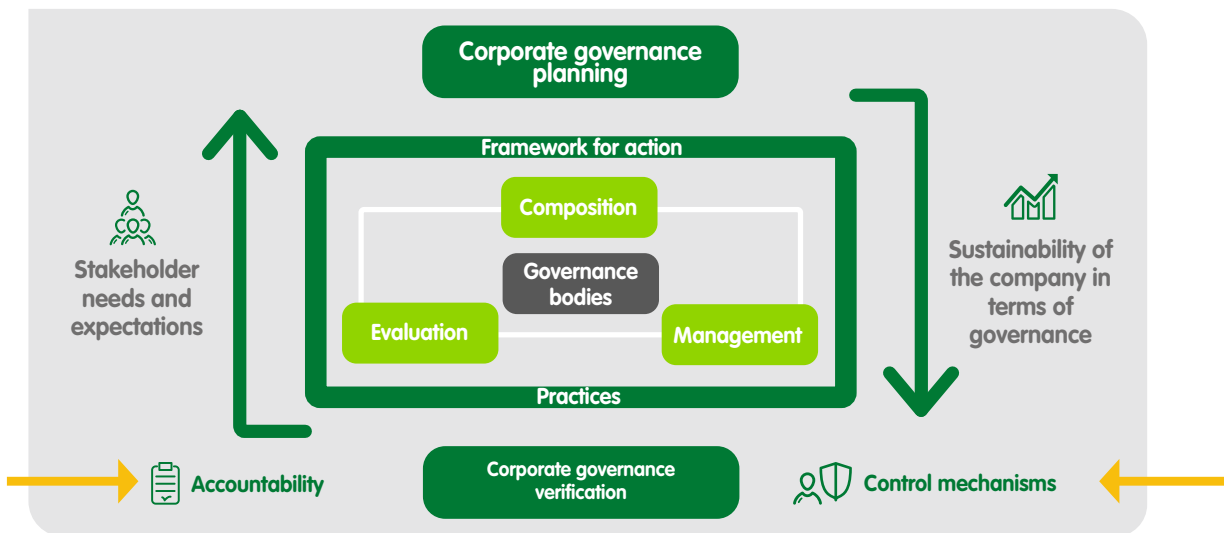
Plan-do-check-act cycle.

- **Control and accountability mechanisms:** regulation, self-regulation and control mechanisms ensure compliance with the rules that limit the exercise of the functions of each of the Company's governing bodies, so it is essential to implement these mechanisms in the Corporate Governance Framework, as they contribute to the existence of checks and balances in the General Corporate Governance Framework.

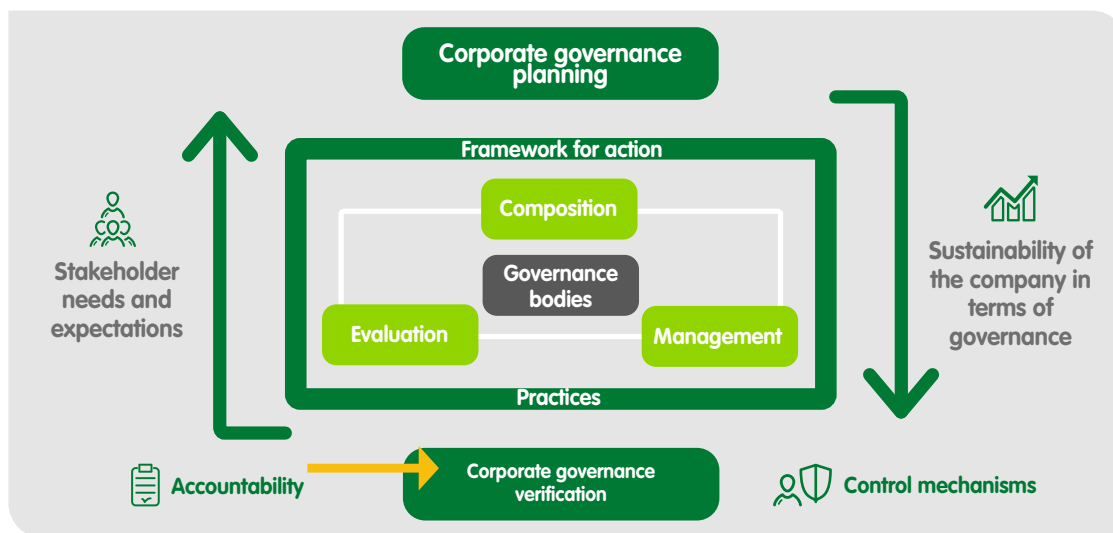
For the Grupo EPM it is of utmost importance to guarantee that the mechanisms described above exist, for this purpose, it has internal and external controls. Among the latter are all those implemented by the bodies that by law exercise control, as well as the voluntary measures that monitor the status of control practices in an impartial, independent and objective manner; these are, for example: the measurement performed by the entity Transparency for Colombia, the audit of the execution of the Annual Corporate Governance Activity Plan, the control exercised by the Financial Superintendency of Colombia and investors, among others. Likewise, the General Corporate Governance Framework interacts with other management systems implemented to promote a culture of risk management and controls, ethical management, compliance, among others, which strengthen the control environment in the Group.

In addition to the practices adopted within the control environment, it is a priority for Grupo EPM to bring the Company's management closer to the citizens and, in general, to the stakeholders, so that they can verify compliance with the best corporate governance practices, since they are guarantors of the preservation of the generation of value for the Company.

Therefore, accountability completes the control environment described above, where through timely, clear and transparent communication mechanisms, the Grupo EPM promotes the construction of a social capital that allows the durability of good business practices. Thus, accountability is manifested in practices such as ethical management, culture and values; disclosure of timely, complete and available information to stakeholders and the market in general; mechanisms for citizen participation, disclosure of conflicts of interest, rating of corporate governance standards by international external entities such as risk rating agencies, among others.



- **Verification of corporate governance:** according to the planning and the results of the different evaluations defined in the performance framework, progress is monitored, deviations are identified and improvement actions are implemented to achieve the objectives and strengthen the level of maturity in corporate governance of the Grupo EPM.



Documentation structure of the Grupo EPM's General Corporate Governance Framework

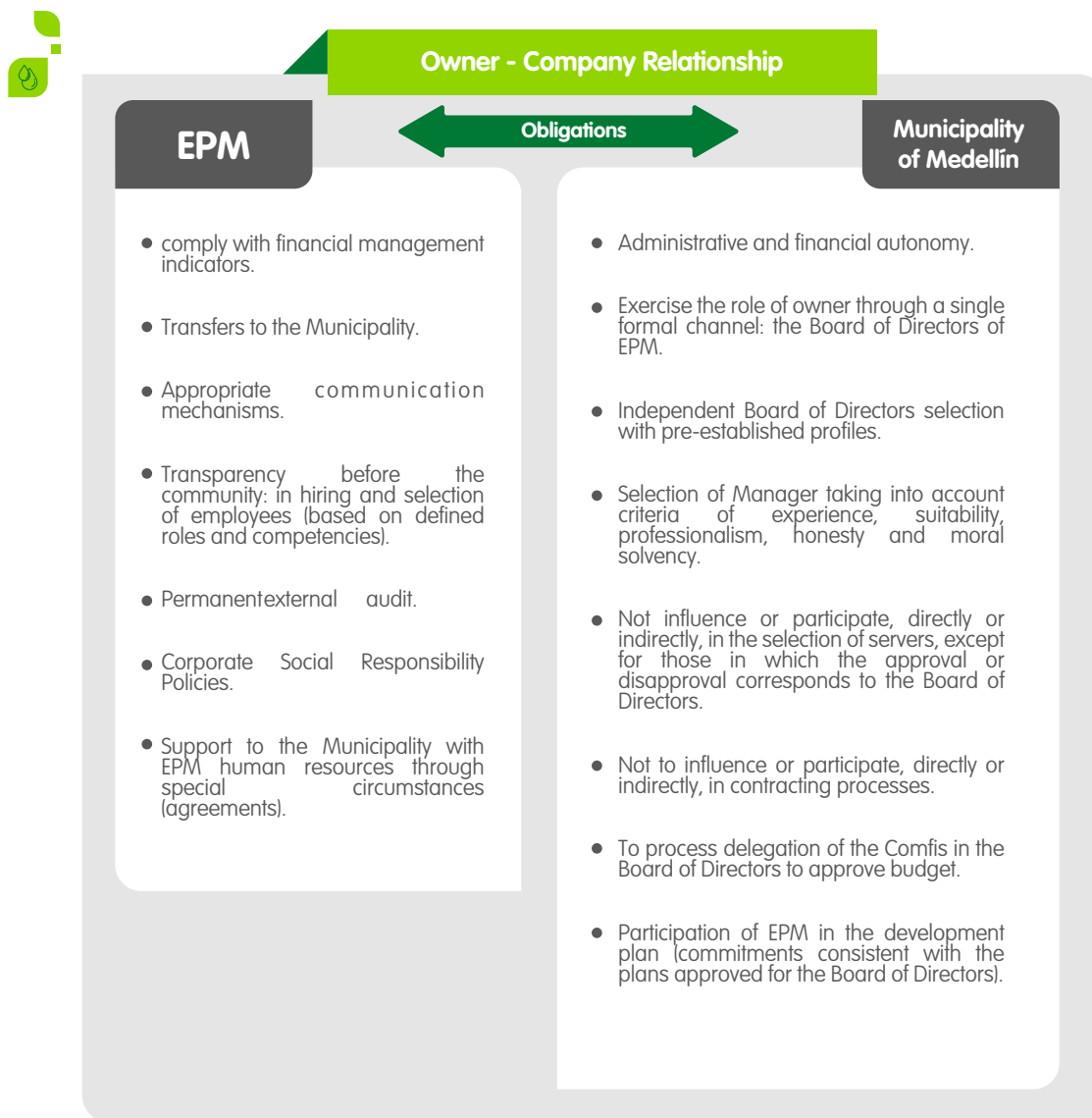
The documentation of the practices originating in the General Corporate Governance Framework is organized as follows:

Documentation structure of the Grupo EPM's General Corporate Governance Framework		
Level of the General Corporate Governance Framework	Document that formalizes the corporate governance practice	Criteria for the issuance and formalization of the document
General Framework.	Corporate Governance Code.	It is planned in EPM, submitted for consideration and formalized in the respective governing body of each Group company.
Framework for Action.	Guidelines, regulations, manuals, instructions, protocols, among other documents issued by the governing body in accordance with the competence or by the Corporate Governance Unit.	Corporate Governance, for example: the way to make the governance evaluation, the way to celebrate and manage minutes of the Governance Agreement, the application of the Board evaluation methodology, the application of the manager evaluation methodology, among others; are projected and formalized in EPM's Corporate Governance Unit, submitted for consideration and adopted in the Group's companies through the mechanisms defined by the Governance Agreement.

The documents issued and the records generated from the execution of corporate governance practices are controlled in accordance with the document management defined in each company of the Grupo EPM.

Attachment 2: Context of the Relationship Framework Agreement

The Relationship Framework Agreement⁵, signed between EPM and the Municipality of Medellín in 2007, reflects the common objective of these entities to generate business management conditions that enable sustainability and the generation of value for stakeholders, but especially, that make EPM a viable source of income for the city of Medellín.



⁵Link to the Framework Relationship Agreement: <https://www.epm.com.co/site/Portals/5/documentos/InformacionRelevante/1.%20Convenio%20marco%20de%20relaciones.pdf>

Attachment 3: Resumes of EPM Board Members



Daniel Quintero Calle
Mayor of Medellín

Chairman of the Board of Directors EPM (From 01/ Jan/2020)
Age Range: 30-45 years / PEP: Yes
No Independent

Education

- Electronic Engineer **Universidad de Antioquia (Medellin - Colombia)**
- Specialization in Finance **Universidad de los Andes (Bogota - Colombia)**
- Master in Business Administration (MBA) **Boston University (USA)**

Other studies

- Course for Global Leaders in Public Financial Management
(Harvard Kennedy School of Government)

Experience

- Vice Minister of the Ministry of Information Technologies and Telecommunications (2016 -2017)
- Director INNpuls Colombia (2015 - 2016)
- Director of Piensa Verde Foundation (2012 - 2014)
- Management Consultant Intrasoft S.A. (2005 - 2015)

Acknowledgments

- Carlos Lemos Simmonds Order for transparency, democracy and social development.
- St. Gabriel Archangel National Army Medal.



Bernardita Pérez Restrepo

EPM Board Member (From 08/25/2020)

Age Range: 60-65 years old

PEP: Yes

Independent

Education and experience

Lawyer from the University of Antioquia, specialist in Philosophy of Law from the University of Castilla La Mancha (Spain); Master's student in Political Philosophy at the Institute of Philosophy of the University of Antioquia. He has taught at the universities of Antioquia, Pontificia Bolivariana, Medellín, Nacional and Universidad Libre.

He has been a lecturer in constitutional law, political law and administrative law. She has extensive experience in the public sector as a consultant in the Superior Council of the Judiciary, Advisor to the Presidency of the Senate of the Republic, Ombudsman of Teleantioquia, Judge of the Superior Court of Medellin, Judge of the Contentious Administrative Court and Judge of the Constitutional Court.

In the private sector she has been advisor, consultant and board member of different companies in the infrastructure sector, as well as academic collaborator of Non-Governmental Organizations.





Gildardo Antonio Correa Salazar

EPM Board Member (From 08/25/2020)

Age Range: 66-70 years old

PEP: Yes

No Independent

Vocal of Control of Public Utilities of the city of Medellín Commune 1, since 2013.

Experience

- Neighborhood animator of the Local Development Plan of Commune 1 (2006 - 2013)
- Neighborhood delegate to the Participative Budget (PB) of Commune 1 (2005 - 2013)
- Trainer of Community Action Trainers (2008 - 2012)
- Coordinator of the Coexistence and Participation Commission of Commune 1 of the Participatory Budget (2007 - 2008).
- Twice Chairman of local community council 1 (1996 - 2000)
- Councilman JAL Commune 1 (1995 - 1997)
- Member of COPACO Board (1994 - 1997)
- General Secretary of the Informal Economy Union (1966 - 1968)





Jorge Iván Palacio Palacio

EPM Board Member (From 08/17/2020)

Age Range: 71-75 years old

PEP: Yes

Independent

Education and experience

Colombian lawyer and jurist, former president of the Constitutional Court of Colombia between 2013 and 2014. He is a lawyer from Universidad Autónoma de Medellín and holds a Master's Degree in Law from Universidad Sergio Arboleda.

In his career he has served as a magistrate of the Constitutional Court, magistrate of the Supreme Court of Justice and judge of the same entity. He has been a judge in Medellín and different municipalities of the department of Antioquia, national and international lecturer, professor at the Universidad de los Andes in 2019 and independent legal advisor.





Olmer Orlando Palacio Garzón

EPM Board Member (From 08/25/2020)
Age Range: 30-45 years old
PEP: Yes
Independent

Education

- Graduate in Preschool Education from **Universidad San Buenaventura**

Experience

- Vocal of control of utilities of the city of Medellín **Commune 3 (Conectémonos)**.
- He has worked as a teacher and social manager.



Omar Flórez Vélez

EPM Board Member (From 08/17/2020)
Age Range: 71-75 years old
PEP: Yes
Independent

Education and experience

Former Mayor of Medellín and former Chairman of the Board of Directors of EPM, he is an administrative engineer from Universidad Nacional and a specialist in Business Management and Competitiveness. He has served as manager of the Liquor Factory of Antioquia, Secretary of Finance of Antioquia, Secretary of Government of Antioquia, Vice Minister and Minister of Communications, representative to the Chamber of Deputies and Senator of the Republic, President of the National Association of Municipalities, among other positions in the private sector.



Pablo Felipe Robledo Del Castillo

EPM Board Member (From 08/21/2020)

Age Range: 50-55 years old

PEP: Yes

Independent

Education and experience

Lawyer, specialist in Civil Procedural Law and candidate for a Master's Degree in Contractual and Extracontractual Civil and State Liability from the Universidad Externado de Colombia.

In the public sector he has served as Superintendent of Industry and Commerce, Deputy Minister for the Promotion of Justice, Minister of Justice and Law (in charge), Deputy Minister of Criminal Policy and Restorative Justice (in charge), Director of the National Agency for the Legal Defense of the State (in charge), Deputy Minister of Justice and Law, Governor of the Department of Guaviare (in charge), among others.

In the private sector he has worked as a trial lawyer, advisor, consultant and partner of law firms. He has teaching experience in public and private educational institutions.

He participated as alternate Chairman of the Review Commission of the Draft Law of the General Code of Procedure and of the Interinstitutional Commission of Constitutional Reform to Justice appointed by the President of the Republic, member of the Drafting Commission of the Draft Law of National and International Arbitration, among others.





Sergio Andrés Restrepo Muños

EPM Board Member (Since 05/19/2021)

Age Range: 30 - 45 years old

PEP: Yes

No Independent

Education and experience

Electrical Engineer from Universidad de Antioquia, with postgraduate degrees from Universidad Externado de Colombia in Regulation and Management of Information and Communications Technologies, and in Regulation of Electric Energy and Gas. He passed the Innovation and Leadership in Government (ILG) program at Georgetown University in Washington D.C. He studied Project Management and Administration at Universidad de la Salle in Bogotá, as well as Renewable Energies - Photovoltaic Installations at Universidad Nacional de Colombia. He is currently pursuing a Master's degree in Electrical Engineering and Sustainable Energy Management at the Universidad de Bogotá Jorge Tadeo Lozano.

He has knowledge and experience in policy and structuring of public procurement processes, public utilities, energy markets and implementation of electric energy, renewable energy and information and communications technology projects.

He has been a professional services advisor at the Ministry of Information Technology and Communications, and has accompanied the National Public Procurement Agency Colombia Compra Eficiente in issues related to the structuring of technical specifications and IT standards. He has also worked as Energy Supervisor at American Tower Corporation and as Project Professional at Furel S.A.

Currently, he is a control member of the Development and Social Control Committee "Buen Vecino" (Good Neighbor), through which the benefits related to the Minimum Vital Potable Water program, among others, are promoted.

He is also a member of the Board of Directors and the Audit Committee of UNE EPM Telecomunicaciones S.A and Colombia Móvil S.A E.S.P. And he was a permanent guest member of the Board of Directors of Distribuidora Eléctrica DELSUR S.A de C.V - Grupo EPM.



Guillermo León Diossa Pérez

**Former Board Member EPM (From 08/25/2020
Until: 05/18/2021)**

**Age Range: 60-65 years old
PEP: Yes**

Education and experience

Mechanical Engineer, specialist in Maintenance Management from Universidad de Antioquia and in Environmental Education from Universidad Pontificia Bolivariana.

Member of the control of domiciliary public utilities of the city of Medellín since 2003 (CODECOS).

He has served as Undersecretary of Environment of the Municipality of Medellín and Secretary of Environment (in charge); CEO of Pontus Group SAS; territorial director of Corantioquia - Panzenú, manager of Modial Ltda; auditor of the Comptroller General of the Republic, and professor at the Instituto Tecnológico Pascual Bravo.

He has extensive experience in environmental authority, environmental licensing of projects, structuring of hydroelectric projects, hydraulic infrastructure and administration of water networks, forestry, property, contractual and legal management. He was a speaker at the forum on urban transformation, local

development and sustainable cities as change agents; an advisor for International Certification and Training S.S. and Transtech; and advisor in the implementation of the quality system of the Physical Education Institute of the University of Antioquia for sports initiation schools.

He has been a member of the boards of directors of Parque Arví, Jardín Botánico Joaquín Antonio Uribe, Centro de Extensión Académica de la Facultad de Ingeniería de la Universidad de Antioquia (Ceset), Transtech. Member of committees of Corantioquia, International Certification And Training S.A., Extension Committee of the Faculty of Engineering of the University of Antioquia, committee for the formulation of the PGIRS of the Metropolitan Area of the Municipality of Medellín.

Current representative of the alumni in the Council of the Faculty of Engineering of the University of Antioquia.



Jorge Andrés Carrillo Cardoso

**Former Board Member EPM (From 08/25/2020
Until: 04/12/2021)**

**Age Range: 30–45 years old
PEP: Yes**

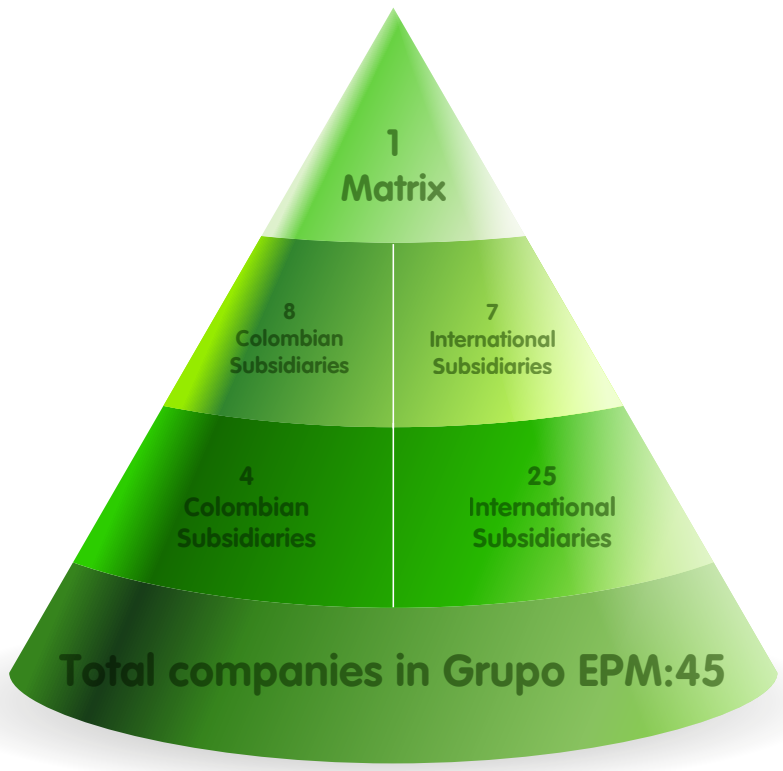
Education and experience

Civil and environmental engineer with a master's degree in Environmental Management from Universidad de Los Andes. With extensive experience as a senior official of the Colombian Government and as a business consultant, leading the formulation of public policies, regulation, projects and programs for public and private sector entities in sustainable management, water security and circular economy, project structuring and strategic direction of public-private coalitions, with excellent high-level relationship and obtaining results.

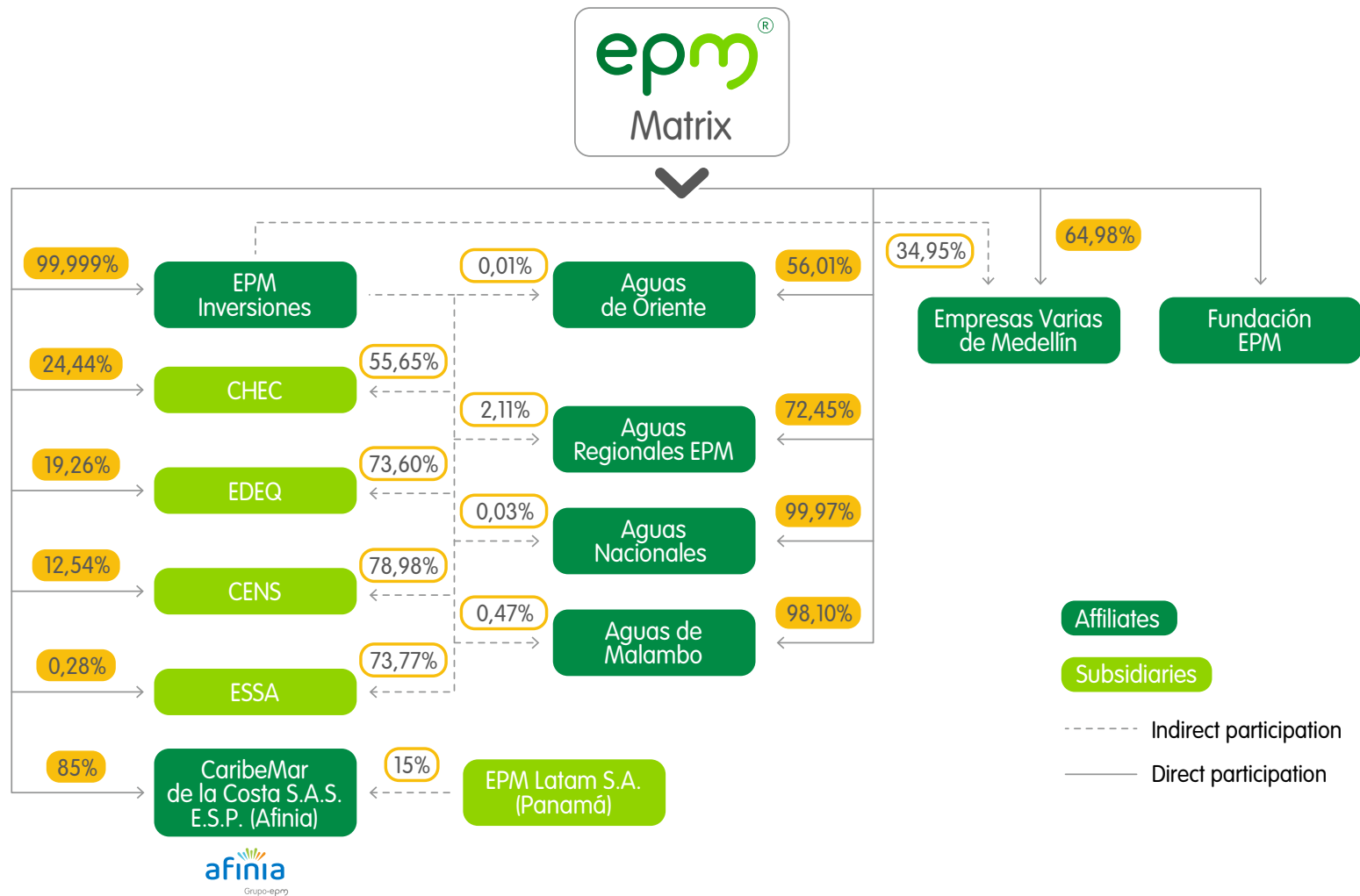
He has been advisor to the Presidency of ANDESCO, Project Manager Water Coalition for Colombia of TNC (The Nature Conservancy); manager of the Construction Services Division of Grupo Constructor Normandia S.A.; vice minister of Water and Basic Sanitation of the Ministry of Housing, City and Territory; Director of the Water and Basic Sanitation Regulatory Commission (CRA); advisor to the Board of Directors of the Colombian Geological Service; advisor to the National Water Council; advisor to the National Environmental Council; and member of the Intersectoral Commission on Climate Change. Advisor to the High Presidential Advisor for the Regions (Presidency of the Republic); coordinator of Environment and Water Resources for USAID's Orinoquia Master Plan; delegated superintendent for Aqeduct, Sewerage and Sewage (Superintendency of Public Utilities); consultant to the Business Management Directorate of the United Nations Development Program (UNDP).

Attachment 4: Grupo EPM Shareholding Composition

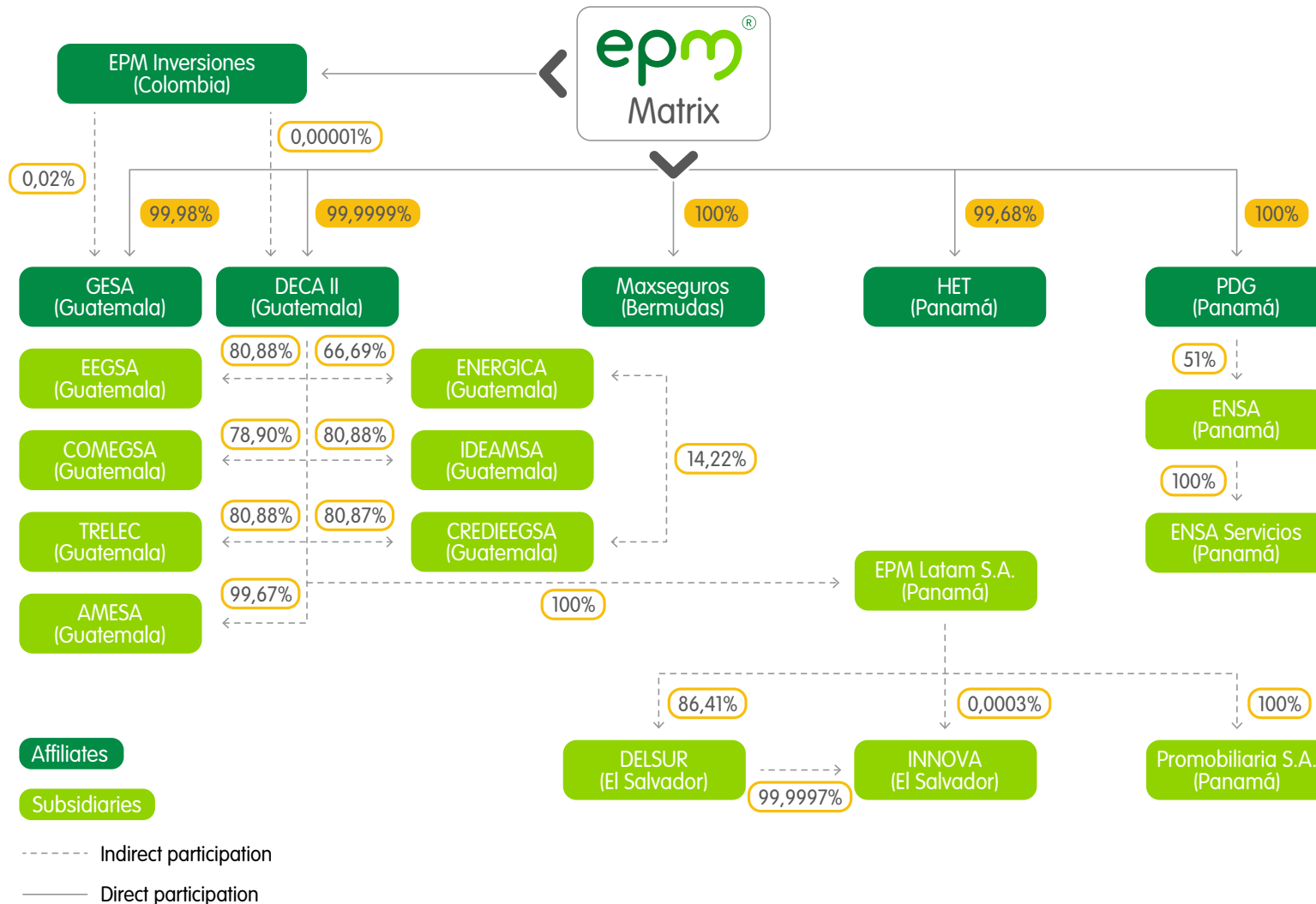
General structure of the Grupo EPM



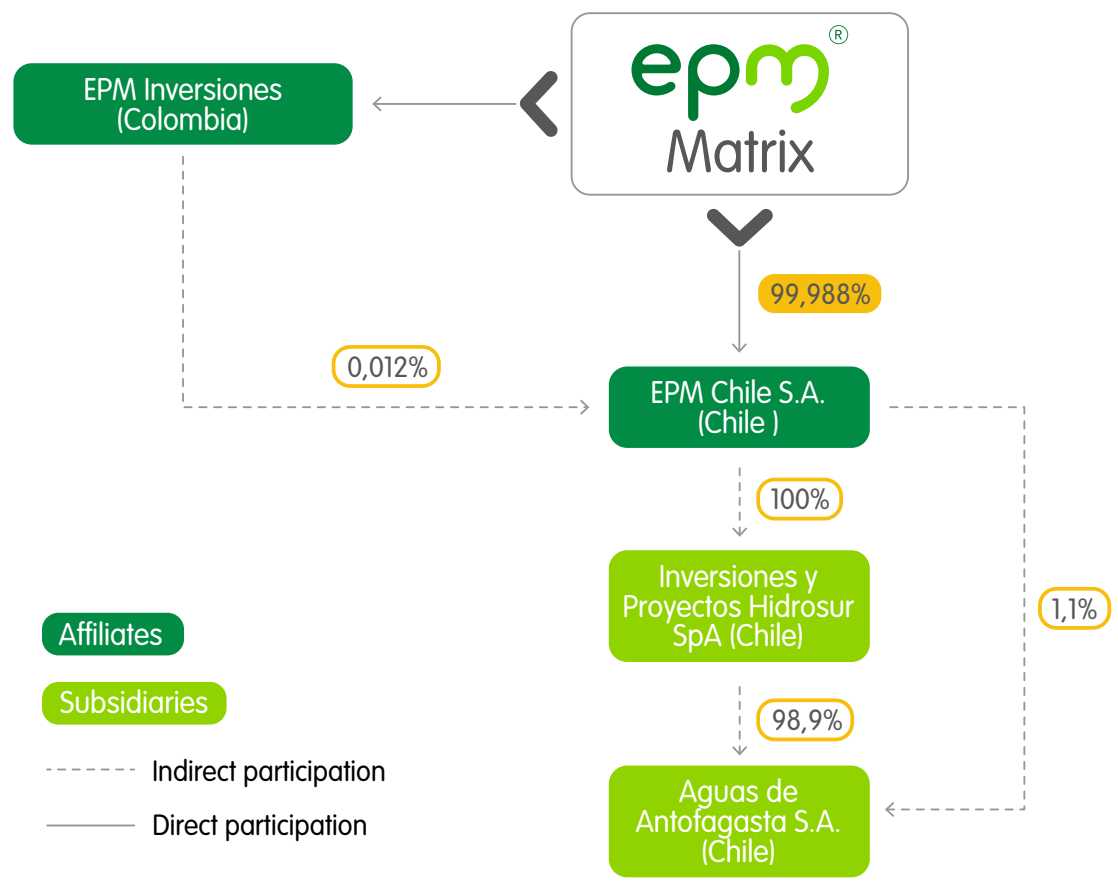
Subsidiaries in Colombia



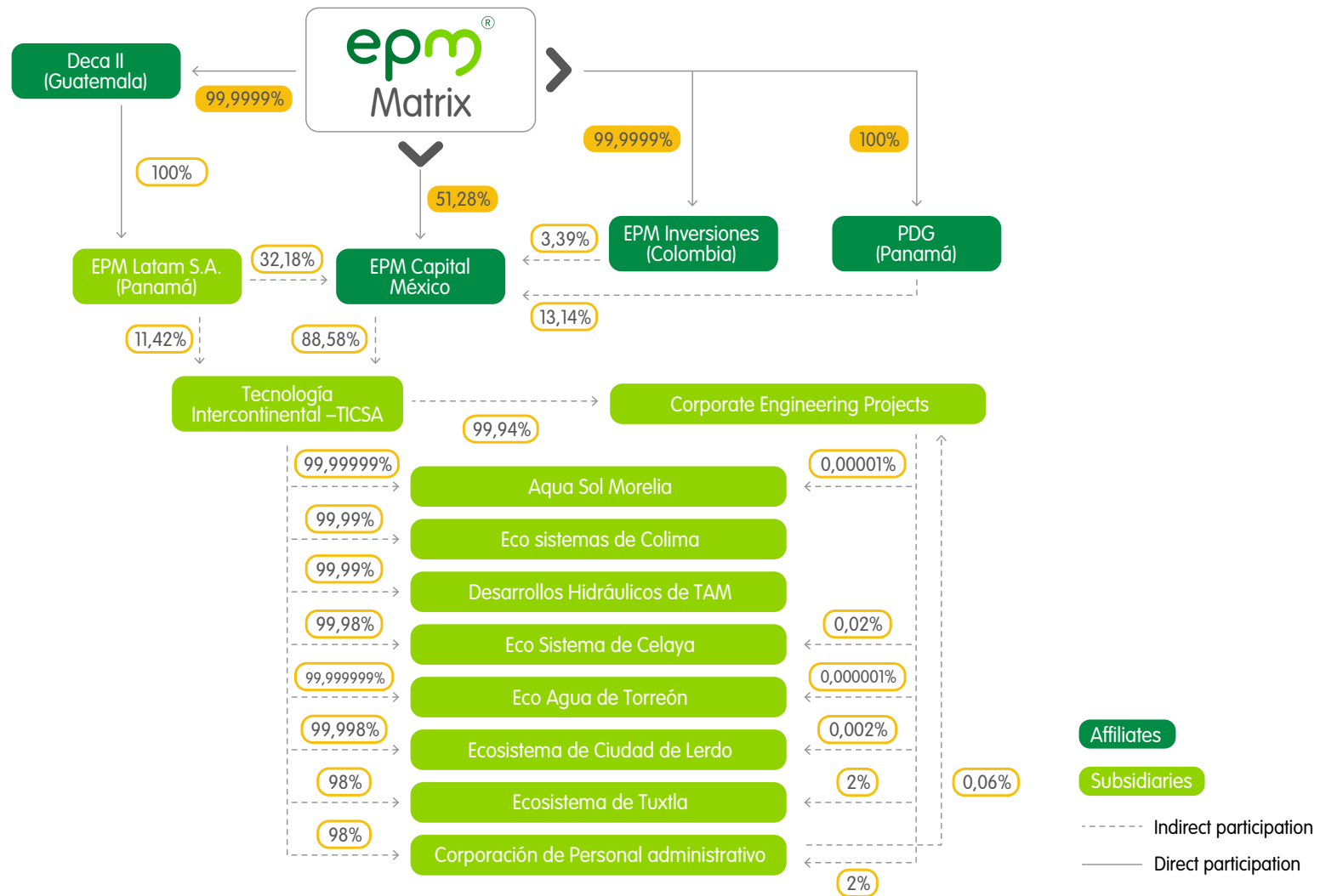
Subsidiaries in Central America and the Caribbean



Subsidiaries in Chile



Subsidiaries in México



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES



Grupo-epm

Sustainable management



- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS





General information





About this Report





Report Profile



Report Profile

- EPM and the Grupo EPM publish their sustainability management annually.
Content GRI 102-52.
- This report is from January 1 to December 31, 2021.
Content GRI 102-50.
- It was published on the website in May 2022.
Content GRI 102-51.



This report has been prepared in accordance with the GRI Standards, Comprehensive option. **Content GRI 102-54**

This is EPM's fifteenth Sustainability Report prepared according to GRI methodology.



[View GRI Table of Contents.](#)

This report publishes financial and non-financial information of EPM and Grupo EPM. The Sustainable Management chapter includes information on the following companies of the Grupo EPM:

Content 102-45



Country	Company	Business
Colombia	EPM	Water
		Sanitation
		Electric power generation
		Transmission and distribution of electric power
		Natural gas
	Aguas Nacionales EPM	Water
	Aguas de Oriente	
	Aguas Regionales	
	Aguas de Malambo	
	Emvarias	Sanitation
ESSA	Generation, transmission and distribution of electric power	
CHEC		
EDEQ	Transmission and distribution of electric power	
CENS		
Afinia		
El Salvador	DELSUR	
Guatemala	EPM Guatemala	
Chile	ADASA	Water
México	TICSA	Sanitation
Panamá	HET	Power generation
	ENSA	Transmission and distribution of electric power



This report is aligned with the Sustainable Development Goals, the principles of the Global Compact, the ISO26000 standard, the framework of the International Integrated Reporting Council - IIRC and the Integrated Planning and Management Model - MIPG.

The Sustainability Report includes the Manager's management report, corporate governance management, sustainable management, financial management of EPM and the Grupo EPM, and the report on the future Ituango hydroelectric power plant.

This information is disclosed annually to stakeholders, to society in general and to specific audiences through face-to-face and virtual methods.

The contents of the report were reviewed and approved by Company officers and externally verified by Ernst & Young. **Content 102-56**



For more information see [External verification of the report.](#)

The preparation of the report is coordinated by the Sustainable Development Management, which is part of EPM's Strategy and Planning Business Unit.

- **Contact information:** **Content 102-53**
- **E-mail:** sostenibilidad.epm@epm.com.co
- **Phone:** +57 604 3802630
- **Address of EPM's headquarters and main office:**
Carrera 58 # 42 – 125, Medellín – Antioquia (Colombia). **Content 102-3**

Contents GRI standards and proprietary indicators

- 102-3** Location of the headquarters.
- 102-45** Entities included in the consolidated financial statements.
- 102-50** Reporting period.
- 102-51** Date of last report.
- 102-52** Reporting cycle.
- 102-53** Contact point for questions about the report.
- 102-54** Statement of preparation of the report in accordance with GRI Standards.
- 102-56** External verification.



Communication on Progress (CoP) - Global Compact



Communication on Progress (CoP) - Global Compact

EPM manages its relations and commitments with its stakeholders based on the guidelines offered by the UNEP Stakeholder Relations Diagnosis and Practice Manual, Accountability and Stakeholders Research Associates.

The **Grupo EPM** incorporates the ten principles of the United Nations Global Compact as part of its commitment to global sustainability and its stakeholders. This management is immersed in the strategic and operational challenges of the Organization, as follows:

- **Human Rights** management is mainly associated with the stakeholders Suppliers and contractors, Community, Customers and users, and Grupo EPM People. It is reported in detail in [Human Rights](#).
- **Labor rights** management is associated with the Grupo EPM People stakeholder group and is reported in detail in [Human Rights](#) and [Work environment](#).
- **Environmental management** is reported in detail in [Water and biodiversity](#), [Renewable energies](#), [Climate strategy](#) and [Sustainable production and consumption](#).
- The management approach and issues related to **anti-corruption** are reported in [Transparency](#), composed of the actions [Transparency practices](#) and [Stakeholder information](#).

The alignment of EPM's social and environmental management issues with the principles of the Global Compact is contained in the [Global Compact](#).

This report responds to the requirements of the "Communication on Progress" to report on EPM's practices derived from its conviction and commitment to 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, the year of our adhesion, to continue participating in the activities of the Global Compact Network in Colombia and in the Antioquia Node at the regional level.



This report meets the requirements of the Communication on Progress to honor EPM's commitment to the Global Compact to report on the disclosure and application of the principles in its strategy and operations, convinced of their value as a starting point towards common purposes.

The **Global Compact Advanced Communication on Progress Certificate** can be consulted at: [Communication on Progress \(CoP\) - Global Compact](#).





Table of Contents GRI



GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification		
GRI 102. General contents	1. Organizational Profile	102-1 Name of the organization.	Who we are	✓		
		102-2 Activities, brands, products and services.				
		102-3 Location of headquarters.			Report profile	✓
		102-4 Location of operations.			Who we are	✓
		102-5 Ownership and legal form.			Attachment 4: Grupo EPM's shareholder composition	✓
		102-6 Markets served.			Who we are	✓
		102-7 Size of the organization.			People from Grupo EPM Employee headcount	✓
		102-8 Information on employees and other workers.			Omission: the total number of employees by type of contract (permanent and temporary) and by working day is not reported, because the information is not considered necessary for management purposes and is therefore not available. Procurement and contracting	✓
		102-9 Supply chain.			Our goods and services supply cycle	✓
					Responsible sourcing for local development	
Relations with suppliers and contractors						
Strengthening and development of suppliers						
Procurement and contracting						

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification
GRI 102. General contents	1. Organizational Profile	102-10 Significant changes in the organization and its supply chain.	Grupo EPM's capital and ownership structure	✓
			Attachment 4: Grupo EPM's Shareholding Composition	✓
		102-11 Precautionary principle or approach.	Precautionary principle	✓
			Climate strategy	
		102-12 External initiatives.	Water and biodiversity	✓
			Water conservation	
			EPM Foundation	
		102-13 Membership in associations.	Synergies for environmental management	✓
			External initiatives	
		EU1 Installed capacity broken down by primary energy source and by regulatory regime.	Commitments to external sustainability initiatives	✓
EU2 Net energy production by primary energy source and by regulatory regime.	Who we are EU1-Omission: non-renewable energy sources are not specified, as the information is not available.	✓		
EU3 Number of residential, industrial, institutional and commercial customers.	EU3-Omission: the information is not presented according to type of customer account or point of connection, but rather the number of connections in the year is quantified, as the information is not available.	✓		
	Customers and users Service coverage and expansion Omission: the information is not presented according to the type of client account or the connection point, but rather the number of connections in the year is quantified, since the information is not available.	✓		

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification
GRI 102. General contents	1. Organizational Profile	EU4 Length of transmission and distribution lines (subway and overhead).	<u>Who we are</u> EU4: The voltage range used to categorize transmission and distribution lines is not identified. No information is available on the assumptions for estimating the length of the circuits, as the information is not available.	✓
			<u>Universalization and expansion of the service</u>	✓
		EU5 Allocation of allowable CO2 emissions, broken down according to the carbon credit trading framework.	EPM does not operate in markets where carbon credits trading operates.	✓
	2. Strategy	102-14 - Statement from senior executives responsible for decision making.	<u>Letter from the CEO of EPM</u>	✓
		02-15 - Main impacts, risks and opportunities.	<u>Comprehensive risk management</u> <u>Strategic direction and alignment with the SDGs 6</u> <u>strategic focuses</u>	✓
	3. Ethics and integrity	102-16 Values, principles, standards and norms of conduct.	<u>7.1. Transparency</u>	✓
			<u>Transparency practices</u>	✓
		102-17 Advisory mechanisms and ethical concerns.	<u>Ethical management of the Grupo EPM</u>	✓
	4. Governance	102-18 Governance structure.	<u>Formation of the Board of Directors</u>	✓
			<u>Composition of the Board of Directors</u>	
			<u>Management of Board Committees</u>	
			<u>Boards of Directors that belong to Grupo EPM</u>	
			<u>Attachment 3: Resumes of EPM Board Members</u>	

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification	
GRI 102. General contents	4. Governance	102-19 Delegation of authority.	Formation of the Board of Directors	✓	
			Composition of the Board of Directors		
			Management of Board Committees		
			Boards of Directors Grupo EPM		
			Attachment 3: Resumes of EPM Board of Directors Members		
		102-20 Executive-level responsibility for economic, environmental, and social topics.	Senior Management The Sustainable Development Management, attached to the Strategy and Growth Executive Vice-Presidency, has as its basic function "to lead the direction in matters of economic, human, social and environmental sustainability, and ensure its deployment and alignment in the Grupo EPM's business plan, in such a way that it makes the generation of value for the Grupo EPM and its stakeholders feasible".	✓	
			102-21 Stakeholder consultation on economic, environmental, and social topics.	Conformation of the Board of Directors	✓
				Composition of the Board of Directors	✓
			102-22 Composition of the highest governance body and its committees.	Profiles of the members and characteristics of the Board composition	
				Attachment 3: Resumes of EPM Board of Directors Members	
102-23 Chairman of the highest governance body.	Management of the Board of Directors	✓			
102-24 Nomination and selection of the highest governance body.	Composition of the Board of Directors	✓			
102-25 Conflicts of interest.	Conflicts of interest	✓			

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification
GRI 102. General contents	4. Governance	102-26 The highest governance body's role in the selection of objectives, values and strategy.	Management of the Board of Directors The approval and updating of the purpose, values, mission, strategies, policies and goals is the responsibility of the committees supporting Management and the Board of Directors.	✓
			Management of Board Committees	
			Senior Management	
			Comprehensive risk management	
		102-27 Collective knowledge of the highest governance body.	Induction of the Board of Directors	✓
			Highlights of the Board's actions in 2021	
			Typical agenda and Board calendar	
		102-28 Evaluation of the highest governance body's performance.	Evaluation of the Board of Directors In response to literal d, regarding the measures taken in response to the performance evaluation, said evaluation will be carried out in the first half of 2022; therefore, at the time of publication of this report, there is no such result.	✓
			Evaluation of the General Manager In response to literal d, regarding actions taken in response to the performance evaluation, the evaluation was conducted in the first quarter of the year 2022; therefore, the results will be published in the next report.	
		102-29 Identification and management of economic, environmental and social impacts.	Highlights of the Board's actions in 2021	✓

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification
GRI 102. General contents	4. Governance	102-29 Identifying and managing economic, environmental, and social impacts.	<p>Typical agenda and Board calendar</p> <p>The identification and management of economic, environmental and social impacts is part of the issues that are periodically reviewed by the Board of Directors and managed by EPM's senior management through the Vice-Presidency of Strategy and Planning, which is in charge of sustainability issues (environmental and social) and the Vice-Presidency of Risks, which is responsible for the comprehensive management of risks in EPM. In addition, each time an issue is presented to the Board of Directors, its benefits, impacts, risks and uncertainties are previously identified.</p>	✓
		102-30 Effectiveness of risk management processes.	<p>Management of Board Committees</p> <p>Comprehensive risk management</p> <p>The review of the effectiveness of the risk management system is the responsibility of the Risk Vice-Presidency.</p>	✓
		102-31 Review of economic, environmental and social issues.	<p>Highlights of the Board's actions in 2021</p> <p>Typical agenda and Board calendar</p> <p>Typical agenda and calendar of the Grupo EPM's Board of Directors' meetings</p> <p>Comprehensive risk management</p>	✓
		102-32 Highest governance body's role in sustainability reporting.	<p>Relevant sustainability issues - Materiality, specifically in the Validation phase.</p> <p>Corporate Governance Report - Presentation</p>	✓
		102-33 Communication of critical concerns.	<p>Critical concerns</p> <p>Management of Board Committees</p> <p>Comprehensive Risk Management</p>	✓
		102-34 Nature and total number of critical concerns.	<p>Comprehensive Risk Management</p>	✓

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification
GRI 102. General contents	4. Governance	102-35 Compensation policies.	Compensation of the Board of Directors Compensation of Senior Management	✓
		102-36 Process for determining compensation.	Compensation of the Boards of Directors of Grupo EPM companies	✓
		102-37 Stakeholder engagement in compensation.	Compensation of the Board of Directors Compensation of Senior Management Compensation of the Boards of Directors of Grupo EPM companies The information in the following paragraphs is omitted: a. How stakeholders' opinions are solicited and taken into account in terms of remuneration. b. If applicable, the results of the votes on the proposals and remuneration policies.	✓
		102-38 Total annual compensation ratio.	Senior Management Compensation	✓
		102-39 Ratio of percentage increase in total annual compensation.		
	5. Stakeholder engagement	102-40 List of stakeholders.	Identification of stakeholders	✓
		102-41 Collective bargaining agreements.	Trade union organizations	✓
		102-42 Identification and selection of stakeholders.	Identification of stakeholders	✓
		102-43 Approach to stakeholder engagement.	Stakeholder engagement Stakeholder information	✓

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification	
GRI 102. General contents	5. Stakeholder engagement	102-44 Key issues and concerns mentioned.	The topics that were expressed by each stakeholder group in the material topic emphasis exercise are listed. This can be consulted in:	✓	
			Customers and users	✓	
			Community		
			Suppliers and contractors		
			People from Grupo EPM		
			Owner		
			Partners		
	6. Reporting practices	102-45 Entities included in the consolidated financial statements.	Report profile		✓
			102-46 Definition of the contents of the reports and coverage of the subject.	Relevant sustainability issues - Materiality	✓
					✓
✓					
102-47 List of material topics.				✓	
102-48 Restatement of information.	Relevant sustainability topics - Materiality in the Restatement section and correction of data from previous reports.	✓			
102-49 Changes in reporting.	Materiality - Reformulation and correction of data with respect to previous reports.	✓			

GRI Table of Contents

GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	External verification	
GRI 102. General contents	6. Reporting practices	102-50 Reporting period.	Report profile	✓	
		102-51 Date of last report.		✓	
		102-52 Reporting cycle.		✓	
		102-53 Contact point for questions about the report.		✓	
		102-54 Statement of preparation of the report in accordance with GRI Standards.		✓	
		102-55 GRI Table of Contents.		GRI Table of Contents	✓
		102-56 External verification.		External verification of the report	✓

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification	
Access and affordability	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Access and purchasability			✓	
			103-2 Management approach and its components.					
			103-3 Evaluation of the management approach.					
	GRI 200. Economic	GRI 203. Indirect economic impacts	203-2 Significant indirect economic impacts.	Universalization and expansion of the service			The number of beneficiaries is calculated on the basis of the following information of persons per dwelling supplied by DANE or the business's own calculations.	✓
				Account financing and delinquency				✗
				Rural electrification				✓
				Enabling Housing				✗
				Pay as you go				✗
				Prepaid services				✗
				Community meters				✗
				Population without service				✓
Access		EU26 Percentage of population not served in areas with distribution license.	Universalization and expansion of the service		Information not available	The percentage of people without service in areas with electricity, water and sewage distribution is not shown.	✓	
			Population without service				✗	

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Access and affordability	Not applicable	Not applicable	EPM-12 Solutions for existing unserved homes.	<u>Population without service</u>			✓
			EPM-17 Universalization of service.	<u>Universalization and expansion of the service</u>			✓
Water and biodiversity	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	<u>Water and biodiversity</u>			✓
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
	GRI 300. Environmental	GRI 303. Water	303-1 Interactions with water as a shared resource	<u>Water conservation and biodiversity</u>			✗
			<u>Water use and effluents</u>				
			<u>Management of impacts related to water and biodiversity</u>				

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Water and biodiversity	GRI 300. Environmental	GRI 303. Water	303-2 Management of impacts related to water discharge.	<u>Management of impacts related to water and biodiversity</u>		There is no standard guideline for water quality and discharges since everything is regulated by environmental regulations in force in each of the countries where Grupo EPM has a presence.	✗
				<u>Water use and effluents</u>			
			303-3 Water Withdrawal.	<u>Water use and effluents</u>	Information not available	For this year, the water catchments will not be separated according to solids concentration total dissolved solids.	✓
			303-4 Water discharge.	EPM has no operations in water-stressed areas that could represent competition for water. The Company supplies the basic water supply services.	Information not available	For this year, the water catchments will not be separated according to solids concentration total dissolved solids.	✓
			303-5 Water consumption.				✗

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Water and biodiversity	GRI 300. Environmental	GRI 304. Biodiversity	304-1 Operations owned, leased, or managed, located in or adjacent to protected areas or areas of high biodiversity value outside protected areas.	Water conservation and biodiversity			✗
			304-2 Significant impacts of activities, products, and services on biodiversity.	Management of impacts related to water and biodiversity			✓
			304-3 Protected or restored habitats.				✓
			304-4 IUCN Red List Species and on national conservation lists whose habitats are located in areas affected by the operations.	Water conservation and biodiversity			✗
			EU13 Comparison of biodiversity between compensated habitats and that of affected areas.	Management of impacts related to water and biodiversity			✓
			GRI 306. Effluents and waste	306-1 Discharge of water according to its quality and destination.	Water use and effluents		
	Not applicable	Not applicable	EPM-01 Conservation areas. EPM-10 Water protection.	Water conservation and biodiversity			✓

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Quality and safety of products and services	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	<u>Quality and safety of products and services</u>			✓
			103-2 The management approach and its components.				
			103-3 Evaluation of the management approach.				
	GRI 400. Social	GRI 416. Customer Health and Safety	16-2 Cases of noncompliance related to health and safety impacts safety of the categories of products and services.	<u>Safety in the provision of the service</u>			✗
		GRI 417. Marketing and labeling	417-3 Cases of non-compliance related to marketing communications.				
		GRI 418. Customer privacy	418-1 Substantiated complaints regarding breaches of customer privacy and loss of customer data.	<u>Customer Service</u>			✗
GRI 419. Socioeconomic compliance		419-1 Non-compliance with laws and regulations in the social and economic spheres.	<u>Safety in the provision of the service</u>			✗	
Health and safety in service delivery	EU25 Number of injuries and fatalities involving company assets, including judgments, legal, settlements and pending legal cases due to illness.						

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Quality and safety of products and services	GRI 400. Social	Access	EU28: Power outage frequency.	<u>Quality and continuity of service</u>			✓
			EU29: Average power outage duration.				✓
			EU30 Average availability of generation plants, by energy source and regulatory regime.	<u>Who we are</u>			✗
	Not applicable	Not applicable	EPM-03 Loss rate.	<u>Loss management</u>			✓
			EPM-04 Service channels.	<u>Customer Service</u>			✗
			EPM-05 Complaints.	<u>Customer satisfaction</u>			✗
			EPM-18 ICTAC aqueduct continuity index.	<u>Quality and continuity of service</u>			✓
	Organizational climate	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	<u>Organizational climate</u>		
103-2 The management approach and its components.							
103-3 Evaluation of the management approach.							
Not applicable		Not applicable	EPM-02 Results of organizational climate measurement.				

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification	
Responsible sourcing for local development	GRI 102. General Contents	1. Organization profile	102-8 Information on employees and other workers.	Procurement and contracting			✓	
			102-9 Supply chain.	Responsible sourcing for local development			✓	
				Relations with suppliers and contractors				
				Strengthening and development of suppliers and contractors				
				Procurement and contracting				
	GRI 103. Management Approach	103-1 Explanation of the material subject and its coverage.	103-2 The management approach and its components.	103-3 Evaluation of the management approach.	Responsible sourcing for local development			✓
	GRI 200. Economic	GRI 204. Procurement practices	204-1 Proportion of spending on local suppliers.				✓	
	Not applicable	Not applicable	EPM-06 Number and value of social contracting contracts.	Procurement and contracting			✓	
			EPM-07 Number, value and type of contracts in the Grupo EPM.					
			EPM-08 External employment generated in the hiring of Grupo EPM.				✓	
EPM-09 Supplier satisfaction.			Relations with suppliers and contractors					

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Human Rights	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Human Rights			✓
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
	GRI 400. Social	Local communities	EU22 Number of people physically or economically displaced and compensation provided, by type of project.	Human Rights Management in construction projects	Confidential information	Compensation offered to the displaced population is not reported.	✗
				Security and Human Rights			
		GRI 406. discrimination	406-1 Incidents of discrimination and corrective actions taken.	Institutional management in Human Rights		The reported scope corresponds only to EPM.	✓
				Human Rights in the supply chain			
				Institutional management in Human Rights			
GRI 407. Freedom of association and collective bargaining	407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk.	Human Rights in the supply chain			✗		
		Human Rights in the supply chain					
GRI 408. Child labor	408-1 Operations and suppliers with significant risk of child labor.	Human Rights in the supply chain			✗		
GRI 409. Forced or compulsory labor	409-1 Operations and suppliers with significant risk of forced or compulsory labor.	The risk associated with forced labor is minimized by means of the incorporation of clauses in the contracting documents.			✗		

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Human Rights	GRI 400. Social	GRI 410. Security practices	410-1 Security personnel trained in human rights policies or procedures.	Security and Human Rights			✓
		GRI 411. Rights of indigenous peoples	411-1 Cases of violations of the rights of indigenous peoples.	Human Rights Management in construction projects Institutional management in Human Rights			✗
		GRI 412. Human Rights Assessment	412-1 Operations subject to human rights impact assessments or reviews.	Human Rights in the supply chain Security and Human Rights			
			412-2 Employee training on human rights policies or procedures.	Institutional management in Human Rights Security and Human Rights			✗
			412-3 Significant investment agreements and contracts with human rights clauses or subject to human rights screening.	Human Rights in the supply chain	Information not available	Investment agreements do not include human rights clauses.	✗
		GRI 413. Local communities	413-1 Operations with local community involvement, impact assessments, and development programs.	Human Rights Management in construction projects Security and Human Rights			✗
		GRI 414. Social evaluation of suppliers	414-1 New suppliers that have passed selection filters in accordance with social criteria.	Human Rights in the supply chain	Not applicable	EPM does not have social criteria that serve as a filter in the selection process of new suppliers.	✗

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Human Rights	GRI 400. Social	GRI 414. Social evaluation of suppliers	414-2 Negative social impacts on the supply chain and actions taken.	Human Rights Management in construction projects Security and Human Rights Human Rights in the supply chain	Information not available	<ul style="list-style-type: none"> • The number of suppliers assessed for social impacts. • Number and percentage of suppliers identified as having negative social impacts. • Percentage of suppliers to which agreements have been reached opportunities for improvement or a new project has been completed contractual relationship. 	✘
	Not applicable	Not applicable	EPM-11 Unarmed security personnel	Security and Human Rights			✘
			EPM-30 Human Rights Management	Human Rights Management in construction projects Institutional management in Human Rights Security and Human Rights			✘

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification	
Renewable energies	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Renewable energies			✓	
			103-2 The management approach and its components.					
			103-3 Evaluation of the management approach.					
	Not applicable	Not applicable	EPM-14 Resources allocated to renewable energies.		About us : Power generation mix			✗
					Biomass			✗
					Wind			✓
					Geothermal			✗
					Solar photovoltaic			✓
				Biogas				
	Small hydroelectric power plants							
Climate strategy	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Climate strategy			✓	
			103-2 Management approach and its components.					
			103-3 Evaluation of the management approach.					
	GRI 200. Economic	GRI 201. Economic performance	201-2 Financial implications and other risks and opportunities derived from climate change.	Climate strategy management			✗	
			Adaptation to natural variability and climate change					

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Climate strategy	GRI 300. Environmental	GRI 305. Emissions	305-1 Direct GHG emissions (Scope 1).	<p>EPM believes that 2016 issuance will constitute a base against which a meaningful and consistent comparison of emissions in subsequent years can be made. This base year takes into account the following considerations:</p> <ul style="list-style-type: none"> • The initial EPM GHG inventory was conducted in 2008. • In 2012, the Group's first inventory was carried out. • Between 2008-2016, improvements were implemented in the collection of information, as well as the identification of emission sources. • 2016 is the year that manages to have solid, complete, accurate, reliable and traceable information, so that compliance with GHG accounting and reporting principles could be confirmed. • 2016 was the year in which the Board of Directors demanded that Grupo EPM commit to with achieving a carbon footprint neutral in 2025. 			✓

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Climate strategy	GRI 300. Environmental	GRI 305. Emissions	305-1 Direct GHG emissions (Scope 1).	<ul style="list-style-type: none"> •Between the end of 2015 and the beginning of 2016, an El Niño phenomenon occurred, which had a direct impact on the highest levels of emissions ever recorded in the Group. •2009, 2012 and 2015, show critical conditions of the operation, and therefore, allow estimating the effort required to achieve a carbon neutral operation in the future. <p>To date, there have been no significant changes in emissions that have led to recalculations or changes in the base year.</p> <p>The values of Scope 1 and 2 EPM and Group emissions in 2016 were: Emissions Scope 1 EPM: 514,664. Emissions Scope 2 EPM: 131,972. Total EPM: 646,636. Emissions Scope 1 Grupo EPM: 590,694. Emissions Scope 2 Grupo EPM: 306,841. Total Grupo EPM: 897,535.</p>			✓
			305-2 Energy indirect (Scope 2) GHG emissions.	The reporting of the gross value of Scope 2 emissions on a market basis is not applicable.			

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Climate strategy	GRI 300. Environmental	GRI 305. Emissions	305-3 Other indirect GHG emissions (Scope 3).	<p><u>Climate strategy management</u></p> <p><u>Climate change mitigation</u></p> <p>For Scope 3, no base year is applicable, therefore item e is omitted.</p> <p>While the report reports the 2016 base year of calculation for Scope 1 and 2 emissions in relation to operation emissions are not considered for such reporting, therefore, no justification for selection, base year emissions, and the context of any significant changes in emissions that would have resulted in recalculations of base year emissions are included.</p>			✓
			305-4 Intensity of GHG emissions.				✗
			305-5 Reduction of GHG emissions.	<p><u>Climate strategy management</u></p> <p><u>Climate change mitigation</u></p>			✗
			305-6 Emissions of ozone-depleting substances (ODS).				✗

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification	
Climate strategy	GRI 300. Environmental	GRI 305. Emissions	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions.	<u>Climate change mitigation</u>			✓	
				Calculations are made on the basis of material consumption and emission factors obtained from the U.S. Environmental Protection Agency (EPA); the emissions it considers are: VOC (g/km), CO (g/km), CO2 (g/km), NOx (g/km), SO2 (g/km), PM (g/km) and benzene (g/km), which are applied according to the type of vehicle, equipment and fuel.				
Financial strength	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	<u>Financial strength</u>			✓	
			103-2 The management approach and its components.					
			103-3 Evaluation of the management approach.					
	Not applicable	Not applicable		EPM-21 Resources generated by liquidity strategies	<u>Liquidity strategies</u>			✗
				EPM-22 EBITDA EPM	<u>Financial results</u>			✗
				EPM-23 EBITDA Grupo EPM				
				EPM-24 EPM EBITDA Margin				
				EPM-25 EBITDA Margin Grupo EPM				
EPM-26 EPM Net Margin								
EPM-27 Grupo EPM Net Margin								
EPM-32 Covenant Grupo EPM (Debt / EBITDA)								

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Rates and prices	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Rates and prices			✓
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
	Not applicable	Not applicable	EPM-13 Rates by type of service.	Water and sewage rates Cleaning fees Electricity rates Gas rates			✓
Transparency	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Transparency			✓
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
GRI 200. Economic	GRI 205. Anti-corruption	205-2 Communication and training on anti-corruption policies and procedures.	Transparency practices	Information not available	The total number is not being reported and the percentage of members of the governance body who are notified of the organization's anti corruption policies and procedures, broken down by region.	✓	

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Transparency	GRI 200. Economic	GRI 205. Anti-corruption	205-2 Communication and training on anti-corruption policies and procedures.	<u>Transparency practices</u>	Information not available	<p>The total number and percentage of employees who were informed of the organization's anti-corruption policies and procedures, through the ethical climate statement. The breakdown by labor category and region is not available.</p> <p>We are not reporting the total number or percentage of business partners to whom we have communicated the organization's anti-corruption policies and procedures, broken down by type of business partner and region. The report includes the initiatives of the EPM Perception measurement exercise and the Annual Plan Anti-corruption and attention to citizens PAAC with the participation of community leaders, members of community action boards, journalists, opinion leaders, suppliers and contractors.</p>	✓

Material Topics and GRI Standards

Material subject	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Transparency	GRI 200. Economic	GRI 205. Anti-corruption	205-2 Communication and training on anti-corruption policies and procedures.	<u>Transparency practices</u>	Information not available	<p>The total number and percentage of governance body members are not being reported as trained in the company's anti corruption policies and procedures organization, broken down by region.</p> <p>The total number is being reported and the percentage of employees who received anti-corruption training through the onboarding program. The breakdown by employee category and region is not available.</p>	✓

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Corporate citizenship	GRI 200. Economic	GRI 203. Indirect economic impacts	203-1 Infrastructure investments and services supported.	EPM Foundation			✗
				City projects			
			203-2 Significant indirect economic impacts.	Christmas Lighting			
				Events and sponsorships			
				EPM Foundation			
City projects							
Innovation management	Not applicable	Not applicable	EPM-19 Resources allocated to innovation.	A highly innovative company			✗
				Business platforms and services of the future			
				Distributed resources			
				Smart city service and sustainable mobility			
Work environment	GRI 102. General Contents	1. Organization profile	102-7 Size of the organization.	Procurement and contracting			✓
			102-8 Information on employees and other workers.		Employee headcount		
		5. Stakeholders participation	102-41 Collective bargaining agreements.	Trade union organizations			✓

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Work environment	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Work environment			✘
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
	GRI 400. Social	GRI 401. Employment	401-1 New employee hires and employee turnover.	Employee headcount			
			401-2 Benefits for full-time employees that do not occur employees on time partial or temporary.	Workplace wellness and benefits			
			401-3 Parental leave.				
			EU14 Programs and processes to ensure availability of skilled labor.	Personnel selection			
			EU15 Percentage of employees eligible to retire in the next 5 and 10 years, broken down by category and region.	Retirees and pensioners			

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Work environment	GRI 400. Social	GRI 401. Employment	EU16 Health policies and requirements and safety of workers, contractors and subcontractors.	<u>Occupational health and safety</u>			✘
			EU17 Working hours of employees of the contractors and subcontractors participating in the construction, operation and activities of maintenance.				
		GRI 401. Employment	EU18 Percentage of contractors and subcontractors who have experienced relevant training on health and health care issues, as well as security.				
		GRI 403. Occupational health and safety	403-2 Types of accidents and accident frequency rates, diseases lost days, absenteeism and number of deaths due to occupational accidents or illnesses professional.				
403-3 Workers with high incidence or high risk of diseases related to their activity.							
403-4 Health and safety topics covered in formal agreements with trade unions.							

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Work environment	GRI 400. Social	GRI 404. Training and education	404-1 Average hours of training per year per employee.	Training and development			✘
			404-2 Programs to upgrade employee skills and transition assistance programs.	Workplace wellness and benefits			
			404-3 Percentage of employees receiving regular performance and career development reviews.	Job performance			
		GRI 405. Diversity and equal opportunity	405-1 Diversity in governance bodies and employees.	Employee headcount			
	Not applicable	Not applicable	EPM-16 Percentage of employees surveyed on quality of life and psychosocial risk.	Quality of life			
Social and environmental management in projects	GRI 200. Economic	GRI 203. Indirect economic impacts	203-1 Infrastructure investments and services supported.	Ituango Hydroelectric Project			✘
			203-2 Significant indirect economic impacts.	Aldeas Program Intermediate projects			

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Social and environmental management in projects	GRI 400. Social	GRI 413. Local communities	413-1 Operations with local community participation, impact assessments and development programs.	Ituango Hydroelectric Project Aldeas Program Intermediate projects			✘
			413-2 Transactions with significant negative impacts -actual and potential - in the local communities.	Intermediate projects In all projects we measure impacts and analyze which of these are negative.			
Sustainable production and consumption	GRI 103. Management Approach		103-1 Explanation of the material subject and its coverage.	Sustainable production and consumption			✘
			103-2 Management approach and its components.				
			103-3 Evaluation of the management approach.				
	GRI 300. Environmental	GRI 301. Materials	301-1 Materials used by weight or volume.	Other consumption and efficient practices			
301-2 Recycled inputs.			Energy consumption is measured directly. For the calorific value of fuels, the values provided by UPME are used.				

Complementary issues and GRI Standards

Supplementary matter	GRI Standard	GRI Standard Title	GRI Standards Content	Location in the report / Response	Omissions	Comments	External verification
Sustainable production and consumption	GRI 300. Environmental	GRI 302. Energy	302-1 Energy consumption within the organization.	Power consumption	Information not available	Information is only reported for the Water and Wastewater business.	×
			302-2 Energy consumption outside the organization.				
			302-3 Energy intensity.				For the calorific values of fuels, the values provided by UPME are used.
			302-4 Reduction of energy consumption.				About us: Power generation mix
			302-5 Reduction of energy requirements of products and services.				
	GRI 306. Effluents and waste	306-2 Waste by type and disposal method.	Waste management	306-4 Transportation of hazardous waste.			



External Verification of the Report



External Verification of the Report

In accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC), the independent verification report issued by Ernst & Young confirms the independence they have with EPM; in addition, it is mentioned that all its employees make annual updates to the ethics policy, which specifically states that they have no conflicts of interest with EPM, its subsidiaries and its stakeholders.

The verification was performed in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

The verification report lists, for each of the material topics, the contents of the GRI Standards or indicators that were subject to verification.

Content 102-56

The independent assurance report includes in its conclusion that nothing has come to our attention that causes us to believe that the Sustainability Report contains material misstatements or has not been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, with criteria for full compliance.



This Sustainability Report has been externally verified by Ernst & Young.



See the external verification certificate at:
[Independent Review Report](#)

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Our Sustainability Model

SUSTAINABLE DEVELOPMENT GOALS

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
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- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
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Our Sustainability Model

The **Sustainability Model** is the foundation on which the strategic direction of the Grupo EPM is based, its **components are: purpose, identity, action and results.**



Modelo de Sostenibilidad



Direccionamiento Estratégico



Purpose - Architecture for a better world and commitment to the Sustainable Development Goals (SDGs) of the 2030 Agenda.

The corporate purpose "To contribute to the harmony of life for a better world" is the main idea of the Grupo EPM's strategic direction and is consistent with the approaches of the architecture for a better world that invites to reconcile the achievement of business objectives with sustainable human development, an invitation that not only connects the Organization, but also endorses its vision of sustainability and, therefore, assumes the commitment to contribute to the achievement of the Sustainable Development Goals (SDGs).



[See Articulation with the global development agenda - SDGs here.](#)

Identity: Nature, society, and economy

The identity component refers to the values and principles of the Grupo EPM and is based on the interrelation between nature, society, and economy, in which economic growth respects social and environmental limits.

Action: Territory, stakeholders, and materiality

The action component includes the strategies for achieving the business objectives of the corporate group.

The Grupo EPM recognizes the need to establish relationships of trust with the people who make up the territories where it is present, and to effectively, pertinently, and coherently manage relevant sustainability issues.



[See Relevant Sustainability Issues - Materiality here.](#)

Results: Sustainable Development Goals - SDGs

The results component contains the achievements expected from the strategic objectives, the contribution to the Sustainable Development Goals (SDGs), and the Strategic, Large and Ambitious Goal (SGAG) in social, environmental, and financial terms. These results are the basis for accountability to stakeholders and society in general through the Sustainability Report.



The **Sustainability Model** supports the strategic direction of the Grupo EPM, and strengthens management's vision of a business that understands that economic growth must respect social and environmental limits.

The Group's vision of sustainability conceives the protection and generation of value for companies and society from the core business activities, distancing itself from the philanthropic or welfare approach.





Articulation With the Global Development Agenda - SDGs



Articulation With the Global Development Agenda - SDGs

Sustainable Development Goals (SDGs)

The relationship between the Sustainable Development Goals (SDGs) of the 2030 Agenda and the business purpose "Contribute to the harmony of life for a better world", evidences the connection of Grupo EPM with the global challenges that in turn are presented at a local level in the territories where it has a presence. In this sense, the importance of drinkable water, sanitation, the supply of clean and affordable energy, quality and safety in the provision of services, innovation and technology at the service of closing gaps and generating opportunities, the contribution to solid and transparent institutions, respect for Human Rights and commitment to the environment, among other aspects, are challenges in which Grupo EPM establishes its contribution to sustainable human development.

The report on Sustainable Development Goals 2021 once again calls attention to the critical moment in which the global community finds itself to achieve them, both because of the impacts left by the pandemic caused by COVID-19, and because of the delay in their adoption, as the report states: "Progress was made in poverty reduction, maternal and child health, access to electricity and gender equality, but not enough to achieve the Goals by 2030. In other vital areas, such as reducing inequality, cutting carbon emissions, and fighting hunger, progress stalled or regressed."¹



¹[United Nations. The-Sustainable-Development-Goals-Report-2020 English 2021.](#)

In Latin America and the Caribbean, according to a press release²: "at the end of the fourth meeting of the Forum of countries on sustainable development, government representatives endorsed the urgent need to build just and sustainable societies that address inequality and guarantee citizenship and rights, as well as to act together as a region to ensure access to vaccines for the entire population". Among the recommendations of that forum, "they call on the international community to strengthen measures to address specific challenges that have prevented the achievement of some SDG targets by 2020, including the protection of biodiversity, the development of disaster risk reduction strategies, increased availability of timely, quality and disaggregated data, youth participation and increased financial resources, capacity building and technology transfer to developing countries."



² [Forum of Latin American and Caribbean Countries on Sustainable Development 2021.](#)



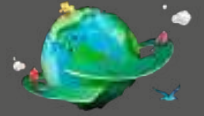
The alignment of Grupo EPM companies with the 2030 Agenda and in particular with the Sustainable Development Goals, is a commitment to contribute, from business activities, to the achievement of the global challenges that arise at a local level in the territories where the Organization has a presence.



Matching the Sustainable Development Goals with material issues and strategic objectives of the Grupo EPM



Purpose: To contribute to the harmony of life for a better world.





	Material issues	Purpose: To contribute to the harmony of life for a better world.									
		Value generation	Customers and markets			Operations			Learning		
		Increase value for Grupo EPM and Stakeholders	Growing markets, businesses, and solutions	Deliver a unique and positive customer experience	Establishing collaborative links with stakeholders	Incorporate new businesses and solutions	Effectively manage operations	Optimize project development	Manage the investment portfolio	Comprehensive development of organizational capabilities	Strengthening institutional soundness through Corporate Governance
	<p>Access and affordability</p>	✓	✓	✓	✓		✓	✓	✓		
	<p>Water and biodiversity</p>	✓	✓	✓			✓	✓	✓		
	<p>Quality and safety of products and services</p>	✓	✓	✓	✓	✓	✓	✓	✓		
	<p>Organizational climate</p>	✓		✓	✓					✓	✓
	<p>Responsible sourcing for local development</p>	✓	✓	✓	✓				✓	✓	
	<p>Human Rights</p>	✓		✓			✓	✓	✓		

17 PARTNERSHIPS FOR THE GOALS

Sustainable Development Goals - Milestones of major relevance to SDGs in the global context and the Grupo EPM



	Globally 	Grupo·epm
2016	<p>First United Nations SDG report Sets benchmarks for the work of the sustainable development agenda for the next 15 years.</p>	<p>Identifies priority SDG targets for the Grupo EPM. included in the SDGs highlighted in the image. Associates SDGs to initiatives and Balanced Scorecard of the Grupo EPM's business plan. Strengthens the 2017-2020 business plan. Apply SDGs as drivers of material issue challenges.</p>
2017	<p>Second United Nations SDG report Progress is uneven across regions, between the sexes, and among people of different ages, wealth, and locations. To fulfill the bold vision of the 2030 Agenda, progress must be faster and more inclusive.</p>	<p>Strengthens connections between Grupo EPM's material issues and SDGs The identification of emphases or aspects of specific material issues in the territories makes it possible to pinpoint the connection with the SDG targets and act with greater relevance.</p>
2018	<p>Third United Nations SDG Report Progress has been made in ensuring energy access, especially in the least developed countries. However, national priorities and strengthened political ambitions are still needed to put the world on track to meet the 2030 energy targets.</p>	<p>It disseminates the SDGs, especially among its suppliers and contractors, and promotes their application in personal and business activities, through partnerships with companies and institutions from different sectors that share its practices to contribute to sustainable human development.</p>

	Globally 	Grupo·epm
2019	<p>Fourth United Nations SDG Report 2019 Climate change threatens progress in all areas of sustainable development. Rising inequality between and within countries requires urgent attention. Progress has been slow on many SDGs; the global response to date has not been ambitious enough.</p>	<p>It begins to measure EPM's contribution to the SDGs based on the priority SDG targets for the Grupo EPM, seeking to express its contribution to these goals.</p>
2020	<p>United Nations SDG 2020 Report Before 2020, uneven progress and delays in achieving the SDGs were observed. The COVID-19 crisis threatens lives and livelihoods, making the achievement of the Goals even more difficult.</p>	<p>Extends the measurement of contribution to the SDGs to other priority goals of the Group. Contributes to pandemic crisis management, especially with actions in SDGs 6, 7, and 8 towards Client-users and Suppliers, amid global threats.</p>
2021	<p>United Nations SDG Report 2021 The current crisis jeopardizes decades of development gains, further delays the urgent transition to greener and more inclusive economies, and further derails progress on the SDGs. The challenges are immense, but there is also a reason for hope. The COVID-19 crisis demonstrated the inspiring resilience of communities, highlighted the heroic work of essential workers in countless fields, and facilitated the rapid expansion of social protection, the acceleration of digital transformation, and unprecedented global collaboration on vaccine development.</p>	<p>Increases the number of indicators through which the contribution to the priority SDG goals for the Grupo EPMs reported. Extends contribution reporting to a larger number of Group companies.</p>

EPM's Contribution to Sustainable Development Goals - SDGs

Through its 17 goals and 169 targets, the SDGs constitute a global agenda around the main challenges and opportunities of humanity, with a 2030 horizon, whose management comes to life at the local level, and in what concerns the business sector through its deployment in business activities. The contribution to the Sustainable Development Goals is an inspiring element for the action of the Grupo EPM and closes the circle that opens in its business purpose.

To measure the Grupo EPM's contribution to the SDGs, the goals with the closest proximity and affinity to the provision of its services, which are how the most significant contributions to sustainable human development are made, were prioritized. In 2019, the first contributions were measured and the measurements are gradually being extended from 2020 to the other prioritized goals and Group companies. During 2021, all Grupo EPM companies reported their contribution to the prioritized SDG targets, for which there are relevant indicators.

The measurement of Grupo EPM's contribution to the SDGs follows the methodological parameters of the monitoring process within the Integrated Planning macro-process.

The proposed benchmarks for measuring contributions to the SDGs are the national development plans of the countries where Grupo EPM companies are present in the Global Indicator Framework.



Prioritized SDG targets for the Grupo EPM

- 6.1** Achieve universal and equitable access to safe drinkable water, at an affordable price for all.
- 6.2** Achieve equitable access to adequate sanitation and hygiene services for all, and end open defecation.
- 6.3** Improve water quality by reducing contamination and eliminating runoff.
- 6.6** Protect and restore water-related ecosystems, including forests, mountains, wetlands, rivers, aquifers, and lakes.
- 7.1** Ensure universal access to affordable, reliable, and modern energy services.
- 7.2** Substantially increase the share of renewable energies in the global energy matrix.
- 7.3** Double the global rate of energy efficiency improvement.
- 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises.
- 8.8** Protect labor rights and promote a safe and secure work environment for all workers.
- 9.5** To increase scientific research and improve the technological capacity of industrial sectors in all countries.
- 10.2** To enhance and promote the social, economic, and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic, or other.
- 12.5** Substantially reduce waste generation through prevention, reduction, recycling, and reuse.
- 13.2** Incorporate climate change measures into national policies, strategies, and plans.
- 15.1** Ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands.
- 15.5** Take urgent and significant measures to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species.
- 16.6** Develop effective, accountable, and transparent institutions at all levels.
- 17.17** Encourage and promote effective partnerships in the public, public-private, and civil society spheres, taking advantage of the experience and resource-raising strategies of the partnerships.





SDG 6: Clean water and sanitation

Goal	Indicator	Company	Value	Unit
6.1 Achieving access universal and equitable to drinkable water, at an affordable price for all	Total number of customers with access to drinkable water service ¹	EPM	1,362,502	Customers
		Aguas Regionales	105,076	
		Aguas Malambo	24,939	
		Aguas Oriente	6,147	
		ADASA	184,055	
6.2 Achieving access equitable access to sanitation and hygiene suitable for all	Total number of customers with sanitation services ¹	EPM	1,341,700	
		Aguas Regionales	83,555	
		Aguas Malambo	22,883	
		Aguas Oriente	6,078	
		ADASA	183,132	
6.2 Achieving access equitable access to sanitation and hygiene suitable for all	Total number of customers in Medellín with the service of solid waste collection ¹	Emvarias	906,667	
	Universal waste collection service solids ²	Emvarias	99.29	%
6.3 Improving the water quality by reduction of contamination and eliminating dumping	The volume of water treated in wastewater plants	EPM ³	60	Mm ³
		Aguas Regionales ³	1	
		Aguas Nacionales	129	
		TICSA ⁴	103	
		ADASA	3	
6.6 Protecting and restoring ecosystems related to the water, including forests, mountains, wetlands, rivers, aquifers, and lakes	Expansion of water-related ecosystems ⁵	EPM	121,015	Ha
		CHEC	17,691	
		Aguas Regionales	1,062	



¹ Corresponds to residential and non-residential customers. See [Our Group](#).

² Calculated as tons of waste collected vs. tons produced according to per capita production.

³ EPM and Aguas Regionales also have other wastewater treatment mechanisms, such as FAFA and oxidation ponds. See [Our Group](#).

⁴ TICSA has no direct customers, but indirectly benefits 2,365,560 people through the operation of 11 wastewater treatment plants. See [Our Group](#).

⁵ Contribution to natural forest conservation, restoration and reforestation. This indicator also contributes to SDG target 15.1. See [Water and biodiversity](#).



SDG 7: Affordable and clean energy

Goal	Indicator	Company	Value	Unit
7.1. Ensure universal access to affordable, reliable, and modern energy services	Total number of customers with access to electric energy service ¹	EPM	2,662,114	Customers
		CHEC	525,420	
		CENS	572,573	
		ESSA	873,216	
		EDEQ	208,053	
		Afinia	1,640,620	
		DELSUR	426,187	
		ENSA	510,293	
		EPM Guatemala	1,401,325	
	Total number of customers with access to gas service ¹	EPM	1,363,562	
	The average duration of interruptions of electric power service per year - SAIDI ²	EPM	13.39	Hours
		CHEC	24.11	
		CENS	24.38	
		ESSA	18.98	
		EDEQ	6.18	
		Afinia	89.32	
		DELSUR	16.63	
		ENSA	12.74	
		EPM Guatemala	4.45	
	The average number of interruptions of electric power service per year - SAIFI ²	EPM	8.18	Times
		CHEC	19.80	
		CENS	7.58	
ESSA		12.57		
EDEQ		6.06		
Afinia		72.09		
DELSUR		7.80		
ENSA		6.71		
EPM Guatemala		3.63		
Equivalent gas outage duration - DES ²	EPM	0.00	Hours	



SDG 7: Affordable and clean energy

Goal	Indicator	Company	Value	Unit
7.2 Substantially increase the share of renewable energies in the world energy mix	Generation of energy from renewable wind and solar sources ³	EPM	21	MW
7.3 Doubling the global rate of energy efficiency improvements	Energy intensity of drinkable water supply	EPM	145.93	kWh / m ³ of potable water
		Aguas Regionales	194.95	
		Aguas Malambo	424.95	
		Aguas Oriente	221.43	
	Energy intensity in wastewater management	EPM	0.43	kWh / m ³ of treated wastewater
		Aguas Nacionales	0.36	
	Network Operator's Loss Ratio - IPORR ²	EPM	8.89	Percentage
		CHEC	7.97	
		CENS	13.17	
		ESSA	12.70	
		EDEQ	10.52	
		Afinia	28.03	
		DELSUR	9.89	
		ENSA	11.31	
		EPM Guatemala	4.66	
	Self-supplied energy from renewable sources	EPM	16,694.07	MWh
		CHEC	45.16	
CENS		60.54		
EDEQ		67.29		
DELSUR		10.26		
ENSA		142.80		
EPM Guatemala		242.28		
Aguas Nacionales		33,592.04		



SDG 7: Affordable and clean energy

Goal	Indicator	Company	Value	Unit
7.3 Doubling the global rate of energy efficiency improvements	Total energy consumption ⁴	EPM	2,861,585	MWh
		CHEC	128,954	
		CENS	6,810	
		ESSA	9,094	
		EDEQ	774	
		Afinia	4,683	
		DELSUR	3,649	
		ENSA	9,435	
		EPM Guatemala	4,521	
		HET	241	
		Emvarias	34,647	
		Aguas Nacionales	45,951	
		Aguas Regionales	6,820	
		Aguas Malambo	5,077	
Aguas Oriente	209			
ADASA	2,569			



¹ Corresponds to residential and non-residential customers. See [Our Group](#).

² See [Quality and safety of products and services](#).

³ See [Our Group](#), Generation Mix section.

⁴ See [Sustainable production and consumption](#).



SDG 8: Decent work and economic growth

Goal	Indicator	Company	Value	Unit
8.3 Promote policies that support productive activities, the creation of decent jobs, entrepreneurship, social inclusion, and the creativity and innovation, and foster the formalization and growth of micro, small and medium-sized enterprises	Direct jobs generated ¹	Grupo EPM	16,851	Jobs
	External Employment for Suppliers and Contractors ¹	Grupo EPM	35,466	Jobs
8.8 Protect labor rights and promote a safe and secure work environment for all workers	Labor formality rate ¹	Grupo EPM	100	Percentage
	Incapacitating Injury Index - ILI ¹	EPM	0.68	N.A.
		CHEC	1.45	
		CENS	0.10	
		ESSA	0.02	
		EDEQ	0.12	
		Emvarias	0.11	
		Aguas Nacionales	0.34	
Aguas Regionales	2.60			
Aguas Malambo	1.08			



¹ See [Our Group, Responsible Contracting for Local Development](#) and [Work Environment](#).



SDG 9: Industry, innovation, and infrastructure

Goal	Indicator	Company	Value	Unit
9.5 Increasing scientific research and improving the capacity of the industrial sectors in all countries	Investment in innovation ¹	EPM	9,139	million COP
		CHEC	2,810	
		CENS	649	
		ESSA	1,167	
		DELSUR	7,328	
		ENSA	7	
		EPM Guatemala	106	
		Aguas Regionales	336	
		ADASA	187	



¹ See [Innovation management](#).



SDG 10: Reducing inequalities in access to health services

Goal	Indicator	Company	Value	Unit
10.2 Enhance and promote the social, economic, and political inclusion of all	Percentage of implementation of the institutional diversity and inclusion plan ¹	EPM	100	Percentage



¹ See [Human Rights](#), Institutional Management section in Human Rights and [Work Environment](#) Employee Resources section.

 SDG 12: Responsible production and consumption

Goal	Indicator	Company	Value	Unit
12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	Percentage of waste used ¹	EPM	39.10	%
		CHEC	41.90	
		CENS	17.86	
		ESSA	87.00	
		Afinia	98.81	
		DELSUR	96.20	
		ENSA	60.19	
		EPM Guatemala	92.28	
		Aguas Regionales	50.13	
		Aguas de Malambo	1.61	
		Aguas Oriente	47.70	
TICSA	99.98			



¹ See [Sustainable production and consumption](#).



SDG 13: Climate Action

Goal	Indicator	Company	Value	Unit
13.2 To incorporate climate change measures into national policies, strategies, and plans	Reduction of CO ₂ e emissions ¹	EPM	1,652,449.33	tCO ₂ e reduced
		Aguas Nacionales	4,434.15	
		CHEC	5.96	
		CENS	341.31	
		Aguas Malambo	16.35	
		Emvarias	9,373.27	
		ENSA	21.70	
		EPM Guatemala	68.27	



¹ See [Climate Strategy](#).



SDG 15: Life of terrestrial ecosystems

Goal	Indicator	Company	Value	Unit
15.1 To ensure the conservation, restoration, and sustainable use of the terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and arid areas	Important areas for water and biodiversity care ¹	EPM	67,217	Ha
		CHEC	6,361	
15.5 Take urgent and significant measures to reduce natural habitat degradation, halt biodiversity loss, and protect and prevent the extinction of endangered species	Number of species reported with some degree of threat according to IUCN in our properties with which we contribute to the protection of flora and fauna species ¹	EPM	276	Species
		CHEC	2	
		CENS	4	
		ESSA	35	
		DELSUR	1	
		ENSA	17	
		EPM Guatemala	3	
		HET	31	
		Aguas Regionales	6	
		Aguas Nacionales	1	
Emvarias	5			



¹ See [Water and biodiversity](#).



SDG 16: Peace, justice, and strong institutions










Goal	Indicator	Company	Value	Unit
16.6 Develop effective institutions, responsible and transparent to all the levels ¹	Institutional Performance Index - FURAG	EPM	82.8	Points
		Emvarias	77.6	
		Aguas Regionales	58.9	
		Fundación EPM	74.4	
	Group companies that applied the ethical climate survey with the stakeholder group Gente Grupo EPM ¹	Grupo EPM	16	Companies



¹ See [Transparency](#). The companies that applied the ethical climate survey are: EPM, CHEC, CENS, ESSA, EDEQ, Afinia, Emvarias, Aguas Nacionales, Aguas Regionales, Aguas de Malambo, Aguas de Oriente, ADASA, TICSA, DELSUR, EPM Guatemala and the EPM Foundation.














SDG 17: Partnerships to achieve the goals

Company	Partners and main purpose of the partnership (partial list)	Related contents Sustainability Report	Associated SDGs
Grupo EPM	Environmental authorities and other stakeholders Join efforts for the management of environmental and social issues of common interest in the territories where the Grupo EPM is present.	<u>Water and biodiversity</u> <u>Climate strategy</u> <u>Sustainable production and consumption</u>	  
	Environmental authorities BanCO2: payment for environmental services to protect natural ecosystems and improve the quality of life of communities.	<u>Climate strategy</u> <u>Water and biodiversity</u>	  
	Government, cluster, guilds, PARES Group, Suppliers, and contractors Sustainable Grupo EPM Supplier and Contractor Ecosystem: includes alliances with different organizations for the development of this stakeholder group.	<u>Responsible sourcing for local development</u>	
	National Operating Council and XM The collective agreement of the electricity sector on the fight against corruption and promotion of free competition.	<u>Transparency</u>	
	Ministry of Mines and Energy of Colombia Carbon Neutral Electricity Sector Alliance by 2050.	<u>Climate strategy</u>	 
	Ministry of the Environment, Ministry of Mines and Energy of Colombia National and regional technical roundtables on climate change: climate action plans to 2050.		











SDG 17: Partnerships to achieve the goals

Company	Partners and main purpose of the partnership (partial list)	Related contents Sustainability Report	Associated SDGs
EPM	Municipality of Medellín Connections for life: improving the quality of life of a large number of households, with access to water, sewage and gas services.	<u>Access and affordability</u>	 
	Water and sewerage companies in Colombia Sectoral action for corporate governance and efficiency.	<u>Corporate governance</u> <u>Transparency</u>	
	French Development Agency - AFD Initiatives to close gender gaps.	<u>Human rights</u>	 
	UNDP Improvement of sustainable practices and uses to reduce pressure on forests.	<u>Water and biodiversity</u>	 
	University of Antioquia Integrated management of water resources, biodiversity and their ecosystem services.	<u>Water and biodiversity</u>	  
	University of Antioquia Actions for the conservation of strategic ecosystems and water resource modeling.		
	Green Watershed Corporation Protection of water resources and biodiversity.		
	Invernergy Renewables Colombia and Invernergy Renewables Global Framework collaboration agreement for the development of non-conventional renewable energy projects.	<u>Renewable energies</u>	









SDG 17: Partnerships to achieve the goals

Company	Partners and main purpose of the partnership (partial list)	Related contents Sustainability Report	Associated SDGs
EPM and Aguas Regionales	Telemetrik Intelligent solutions for aqueducts. Development of an automatic water purification plant in the Sucre - Municipality of Olaya (Antioquia).	<u>Access and affordability</u>	
	Watertech Pilot of smart metering in the aqueduct of Sucre - Municipality of Olaya (Antioquia).		
Aguas Regionales	Leaders Network Virtual programs to educate users and the community about public utilities.	<u>Quality and safety of products and services</u>	
ADASA	Regional government, municipalities, universities Spaces for dialogue to develop a strategic and consensual model for the efficient and sustainable use of water resources in the Antofagasta Region.	<u>Water and biodiversity</u>	
CHEC	Corporación Fondo de Agua Vivo Cuenca Structuring and creation of a mechanism for the integral development of the Chinchiná river basin.	<u>Water and biodiversity</u>	  
CENS	Universidad Francisco de Paula Santander, Universidad Simón Bolívar and companies Energy efficiency actions through affordable solutions.	<u>Renewable energies</u>	 



SDG 17: Partnerships to achieve the goals

Company	Partners and main purpose of the partnership (partial list)	Related contents Sustainability Report	Associated SDGs
DELSUR	General Superintendency of Electricity and Telecommunications SIGET, municipalities To provide access to electricity to communities with high poverty rates that previously did not have access to this basic service.	<u>Access and affordability</u>	
	USAID Study to update data on female participation in the electricity sector.	<u>Human rights</u>	  
EPM Guatemala	Defenders of Nature Foundation Actions for the conservation of protected areas and biological diversity in Guatemala.	<u>Water and biodiversity</u>	 



Relevant Sustainability Topics - Materiality



Relevant Sustainability Topics - Materiality

The Sustainable Development Goals (SDGs) mark the thematic route of the Global Development Agenda that crystallizes the business-society relationship, and to which the materiality of the Grupo EPM is articulated [Articulation with the global development agenda - SDGs](#), whose challenges have been increased by the COVID-19.

Materiality is the result of an exercise called materiality analysis, through which an organization recognizes the set of priority topics or management issues for the sustainability of companies and society, including the perspective of stakeholders. Matching business achievements with sustainable human development is the aspiration of a new line of business leadership in which the role of companies in the common challenges of humanity is recognized.

Materiality for the Grupo EPM is based on the GRI Standards and on the stakeholder engagement model applied in EPM since 2010, which is aligned with the principles of completeness, relevance, and responsiveness of the AA1000 assurance standard, which is a global standard of general application to assess, attest and strengthen the credibility and quality of an organization's sustainability report and its main processes, systems and competencies.

The material issues of the Grupo EPM were prioritized for each of the companies and aligned with the SDGs and with the actions of the business plans.

In the update of the strategic thinking on sustainability with stakeholders, carried out in 2018, the emphasis on material issues for the Group was identified, which are those aspects that guide the management of material issues according to the specific conditions in each territory.



¹ The model is methodologically supported by the Stakeholder Relationship Practice Manual. Accountability Institute, UNEP and Stakeholders Research Associates.

In 2021, the materiality exercise was updated, with direct participation of stakeholders and internal personnel of the Group's national and international operating companies. This exercise also included the analysis of mega trends in sustainability, the impacts of the COVID-19 pandemic, and the alignment with the strategic direction.

Relevant sustainability issues, generated from the analysis of this exercise, will be incorporated into the planning and management of the Group's companies according to their particularities. Meanwhile, the establishment of goals and their respective accountability to stakeholders will take place in 2022.

Content 102-46



Material issues are priorities that connect stakeholders with the Grupo EPM and in turn with the 2030 Agenda, through business activities.

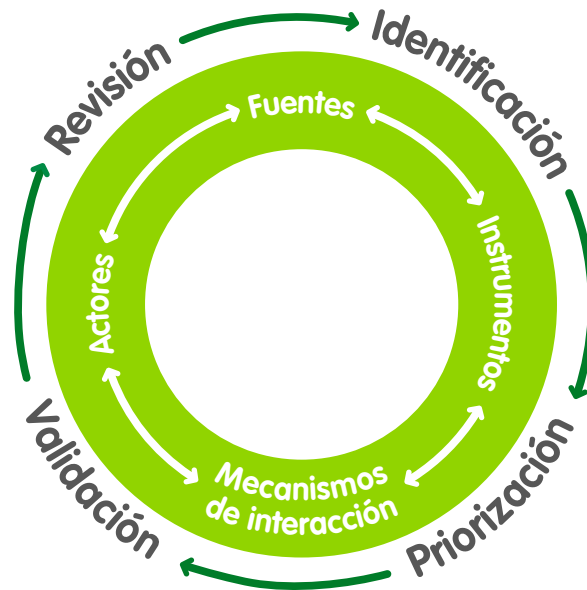
The materiality update exercise, which took place in 2021, reiterated the importance for stakeholders of issues related to affordable and quality public services, water and biodiversity protection, climate change, renewable energies, respect for human rights, transparency and institutional soundness. It was also an opportunity to receive new signals about their needs and aspirations in matters related to new technologies and innovation, governance, employee welfare and the Organization's adaptability to increasingly changing environments and societies.



Material Topics and Their Emphasis - Grupo EPM

Material subject	Emphasis
Access and affordability	Coverage of utilities in rural areas
	Coverage of utilities in urban areas
	Immigration from Venezuela
	Population without utilities
Water and biodiversity	Areas of importance for water resources and environmental services
	Pollution prevention
Quality and safety of products and services	Continuity of service
	Education in responsible production and consumption
	Legal and safe use of utilities
Organizational climate	Adaptability
	Organizational clarity
Responsible sourcing for local development	Hiring criteria
	Generation of local capabilities
Human Rights	Decent work in the supply chain
Renewable Energy	Supply of non-conventional renewable energies
Climate strategy	Mitigation
	Adaptation
Financial strength	Relations with the owner
	Financial health
Rates and prices	Education and communication of factors affecting the price
Transparency	Access to information

Material topics and their emphasis - Grupo EPM



Identification of issues

In the materiality exercise, the issues are a broad list of sustainability highlights. The material issues are derived from the prioritization of the issues on that list.

To build the list of issues, the voices of stakeholders were heard through direct dialogues in some cases, and in others through surveys on expectations, needs, satisfaction, or reputation, and also through transactional interaction mechanisms such as complaints and claims. The level of direct stakeholder participation is heterogeneous because it corresponds to the relationship dynamics of each of the Group's subsidiaries that participated in the exercise, which are in different stages of evolution.

The voices of the stakeholders were combined with the knowledge of the people of the Grupo EPM about their territories and with their experiences in the daily interaction through the different processes of the companies.

The issues identified were contrasted with elements of the Grupo EPM's strategic direction, as well as with relevant global sustainability issues, to incorporate them in case they were not identified in the previous steps, as long as they were relevant to the environment and the Grupo EPM's strategy. Sources included: the thematic areas and SDGs of the 2030 global development agenda, the UNDP 2010-2017 human development reports, the ISO26000 international social responsibility standard, the Dow Jones sustainability index, sustainability reports of leading companies in the sector, events on topics such as climate and Human Rights, and the GRI document containing sustainability topics by sector. In this way, the principle of completeness proposed by the AA1000 APS and adopted by EPM's stakeholder engagement model was applied.

The resulting list of issues and associated stakeholders was subjected to successive processes of refinement, debugging, discussion and analysis, and also to a pre-selection according to possible economic, environmental, and social impacts for the Grupo EPM and society, at the discretion of people knowledgeable about the subsidiaries and the corporate core of the Group. In this way, the AA1000 APS relevance principle was applied and the list of issues to be prioritized was obtained.

Prioritization of issues

The prioritization was carried out with specialists of the Organization through the prioritization criteria for material issues, a proprietary tool to estimate the level of social, economic, and environmental value that each issue potentially generates or destroys for the Grupo EPM and its stakeholders. Thus, the principle of relevance was applied.

The instrument favors the confluence of criteria. To overcome the possibility that issues with high importance in only one of the three categories evaluated result in a low total score, although they have high repercussions for sustainability, an empirical contrast of the results is made with people who can visualize the impact of priority sustainability issues on the Grupo EPM, its stakeholders and society in general.

For the analysis of the issues and themes, qualitative techniques translated into numerical expressions were used to facilitate the understanding, comparison, and visualization of certain qualities or trends, without forgetting that reality exceeds the limitations of the instruments that attempt to model it.

Prioritization criteria for material issues

Importance of the issues for the Grupo EPM Impact or value of the issue for Grupo EPM.	Importance of the issues for stakeholders Impact or value of the issue for Grupo EPM stakeholders.	Potential to improve results on this issue. Possibilities or opportunities to develop this issue.
It considers strategic direction, social, economic, and environmental aspects underlying the policies of Grupo EPM; the capabilities, and different time horizons.	Consider expectations and needs of the target group's interest, the magnitude, scale, and urgency of the economic, social, or environmental impact; the proximity of the impacted actor, and different time horizons.	Consider the status of the issue in the environment; its development in the organization and the mobilization of stakeholders around it.



The analysis of the topic's management potential shows the application of the "responsiveness" principle of the relationship model (the other two principles are "completeness" and "relevance").

Validation

The materiality results, as part of the strategic direction, are inputs for the integrated planning macro-process, including environmental analysis and integrated risk management.

In the core committee of April 24, 2018, the highest decision-making body with scope for the Grupo EPM, the materiality of the Grupo EPM2018-2021 was approved, that is, the relevant topics in sustainability matters for the Grupo EPM and its stakeholders.

The materiality update exercise conducted in 2021 will be validated by experts in the Organization in the first quarter of 2022 and will be submitted for approval to the core committee.

Review

The exercise described above was reviewed and validated in 2015 by the Management Committee of EPM's Board of Directors, and as a result, adjustments were made to the material issues that had been identified in 2014.

In 2017, the identification of emphasis of material issues allowed its review and included the view of stakeholders Customers and users, Community, and Suppliers and contractors, through dialogue for companies in Colombia and the provision of secondary information for international subsidiaries included in the exercise.

In 2018, the 11 material issues of the Grupo EPM were defined and approved. In 2021, the main challenges were managed.



See [Material issues](#).

Content 102-47

Risks associated with material issues

In 2010 an identification of relationship risks for EPM was made. In 2014 the risk methodology for the Grupo EPM was applied to the material issues and in 2015 the risks associated with each of these issues were established.

In 2018, the Group's risk map was revised as a consequence of the Hidroituango contingency. The management of the emphasis on material issues in 2019 contributed to minimizing the effects of the Group's risks, especially those associated with generating trust with stakeholders.

In 2019, an analysis was made of the main signals regarding stakeholder relations, based on which those that should be managed as causes of some of the Organization's risks were determined.

During 2021, based on the internal analysis associated with relevant sustainability issues, it was identified that not properly managing material issues increases the probability of generating negative impacts on the financial soundness of Grupo EPM, the generation of social and economic value, the protection of the environment and consequently the reputation.



COVID-19 risks and materiality



In 2021, the management of material issues that contributed to mitigate some of the effects exacerbated by COVID-19, such as **Access and purchasability**, **Quality and safety of products and services**, and **Organizational climate** in its emphasis on adaptability, was carried out.

Sustainability Report Coverage

Content 103-1

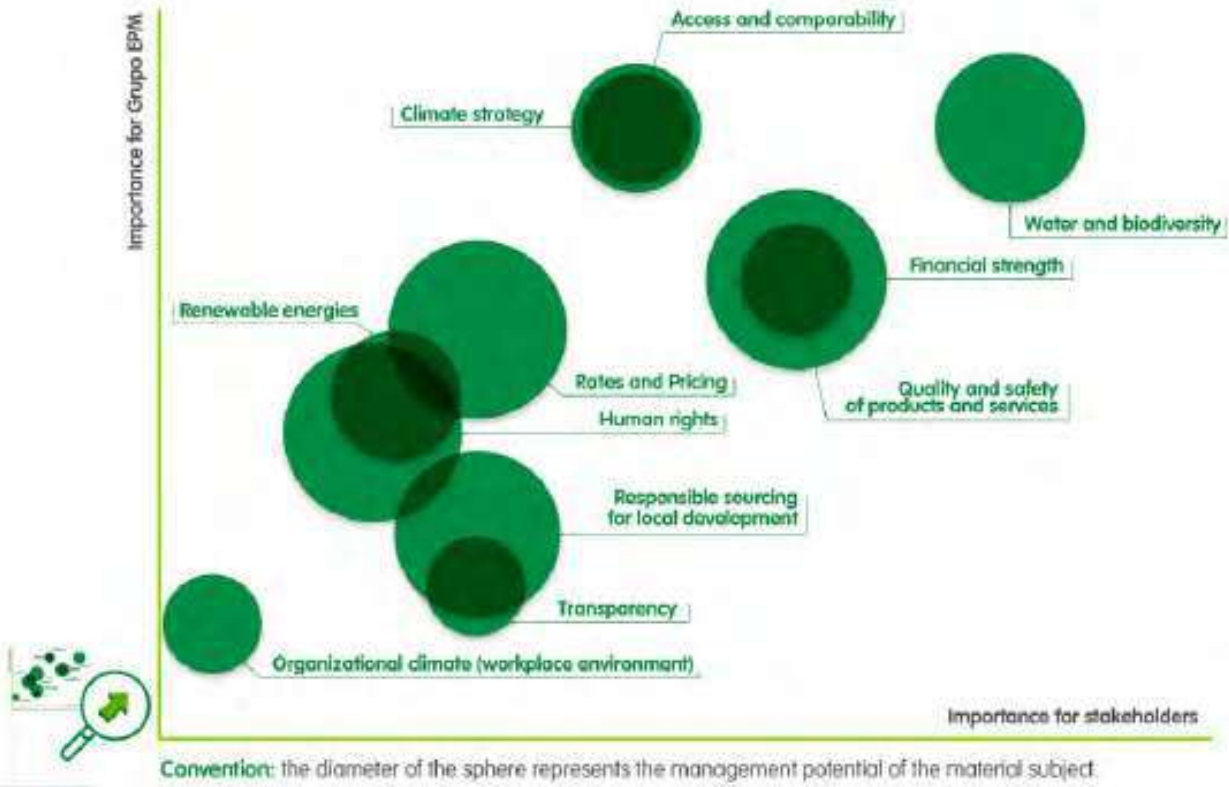
The internal coverage or materiality of the topics, for the different parts of the Organization, was analyzed with Group scope. In 2018, the emphases of each material topic were established by territory in the different companies of the Group. For the management of these emphases, the most significant challenges were identified, whose management of 2020 can be consulted in the 2020 Report and of 2021 in each of the **Material issues** in the challenges section.

Material issues are the axes for managing sustainability, and their management contributes to a better relationship with stakeholders.

External coverage, i.e. the materiality of the topic outside the Organization, is expressed through the association between stakeholders and topics, which can be consulted in: **stakeholder engagement** in the associated topics section.



Material issues for Grupo EPM 2018-2021



The graph places the issues according to their importance for Grupo EPM and stakeholders, based on the prioritization criteria for material issues.

Content 103-1



Supplementary Information in the Sustainability Report

The sustainability report includes supplementary information on sustainability issues not classified as material topics. The reporting of these matters is maintained because it is information of interest and because it responds to various commitments related to initiatives or measurements to which the Grupo EPM has voluntarily adhered, for which the public disclosure of the information is necessary, and the Sustainability Report is the most suitable means to provide it.

Content 102-49

Restatement and Correction of Data From Previous Reports

The following are the adjustments made to data reported in previous years, as a result of refinements to the calculation methodologies, adjustments to the information systems, or corrections of information.

Content 102-48

In Access and Affordability

- **Universalization and expansion of the service:**
 - Coverage and universalization of energy service for the subsidiary ENSA in 2019 and 2020 is adjusted to 87.77%.
 - Adjustment of the primary distribution aqueduct networks accumulated in the Aguas del Oriente subsidiary in 2020 by 1 km.
 - In the subsidiary Aguas Regionales in 2020, the accumulated secondary distribution aqueduct networks of 740 km, the accumulated secondary collection, and transport sewerage networks of 387 km, and the accumulated transport sewerage networks of 84 km are adjusted.

- **Account Financing and Overdue Invoices:**
 - The percentage of non-performing loans in the subsidiary Aguas Regionales in 2019 is adjusted by 7.95% and in the subsidiary ESSA by 4.61%.
 - The number of customers financed in the ADASA subsidiary in 2020 is adjusted by 8,967.
 - The amount of non-performing residential services in the DELSUR subsidiary in 2020 is adjusted by 7,757 and non-residential by 1,833.
- **Enabling Housing:** in the subsidiary ESSA in 2020, 3,878 facilities were connected, 12,022 people benefited and the investment made amounted to COP 4,231 million.
- **Community meters:** the investment made in the subsidiary ADASA in 2020 for COP 5.7 million is adjusted.

Quality and Safety of Products and Services

- **Loss management:** in EPM in 2020, the unaccounted-for water (ANC) rate is adjusted by 31.24% and the loss rate per billed water user (IPUF) by 5.96%.
- **Safety in the provision of service:** in 2020, EPM added 12,271 appeals filed by customers related to the provision of service.
- **Customer service:** a claim for violations of customer privacy and loss of customer data is included in the EDEQ subsidiary in 2020.

Work Environment

- **Labor Welfare and Benefits:**
 - Adjusted in EPM in 2020: paternity leave included men by 98, statutory leave for men by 97, and statutory leave for women by 55, women on maternity leave by 71, extralegal leave for birth or abortion for men by 80, and for women by 17.

- In the subsidiary CHEC in 2019, the number of people who benefited is adjusted by 3,042 and the value of the benefits by COP 12,412 million and in 2020 it is adjusted by COP 9,763 million.
 - The number of people who benefited from the subsidiary Emvarias is adjusted in 2019 by 3,966 and in 2020 by 4,847.
 - The number of people benefiting in 2019 is adjusted in the subsidiary ESSA by 3,729 and in 2020 by 4,976.
- **Training and Development:**
 - The number of scholarships awarded in the ESSA subsidiary was adjusted by 654 in 2020.
 - In Aguas Regionales is adjusted in 2019, training hours per average employee by 1.
- **Trade union Organizations:**
 - The percentage of employees covered by collective bargaining agreements in the subsidiary EDEQ is adjusted in 2019 by 82.23% and in 2020 by 81.36%.
- **Employee Headcount:**
 - In EPM, in 2020, the number of C-Suite male executives was adjusted by 10 and females by 3.
 - The number of male and female technologists, technicians, and assistants will be adjusted by 62 and 35 for the subsidiary Aguas Regionales in 2020, and the number of male and female support staff by 96 and 0 for women.



Commitments and synergies in sustainability










External initiatives



External initiatives

EPM's commitment to sustainability initiatives

	<p>Sustainable Development Goals 2030 Development Agenda 2030, 17 goals focused on people, the planet, prosperity, peace, and partnerships.</p>
	<p>Architecture for a better world Corporate sustainability; priorities of the post-2015 global development agenda, long-term business objectives, platforms for action and collaboration, market and social drivers and incentives, transparency, and public accountability.</p>
	<p>Global Compact Principles Labor rights, human rights, environment, and anti-corruption.</p>
	<p>Business for peace - Pacto Global Role of companies in peace issues in the territories where they have direct influence.</p>
	<p>The CEO Water Mandate - Global Compact Engagement of the private sector in water management.</p>
	<p>Rio Declaration Sustainable development.</p>
	<p>COP 21. Paris Agreement Emission reductions.</p>

EPM's commitment to sustainability initiatives

	<p>Global Reporting Initiative - GRI Global Sustainability Report.</p>
<p>Guías Colombia</p>	<p>Colombia Guides Human Rights and International Humanitarian Law.</p>
	<p>Transparency for Colombia Indicator of transparency in utility companies.</p>
	<p>Water Sector Action Strengthening the governance and efficiency structures of water and sewerage companies in Colombia.</p>
	<p>AquaRating An international standard for strengthening the transformation and improvement processes in the management of water and sanitation utilities.</p>
<p>Sector eléctrico Carbono neutral</p>	<p>Carbon Neutral Electricity Sector Alliance by 2050 Business articulation to promote carbon neutrality in Colombia voluntarily.</p>
	<p>Collective action of the Colombian electricity sector Anticorruption and free competition.</p>

EPM synergies with other entities

- Investment and Cooperation Agency of Medellín and the Metropolitan Area - ACI.
- Center for Tax Studies Association of Antioquia - CETA.
- Colombian Association of Electric Power Generators - Acolgén
- Latin American Association of Water and Sanitation Operators - ALOAS.
- National Association of Public Utilities and Related Companies - Andesco.
- National Association of Industrialists - ANDI.
- Colombian Association of Carbon Market Actors - Asocarbono.
- Colombian Association of Labor Relations - ASCORT.
- Association of Science and Technology Centers - ASTC.
- Association of Business Foundations - AFE.
- Association of Public Service Information Units - Servinfo.
- Colombian Association of Electric Energy Distributors - Asocodis.
- National Association of Natural Gas - Naturgas.
- National Association of Conformity Assessment Bodies - ASOCEC.
- Medellín Chamber of Commerce.
- Water Chair.
- Center for Research and Technological Development - CIDET.
- International Committee of Energy Networks - CIGRE.
- Sustainable Energy Cluster of Medellín.
- Intelligent Colombia.
- National Commission for Health and Safety at Work in the Electricity Sector - Ministry of Labor.
- Commercialization Advisory Committee - CAC.
- Advisory Committee for Transmission Planning - CAPT.
- Colombian Committee Of The Commission For Regional Energy Integration - COCIE.
- Antioquia Compliance Committee.
- Interinstitutional Libraries Committee.
- Interinstitutional Committee for Environmental Education of Antioquia - CIDEA.
- Interinstitutional Committee for Municipal Environmental Education of Medellín.
- CIDEAM Medellín.
- Interinstitutional Committee for the Reading, Writing, and Orality Plan of the Secretariat of Civic Culture.
- Accessible Network Committee Medellín.
- International Committee, Latin American Meeting of Libraries, Archives, and Museums - EBAM.

EPM synergies with other entities

- Interinstitutional Thematic Committee on Sustainable Production and Consumption of the Municipality of Medellín.
- University-Enterprise-State Committee - CUEE.
- Colombian Council for Sustainable Construction - CCCS.
- International Council of Museums - ICOM.
- World Energy Council Colombia - WEC.
- National Council of GAS Operation - CNO -GAS.
- National Operation Council - CNO.
- Ruta N Medellín Corporation.
- High-Cost Account.
- National Federation of Businessmen Traders - Fenalco.
- Working Group on Human Rights and Energy - Ministry of Mines and Energy.
- G8 (University Libraries Group).
- INNpalsa Colombia.
- Colombian Institute of Technical Standards and Certification - ICONTEC.
- Colombian Institute of Tax Law - ICDT.
- Colombian Institute of Corporate Governance - ICGC.
- International Federation of Library Associations and Institutions - IFLA.
- International Hydropower Association - IHA.
- Institute of Internal Auditors of Colombia - IIA.
- National Metrology Institute - Instituto Nacional de Metrología.
- Information Systems Audit and Control Association - ISACA.
- Alianza por el Centro Cultural Board.
- Childhood and Adolescence Board of the Municipality of Bello.
- Youth Board of the Municipality of Medellín.
- Medellín Innovation District Board.
- Medellín Museums Board - MMM.
- Sector Roundtables of the Electricity, Gas, Water, and Sanitation Sector (SENA).
- Zonal security roundtables of the municipality of Medellín.
- Inter-institutional Roundtable for the Protection of Rights - Secretariat of Social Inclusion, Human Rights and Family of the Mayor's Office.
- Intersectoral Roundtable Against the Sexual Exploitation of Boys, Girls and Adolescents - ESCNNA.

EPM synergies with other entities

- National Roundtable on Adaptation to Climate Change.
- Childhood, Adolescence and Family Network Roundtable of Medellín.
- Medellín's zonal cultural roundtables.
- Global Movement of High Impact Entrepreneurs - ENDEAVOR.
- Antioquia's Regional Climate Change Node.
- National Accreditation Organization of Colombia - ONAC.
- Regional Platform of the Global Water Operators' Partnerships Alliance (GWOPA) for Latin America and the Caribbean - WOP-LAC.
- National Carbon Neutrality Program - Ministry of Environment and Sustainable Development.
- Network of Museums of Antioquia - RMA.
- Network for the Popularization of Science and Technology in Latin America and the Caribbean - RedPop.
- Global Compact Network - Colombia.





Synergies for environmental management



Synergies for environmental management

Aware that both the operation of Grupo EPM companies and the development of its projects are based on the use of natural resources, it is necessary to develop comprehensive management of the impacts generated in the territories.

A fundamental part of such management corresponds to the articulated work with the environmental entities with competence in the territories where Grupo EPM has a presence, and for this, it is important to maintain and strengthen a strategic relationship that adds value to the parties for the achievement of their own and common objectives with such entities.

These entities, in addition to their role of authority, perform functions such as: environmental planning of the territory, protection, and recovery of environmental protection areas, environmental education, comprehensive environmental management, prevention, attention and recovery of environmental disasters, granting of licenses, permits, and concessions, as well as the control and follow-up of projects, works, and activities that may cause impacts to natural resources and the environment. Therefore, for the Grupo EPM it is important to find tools that allow taking advantage of all these lines of action in favor of the territories and develop this articulated work in a better way.

Thus, historically, **Grupo EPM** has signed agreements or agreements of wills with these institutions to exchange information, develop research in environmental matters, implement programs and projects aimed at strengthening environmental management, preservation and proper management of natural resources, environmental sanitation, and for the development of projects of common interest in the municipalities of its jurisdiction where the Group is present.

The year 2021 was important in this matter since the signing of the transaction minutes derived from the framework agreements with environmental authorities was achieved, which has allowed generating greater impact and executing resources in the development of environmental management projects, integral management of biodiversity, basic sanitation, payment for environmental services, the definition of watercourses and the diagnosis of erosive processes in the supplying basins, conservation, restoration and promotion of sustainable practices in protected areas and implementation of environmental education and culture projects.



For the **Grupo EPM**, inter-institutional cooperation is a valuable tool when it comes to making effective progress in programs that have an impact on the territories, and it works every day to strengthen comprehensive environmental management around its projects and interventions in them, with the environmental authorities as strategic allies to act in these purposes, joining efforts, resources and talent in the municipalities under its jurisdiction.

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Correspondence with sustainability initiatives

SUSTAINABLE DEVELOPMENT GOALS

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS






GRI - ISO 26000




Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard.



Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
	GRI 101. Reporting Principles.	Accountability	Accountability
	GRI 101. Use of GRI Standards for sustainability reporting.		
	GRI 101. Writing statements related to the use of the GRI Standards.		
	GRI 102 - 1. Organizational Profile	Human Rights	Fundamental principles and rights at work
		Organizational governance	Organizational governance
		Internships	Working conditions and social protection
			Social Dialogue
	GRI 102 - 2. Strategy	Organizational governance	Organizational governance
	GRI 102 - 3. Ethics and integrity	Ethical behavior	Ethical behavior
	GRI 102 - 4. Governance	Organizational governance	Organizational governance
	GRI 102 - 5. Stakeholder Engagement		
GRI 102 - 6. Reporting practices	Accountability	Accountability	
	GRI 103-1. Explanation of material topic and its coverage	Accountability	Accountability
	GRI 103-2. The management approach and its components		
	GRI 103-3. Evaluation of management approach		


Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
	GRI 201. Economic performance	Environment	Climate change mitigation and adaptation
		Active participation and community development	Wealth and income generation Social investment Active participation and community development
 GRI 203. Indirect economic impacts	Consumer affairs	Access to essential services	
	Human Rights	Economic, social and cultural rights	
	Active participation and community development	Job creation and skills development	
		Development and access to technology	
		Education and culture	
		Wealth and income generation Social investment Active participation and community development	
Fair operating practices	Promote social responsibility in the sphere of influence Respect for property rights		
GRI 204. Procurement Practices	Active participation and community development	Job creation and skills development Wealth and income generation	
	Fair operating practices	Promote social responsibility in the sphere of influence	
GRI 205. Anti-corruption	Fair operating practices	Anticorruption	


Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
	GRI 301. Materials	Environment	Sustainable use of resources
	GRI 302. Energy		Sustainable use of resources
	GRI 303. Water	Fair operating practices	Promote social responsibility in the sphere of influence
	GRI 304. Biodiversity		Sustainable use of resources
	GRI 305. Emissions		Protection of the environment, biodiversity and habitats
	GRI 306. Effluents and wastes		Climate change mitigation and adaptation
	Environment	Pollution prevention	
		Protection of the environment, biodiversity and habitats	
		Sustainable use of resources	
	GRI 401. Employment	Active participation and community development	Development and access to technology
		Internships	Working conditions and social protection
			Occupational health and safety
	GRI 403. Occupational health and safety		Labor and labor relations
	GRI 404. Formation and education	Active participation and community development	Occupational health and safety
		Internships	Job creation and skills development
GRI 405. Diversity and equal opportunities	Human Rights		Human development and on-the-job training
			Discrimination and vulnerable groups
	Internships		Fundamental principles and rights at work
			Labor and labor relations


Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard		
		ISO 26000 principles and fundamentals	ISO 26000 Issues	
	GRI 406. Non-discrimination	Human Rights	Discrimination and vulnerable groups	
			Fundamental principles and rights at work	
	GRI 407. Freedom of association and collective bargaining		Conflict resolution	
			Complicity in Human Rights	
			Due diligence	
			Civil and political rights	
			Fundamental principles and rights at work	
			Situations of risk to human rights	
			Internships	Social Dialogue
				Labor and labor relations
	GRI 408. Child labor		Human Rights	Complicity in Human Rights
				Due diligence
Discrimination and vulnerable groups				
Fundamental principles and rights at work				
Situations of risk to human rights				
Fair operating practices	Promote social responsibility in the sphere of influence			


Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard		
		ISO 26000 principles and fundamentals	ISO 26000 Issues	
	GRI 409. Forced or compulsory labor	Human Rights	Complicity in Human Rights	
			Due diligence	
	Discrimination and vulnerable groups			
	Fundamental principles and rights at work			
	Situations of risk to human rights			
	Fair operating practices	Promote social responsibility in the sphere of influence		
	GRI 410. Security Practices	Fair operating practices	Human Rights	Complicity in Human Rights
			Internships	Promote social responsibility in the sphere of influence
			Labor and labor relations	
	GRI 411. Rights of Indigenous Peoples	Human Rights	Civil and political rights	
Discrimination and vulnerable groups				
GRI 412. Human Rights Assessment	Human Rights	Conflict resolution		
		Respect for property rights		
		Complicity in Human Rights		
	Fair operating practices	Due diligence		
Situations of risk to human rights				
			Promote social responsibility in the sphere of influence	

Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
 <p>GRI 413. Local communities</p>	Human Rights	Economic, social and cultural rights	
	Environment	Pollution prevention Protection of the environment, biodiversity and habitats	
	Active participation and community development	Job creation and skills development	
		Development and access to technology	
		Education and culture	
		Wealth and income generation	
		Social investment	
		Active participation and community development	
		Health	
	<p>GRI 414. Social evaluation of suppliers</p>	Human Rights	Complicity in Human Rights Due diligence Fundamental principles and rights at work
Active participation and community development		Job creation and skills development	
		Development and access to technology	
		Education and culture	
		Wealth and income generation	
		Social investment	
		Active participation and community development	
		Health	

Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
	GRI 414. Social evaluation of suppliers	Fair operating practices	Promote social responsibility in the sphere of influence
		Internships	Working conditions and social protection Human development and on-the-job training Social Dialogue Occupational health and safety Labor and labor relations
	GRI 416. Customer Health and Safety	Consumer affairs	Sustainable consumption Health and safety protection
		Human Rights	Economic, social and cultural rights
		Active participation and community development	Education and culture Active participation and community development Health
		Fair operating practices	Promote social responsibility in the sphere of influence
		Internships	Occupational health and safety

Correspondence between GRI Standards used in the Sustainability Report with the ISO 26000 standard

GRI Standards		ISO 26000 Standard	
		ISO 26000 principles and fundamentals	ISO 26000 Issues
	GRI 417. Marketing and labeling	Consumer affairs	Sustainable consumption
	GRI 418. Customer privacy		Responsible marketing
	GRI 419. Socioeconomic Compliance		Health and safety protection
			Customer care, support and conflict resolution services
Access to essential services			
	Education and awareness		
	Responsible marketing		
	Consumer data protection and privacy		
	Customer service, support and conflict resolution services		
	Active participation and community development		Wealth and income generation
	Fair operating practices	Respect for property rights	



Global Compact



Correspondence of the material issues with the Global Compact principles

Global Compact Principles - GP										
Material issues	Human Rights		Labor standards				Environment			Anticorruption
	01 Protection of Human Rights	02 No complicity in human rights abuses	03 Freedom of association and collective bargaining	04 Eliminating forced labor	05 Abolish child labor	06 Non- discrimination	07 Prevention of environmental problems	08 Promoting environmental responsibility	09 Promotion of harmless technologies	10 Fighting corruption, extortion and bribery
Access and purchasability	✓									
Water and biodiversity							✓	✓	✓	
Quality and safety of products and services	✓							✓		
Organizational climate	✓		✓	✓	✓	✓				
Responsible sourcing for local development		✓		✓	✓					✓
Human Rights	✓	✓	✓	✓	✓	✓				
Renewable energies							✓	✓	✓	
Climate strategy							✓	✓	✓	
Financial strength										✓
Rates and prices	✓									
Transparency										✓

Correspondence of complementary issues with the principles of the Global Compact

Global Compact Principles - GP										
Material issues	Human Rights		Labor standards				Environment			Anticorruption
	01 Protection of Human Rights	02 No complicity in human rights abuses	03 Freedom of association and collective bargaining	04 Eliminating forced labor	05 Abolish child labor	06 Non- discrimination	07 Prevention of environmental problems	08 Promoting environmental responsibility	09 Promotion of harmless technologies	10 Fighting corruption, extortion and bribery
Corporate citizenship	✓	✓			✓		✓	✓	✓	
Innovation management							✓	✓	✓	
Work environment	✓	✓	✓	✓	✓	✓				✓
Social and environmental management in projects	✓	✓			✓		✓	✓	✓	
Sustainable production and consumption							✓	✓	✓	



Integrated Reporting (IIRC)



Correspondence of the Integrated Report (IIRC) with the Sustainability Report 2021

Correspondence of the Integrated Report (IIRC) with the Sustainability Report 2021	
Content of the Integrated Report - IIRC	Location in the Sustainability Report
General description of the organization and its external environment	Who we are
	How we are organized
	Employee headcount
	Trade union organizations
	Grupo EPM control environment
	Stakeholders
	Our goods and services supply cycle services
	Report profile
Corporate governance	Corporate Governance Report
Business Model	Who we are
	Our history
	Strategic direction and alignment with the SDGs / 6 strategic foci
Risks and opportunities	Strategic direction and alignment with the SDGs / 6 strategic foci
	Comprehensive risk management
Strategy and resource allocation	Management reports for EPM and Grupo EPM
Performance	Access and purchasability
	Water and biodiversity

Correspondence of the Integrated Report (IIRC) with the Sustainability Report 2021

Content of the Integrated Report - IIRC	Location in the Sustainability Report
Performance	Organizational climate
	Quality and safety of products and services
	Responsible sourcing for local development
	Human Rights
	Renewable energies
	Climate strategy
	Financial strength
	Rates and prices
	Transparency
	Corporate citizenship
	Development and innovation
	Work environment
	Social and environmental management in projects
	Sustainable production and consumption
Financial management	
Future prospects	Challenges
	Strategic direction and alignment with the SDGs / 6 strategic foci
Basis for preparation and presentation	Relevant sustainability issues - Materiality

Correspondence of the Integrated Report (IIRC) with the Sustainability Report 2021

Integrated Reporting Principles - IIRC	Location in the Sustainability Report
Strategic focus and future direction	Strategic direction and alignment with the SDGs / 6 strategic foci
Information connectivity	Correspondence between the capitals of the Integrated Report - IIRC with material issues
Relationship with stakeholders	Our stakeholders
Materiality	Report profile
	Relevant topics in sustainability - Materiality
Accuracy	The process for the preparation of this report is led by EPM's Sustainable Development Management, which establishes the guidelines to identify the information to be reported. The identification of material topics and complementary issues ensures that the report focuses on the most relevant aspects of management. The web-based report allows for navigation and links between the different topics presented, avoiding duplication.
Reliability and integrity	The report preparation process is based on an interlocution network made up of people from the different businesses, companies and departments of the corporate group, which favor the reliability and traceability of the information reported. See also: External verification
Comparability and consistency	Correspondence with sustainability initiatives
	Relevant sustainability issues Materiality

Correspondence between the capitals of the Integrated Report - IIRC with material issues

Material issues	Capitals					
	Natural	Human	Social	Intellectual	Financial	Operational
Access and purchasability			✓		✓	✓
Water and biodiversity	✓					
Quality and safety of products and services			✓			✓
Organizational climate		✓				
Responsible sourcing for local development		✓	✓			✓
Human Rights			✓			
Renewable energies	✓			✓		
Climate strategy	✓					
Financial strength					✓	
Rates and prices			✓		✓	
Transparency		✓	✓			

Capitals	Meaning
Natural	All renewable and non-renewable environmental resources and processes that provide the goods and services that sustain an organization's past, current or future prosperity.
Human	People's competencies, capabilities and experience, and their motivations to innovate.
Social	Institutions and relationships within and between communities, stakeholders and other networks and the ability to share information to improve individual and collective well-being.
Intellectual	Intangibles based on the organization's knowledge.
Financial	The amount of funds available in organizations for use in the production of goods or the provision of services obtained through financing, such as debt, equity or grants, or generated through operations or investments.
Operational	Manufactured physical objects available to an organization for use in the production of goods or the provision of services.



Monitoring and evaluation of institutional performance



Monitoring and evaluation of institutional performance

Integrated Model of Planning and Management - MIPG

MIPG	Company language	Correlation Sustainability Report 2021
1. Human Resources Dimension	<ul style="list-style-type: none"> • Labor welfare and benefits. • Quality of life. • Organizational climate. • Training and development. • Personnel selection. • Occupational health and safety. • Ethics and values. • Health care and health contingency 	EPM People
		Organizational climate
		Work environment
		Our Group (Ethics and values)
		Pandemic Management
		Transparency practices (Ethics and values)
2. Strategic Direction and Planning Dimension	<ul style="list-style-type: none"> • Strategic direction - Strategic focuses - Challenges • Business plans and corporate services. • Corporate governance. • Business projects. • Strategic objectives - CMI. • Risk management. • Information technology. 	Strategic direction and alignment with the SDGs / 6 strategic foci
		Strategic Direction
		Corporate Governance Report
		Expansion projects
		Social and environmental management in projects
		Ituango Report
		Strategic objectives - CMI
		Comprehensive risk management
		Digital transformation



Integrated Model of Planning and Management - MIPG

MIPG	Company language	Correlation Sustainability Report 2021
3. Managing with Values for Results Dimension	<ul style="list-style-type: none"> Organizational structure. Stakeholders. Processes (Control of non-conforming product). Digital Government. Anti-corruption and citizen service plan and streamlining of procedures. Budget management. Regulations and legal defense. Citizen participation. Accountability. 	How we are organized
		Our stakeholders
		Safety in the provision of the service
		Transparency practices (including Digital Government)
		Rates and prices
		Digital Government
		Accountability
		Stakeholder information
		Stakeholder engagement
		Integrated Model of Planning and Management - MIPG
4. Results Evaluation Dimension	<ul style="list-style-type: none"> Results of customer satisfaction surveys. Complaints and claims (product, service). Monitoring and evaluation of institutional performance (results of internal audits SGC EPM and improvement plans). Process indicators. Follow-up of individual performance. Accountability. 	Customer satisfaction
		Safety in the provision of the service
		Customer Service
		Integrated Planning and Management Model - MIPG
		Optimization of operations: Business performance
		Financial management EPM
		Suppliers and contractors
		Accountability
		Stakeholder accountability
		Relations with suppliers and contractors
Job performance		

Integrated Model of Planning and Management - MIPG

MIPG	Company language	Correlation Sustainability Report 2021
5. Information and Communication Dimension	<ul style="list-style-type: none"> • Communication with stakeholders. • Transparency and access to information. • Documentary management. • Information management. • Budget management. • Financial results. • Digital transformation. • Information management. 	Stakeholder information
		Stakeholder engagement
		Education and communication to customers, users and the community
		Transparency practices
		Financial Results
		Challenges 2022
6. Knowledge management	<ul style="list-style-type: none"> • Innovation management • Services for the future 	Innovation management
		Challenges 2022
7. Internal Control	<ul style="list-style-type: none"> • Independent audit results (internal audit and external audit). • Integrated Risk Management • Lines of defense 	Internal control
		Accountability
		Integrated Risk Management





Stakeholders

SUSTAINABLE GOALS
DEVELOPMENT





Identification of stakeholders



Identification of stakeholders

For the identification of stakeholders in the Grupo EPM, three criteria are taken into account:

Content 102-42.

- **The legitimacy** of a stakeholder group is assessed within the framework of desirable, proper, or appropriate actions within the system of norms, values, beliefs, and definitions of society. In operational terms, the level of legitimacy is estimated based on the existence of norms, contracts, agreements, and covenants, on issues connecting it to the organization.
- **Power** is evaluated in terms of coercive power (that of force or weapons), utilitarian power (direct or indirect economic power - for example, the power of information and knowledge), and symbolic power (that of relationships, political support, and social and cultural recognition).
- **The urgency** or dependency is evaluated in terms of the criticality of the emergency (magnitude of the dependency or the demand for a response it has on the organization), and the required speed of response to the emergency¹.



1. Mitchell, Agle, Wood. Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. (1997).



For EPM, the stakeholders identified based on these criteria are as follows:

Content 102-40.

- Customers and users
- Colleagues
- Community
- Owner
- State
- People from Grupo EPM
- Investors
- Suppliers and contractors
- Partners / Shareholders

Stakeholders are groups of people or entities that impact or are impacted to a high degree by Grupo EPM and have relatively stable interests in common.

In more technical terms, they are social collectives with high legitimacy, power, and urgency, which have a certain homogeneity and stability in their interests vis-à-vis Grupo EPM.

The priority issues for the sustainability of Grupo EPM and its stakeholders are detailed in Material issues.



Stakeholder consultations show the expectation of a stronger connection of the organization with their demands, needs and aspirations; likewise, the disruption caused by the COVID-19 pandemic accelerates their attention to issues such as adaptation to new technologies that increase access to knowledge and information, generation of solutions for more affordable and quality services, domiciliary public services as vehicles for the realization of rights, organizational governance and labor welfare.

These topics will add to the collaborative relationship between Grupo EPM and its stakeholders in its purpose of contributing to the harmony of life for a better world.



Customers and users



Customers and users

Composition

Individuals, companies, and other organizations with which we have a relationship based on the provision of services.

Grupo EPM installations

Service	2019	2020	2021
Energy	6,756,355	8,559,030	8,819,791
Gas	1,260,940	1,307,628	1,363,562
Aqueduct	1,600,225	1,642,179	1,682,719
Sewage	1,540,873	1,593,299	1,637,348
Cleaning	868,335	885,589	917,768

Source: Commercial Business Unit



- This table quantifies the installations that are served by one or more of the utilities.
- The subsidiary TICSA indirectly serves 2,365,560 customers through the operation of 11 wastewater treatment plants.



EPM installations

Companies	2019	2020	2021
Energy	2,508,552	2,578,536	2,662,104
Gas	1,260,940	1,307,628	1,363,562
Aqueduct	1,266,504	1,329,343	1,362,502
Sewer	1,233,212	1,306,606	1,341,700
EPM Installations*	2,549,957	2,621,326	2,707,561

Source: Commercial Business Unit



Note: This table quantifies the installations that are served by one or more of the utilities.

*Corresponds to the number of installations that have at least one service.



Relationship objective

To improve the experience of our customers and users, facilitating their interaction with the Company and providing them with solutions that respond to their needs and expectations and that demonstrate our permanent concern for their well-being and sustainability.

Relationship plan leader

Commercial VP.

Associated topics

Associated material topics

GRI Standard 102-44

Access and affordability
Water and biodiversity
Quality and safety of products and services
Organizational climate
Human Rights
Renewable energies
Climate strategy
Financial strength
Rates and prices
Transparency

Associated complementary issues

GRI Standard 102-44

Innovation management
Social and environmental management in projects
Sustainable production and consumption

Management indicators

102 - 44 Key issues and concerns mentioned.



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Colleagues

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Colleagues

Composition

Entities engaged in the provision of services offered by Grupo EPM.

Relationship objective

Jointly manage issues of common interest that strengthen the development and sustainability of the sector and its environment.

Relationship plan leader

External Relations Manager.

Associated topics

Associated Material Topics GRI Standard 102-44

Access and affordability
Water and biodiversity
Product quality and safety and services
Responsible sourcing for local development
Human Rights
Renewable energies
Climate strategy
Rates and prices
Transparency

Associated complementary issues GRI Standard 102-44

Innovation management

Management indicators

102 - 44 Key issues and concerns mentioned.

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Community

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Community

Composition

Population located in areas where Grupo EPM companies are present through their projects and operations.



Relationship objective

Establish and address multidirectional commitments with the community and its representatives in the territories where Grupo EPM companies are present, which favor the sustainability of the environments and a better quality of life for the communities.

Relationship plan leader

Head of Customer and Community Education Unit.



Associated topics

Associated material topics

GRI Standard 102-44

Access and affordability
Water and biodiversity
Quality and safety of products and services
Responsible sourcing for development local
Human Rights
Renewable energies
Climate strategy
Rates and prices
Financial strength
Transparency

Associated complementary issues

GRI Standard 102-44

Corporate citizenship
Innovation management
Work environment
Social and environmental Results in projects
Sustainable production and consumption

Amounts distributed by EPM to Community

(Amounts in million COP)

2019	2020	2021
261,189 (3%)	220,930 (2%)	363,044 (3%)



The distributed value is taken from the financial statement by stakeholder, prepared according to the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.

Management indicators

102 - 44 Key issues and concerns mentioned.

201 - 1 Direct economic value generated and distributed.

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

Owner

SUSTAINABLE DEVELOPMENT GOALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Owner

Composition

The owner, which for EPM is the Municipality of Medellín, and for the subsidiaries is EPM.



Relationship objective

To promote compliance with the action framework established between EPM and the Municipality of Medellín, which defines the principles and obligations that frame the relationship between the company and its owner, to have adequate corporate governance, and contribute to the sustainability of the Company.

Relationship plan leader

Corporate Governance Unit.

Associated topics

Associated material topics

GRI Standard 102-44

Access and affordability
Water and biodiversity
Quality and safety of products and services
Responsible sourcing for development local
Organizational climate
Human Rights
Renewable energies
Climate strategy
Financial strength
Rates and prices
Transparency

Associated complementary issues

GRI Standard 102-44

Corporate citizenship
Innovation management
Social and environmental Results in projects

Amounts distributed by EPM to the owner

(Amounts in million COP)

2019	2020	2021
1,289,652 (12%)	1,488,319 (13%)	1,396,953 (11%)



The distributed value is taken from the financial statement by stakeholder, prepared according to the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.

Management indicators

102 - 44 Key issues and concerns mentioned.

201 - 1 Direct economic value generated and distributed.



State

SUSTAINABLE DEVELOPMENT GOALS



State

Composition

State entities and organizations of the national, departmental and municipal order, as well as state entities of other countries and supranational organizations whose actions could have effects on matters of interest to Grupo EPM.

Relationship objective

Establish and maintain a close relationship with the State, to align actions and join efforts to achieve economic, environmental, and social sustainability of the territories where Grupo EPM has a presence or interests and the achievement of the strategic objectives of both.

Relationship plan leader

External Relations Director.



Associated topics

Associated material topics

GRI Standard 102-44

Access and affordability
Water and biodiversity
Quality and safety of products and services
Responsible sourcing for local development
Human Rights
Renewable energies
Climate strategy
Financial strength
Rates and prices
Transparency

Associated complementary issues

GRI Standard 102-44

Corporate citizenship
Innovation management
Social and environmental results in projects
Sustainable production and consumption

Amounts distributed by EPM to the State

(Amounts in million COP)

2019	2020	2021
1,104,460 (11%)	920,081 (8%)	1,510,150 (12%)



The distributed value is taken from the financial statement by stakeholder, prepared according to the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.

Management indicators

102-44 Key issues and concerns mentioned.

201-1 Direct economic value generated and distributed.



People from Grupo EPM



People from Grupo EPM

Composition

Employees, beneficiaries, retirees, pensioners, apprentices, and trainees of Grupo EPM.

People from Grupo EPM

People from Grupo EPM	2019	2020	2021
Management personnel	512	562	697
Professional staff	5,017	5,495	6,580
Non-professional personnel	8,431	8,388	9,573
Total servers	13,960	14,445	16,850
Retirees ¹	3,547	3,967	3,591
Apprentices and trainees	860	687	834
Total People from Grupo EPM	18,367	19,099	21,275



Note: ¹ There is no data on pensioners from private pension funds or public funds.



EPM People

EPM People	2019	2020	2021
Management personnel	226	224	216
Professional staff	2,942	3,157	3,482
Non-professional personnel	4,346	4,410	4,708
Total servers	7,514	7,791	8,406
Beneficiaries	12,021	13,794	13,960
Retirees ¹	2,098	2,019	1,946
Apprentices and trainees	394	408	410
Total EPM People	22,027	24,012	24,722



Note: ¹ There is no data on pensioners from private pension funds or public funds.



Relationship objective

To Strengthen the Grupo EPM - Organization relationship to favor trust and develop the sustainable human development of stakeholders, and thus achieve the fulfillment of business objectives.

Relationship plan leader

VP of Human Resources and Organizational Development.

Associated topics

Associated material topics

GRI Standard 102-44

Quality and safety of products and services
Organizational climate
Human Rights
Financial strength
Transparency

Associated complementary issues

GRI Standard 102-44

Work environment
Innovation management
Sustainable production and consumption

Amounts distributed to EPM People

(Amounts in million COP)

2019	2020	2021
1,469,552 (14%)	1,601,895 (14%)	1,840,770 (15%)



The distributed value is taken from the financial statement by stakeholder, prepared according to the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.

Management indicators

102 - 44 Key issues and concerns mentioned.

201 - 1 Direct economic value generated and distributed.



Investors



Investors

Composition

Determinant actors for the provision of long-term financial resources for Grupo EPM, who act directly or indirectly in the capital market, and in a manner completely unrelated to the sharing of ownership in EPM or its subsidiaries; among them, national and international bondholders, long-term financing providers, facilitators, and governmental entities.

Relationship objective

Consolidate trust with investors and other players in the national and international securities market, through a relationship based on good economic, social and environmental management.

Relationship plan leader

Director of Capital Management.

Associated topics	
Associated material topics GRI Standard 102-44	Water and biodiversity
	Human rights
	Climate strategy
	Renewable energies
	Financial strength
	Rates and prices
	Transparency
Associated complementary issues GRI Standard 102-44	Social and environmental management in projects
	Sustainable production and consumption

Main achievements 2021

Goals 2021	2021 Achievements	Fulfillment
15th version of the Grupo EPM's annual investor event.	<p>The annual event was held on May 13 virtually, for the second consecutive year due to the COVID-19 pandemic, with the participation of 123 attendees from the following countries: Colombia, Peru, Chile, Argentina, Mexico, and the United States.</p> <p>This event highlighted the management, performance, and achievements of the business group during the previous year and the expectations and challenges for the current year.</p>	Total
Quarterly consolidated financial results conference call.	We held the four scheduled quarterly consolidated earnings conference calls for domestic and international investors (in Spanish and English).	Total
Participation in annual international capital market events of the "non-deal roadshow" type organized by commercial banks.	We participated in five non-deal roadshow-type virtual events, organized by both international and domestic banks. At these events, investors were presented and updated on the main topics of the business group of interest to this audience.	Total
Maintain both versions of the web portal for investors up to date and improve navigation to facilitate access to content.	Both versions of the portal were updated throughout the year, and the content and navigation structure were redesigned and will be published in 2022.	Total
Comply with the requirements of the Colombian Stock Exchange.	IR Recognition was received from the Colombian Stock Exchange for the 2021-2020 period.	Total
Conducting a virtual roadshow	In May 2021, a roadshow was held for the second bond issue of the subsidiary Aguas Antofagasta, where investors from insurance companies, banks, pension funds, mutual funds, investment funds, and brokerage firms participated in the operation.	Total

Challenges 2022

Challenges 2022	Fulfillment indicator
16th version of the Grupo EPM's annual investor event.	Conducting the annual virtual investor event, highlighting the management, performance, and achievements of the business group during the immediately preceding year and the expectations and challenges of the current year.
Teleconferencing from results quarterly consolidated financial results' conference call.	Conducting four quarterly results conference calls.
Participate in "non-deal roadshow" type events, organized by both international and domestic banks, to present and update investors on the main topics of the business group of interest to this audience.	Participation in events organized by international and national banks.
Publish the new version of the Investor Portal in both languages (Spanish and English).	Redesign of the web portal aimed at investors and keep its contents updated.
Compliance with the requirements of the Colombian Stock Exchange that are included in the IR Recognition.	Participation in the Colombian Stock Exchange's issuer recognition initiative -IR.

Management indicators

102 - 44 Key issues and concerns mentioned.



Suppliers and contractors



Suppliers and contractors

Composition

Individuals and legal entities that provide or can provide goods or services to any of the companies of the Grupo EPM. Labor suppliers, small suppliers of goods and services, knowledge suppliers, strategic suppliers, and large suppliers of goods and services.

Number of suppliers registered in EPM's Suppliers and Contractors information system.

2019	2020	2021
7,514	9,184	11,110



Note: This report corresponds to the suppliers registered in the Ariba system as of December 31 of each year.

Relationship objective

Establish, through the acquisition of goods and services, relationships for the construction and conjunction of capabilities in order to achieve sustainable development of the environment and the generation of value for each of the parties and society in general.

Relationship plan leader

VP of Supply and Shared Services.

Associated topics

Associated material topics

GRI Standard 102-44

Water and biodiversity
Quality and safety of products and services
Responsible sourcing for local development
Human Rights
Climate strategy
Rates and prices
Financial strength
Transparency

Associated complementary issues

GRI Standard 102-44

Work environment
Sustainable production and consumption

Distributed value of EPM to:	2019	2020	2021
Suppliers of goods and services	1,513,734 (15%)	1,470,286 (13%)	1,931,999 (15%)
Financial providers	1,231,287 (12%)	1,470,666 (13%)	1,678,438 (13%)
Total Suppliers and contractors	2,745,021 (26%)	2,940,952 (26%)	3,610,437 (29%)



- The distributed value is taken from the financial statement by stakeholder, prepared according to the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.
- Values in million COP.

Management indicators

- 102-44** Key issues and concerns mentioned.
- 201-1** Direct economic value generated and distributed.



Partners



Partners

Composition

Individuals and legal entities that have non-controlling ownership rights in the subsidiaries that are part of the Grupo EPM, both in domestic and international companies.

Partners applies to EPM. For subsidiaries of the Grupo EPM, they are called shareholders.

Relationship objective

Ensure respect for shareholders' rights and compliance with commitments to facilitate decision making and strengthen trust, within the framework of corporate governance practices.

Relationship plan leader

Head of Corporate Governance Unit.

Associated topics

Associated material topics

GRI Standard 102-44

Access and affordability
Quality and safety of products and services
Renewable energies
Financial strength
Rates and Pricing
Transparency

Associated complementary issues

GRI Standard 102-44

Corporate citizenship
Innovation management

Management indicators

102-44 Key issues and concerns mentioned.



Stakeholder Engagement



Stakeholder engagement

The materiality exercise that incorporates stakeholder voices is described in [Relevant sustainability issues - Materiality](#).

This exercise guides Grupo EPM's sustainability management based on 11 material topics and their emphasis in each territory. For the management of these emphases, the most significant challenges were identified, which can be consulted in each of the [Material issues](#) in the challenges section.

In 2021, stakeholders participated in the update of the materiality of the Grupo EPM. The relevant sustainability issues generated from the analysis of this exercise will be incorporated into the planning and management of the Group's companies according to their particularities, the establishment of goals, and their respective accountability.



Relevant topics for stakeholders

Material subject	Customers and users	Community	Suppliers and contractors	People from Grupo EPM	Partners/ Shareholders	Owner	Investors	State	Colleagues
Access and affordability	✓	✓			✓	✓		✓	✓
Water and biodiversity	✓	✓	✓				✓	✓	✓
Quality and safety of products and services	✓	✓	✓		✓	✓		✓	✓
Organizational climate				✓		✓			
Responsible sourcing for local development		✓	✓					✓	
Human Rights	✓	✓	✓	✓		✓	✓	✓	✓
Renewable Energy	✓	✓			✓	✓	✓	✓	✓
Climate strategy	✓	✓	✓				✓	✓	✓
Financial soundness	✓	✓	✓		✓	✓	✓		
Rates and prices	✓	✓	✓		✓	✓	✓	✓	✓
Transparency	✓	✓	✓	✓	✓	✓	✓	✓	✓

Signals from stakeholders

Thematic	Customers and users	Community	Suppliers and contractors	Investors	Partners	People from Grupo EPM	Colleagues	Owner	State
Affordable, quality services to help mitigate the impacts of the COVID-19 pandemic.	✓	✓		✓			✓		✓
Aspirations for solutions based on alternative energy sources to water and fossil fuels, such as solar, and wind, among others.	✓	✓							
Interest in having their vision included in the planning and management of the Organization.	✓	✓				✓			
Progress in the recovery works of the future Ituango hydroelectric power plant.		✓	✓	✓	✓	✓	✓	✓	✓
Water and biodiversity protection.	✓	✓	✓	✓	✓		✓	✓	✓
Compliance with the Organization's Corporate Governance Agreement by all stakeholders.				✓	✓	✓		✓	✓
Actions to reduce greenhouse gases.	✓	✓	✓	✓		✓		✓	✓
Interest in ensuring that corporate actions are consistent with social dynamics and that are prepared to respond to long-term trends, such as climate change, biodiversity loss, climate change, biodiversity loss, climate demographics, the future of work, and innovation and technology.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Interest in regulatory management for setting utility tariffs.	✓	✓		✓	✓			✓	✓

Stakeholder dialogues EPM

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Accountability

The result of the accountability exercise on the management of the Grupo EPM can be seen in detail in the [Transparency](#) chapter.

Customers and users and the community

In face-to-face, virtual and mass media educational activities (radio, television, social networks, e-mail, text messages, virtual platforms), 480,000 people participated in 2021. The program "Por ti estamos ahí" (We are there for you) was present in 48 institutions in different territories, which allowed interaction with more than 50,000 people, with whom it was possible to talk about issues associated with the provision, measurement, consumption, payment and after-sales service of residential public utilities. This program includes various activities such as home visits, talks, discussions, workshops and other outreach events. Detailed information on participation spaces with customers and users, and the community, can be found in [Education and communication to customers and users](#).

Investors

On Thursday, May 6, for the second consecutive year, the 15th Grupo EPM Investors' Meeting was held virtually, with an attendance of 123 people, including investors and players in the financial sector. In this meeting, the main results of the business for the year 2020 were presented, as well as the consolidated financial results.

State

Different spaces were enabled for the participation of the municipalities of Antioquia, including the following: work tables, one-on-one meetings, meetings, external events and technical visits, development of the "Encendamos la alegría" contest, participation in government councils, rapprochement with local and regional entities, tours and visits, meetings with a territorial approach, relationship agenda of the general manager of EPM. Other spaces carried out:

Government of Antioquia

- Working groups with the Governor's Office and 18 municipalities to build solar energy proposals for homes far from energy infrastructure.
- Execution of the relationship model in the territory of influence of the subsidiary Aguas Regionales, composed of nine mayors' offices in the western and Urabá subregions.
- Assembly of Antioquia.
- With the deputies of Antioquia, the communiqués issued by the Organization regarding Hidroitungo and the Christmas Lights in the municipalities were shared.

Colleagues

Relationship actions with ANDI, Asocodis, Naturgas, Acolgen and Andesco unions and development and implementation of communication and relationship channels with other unions.

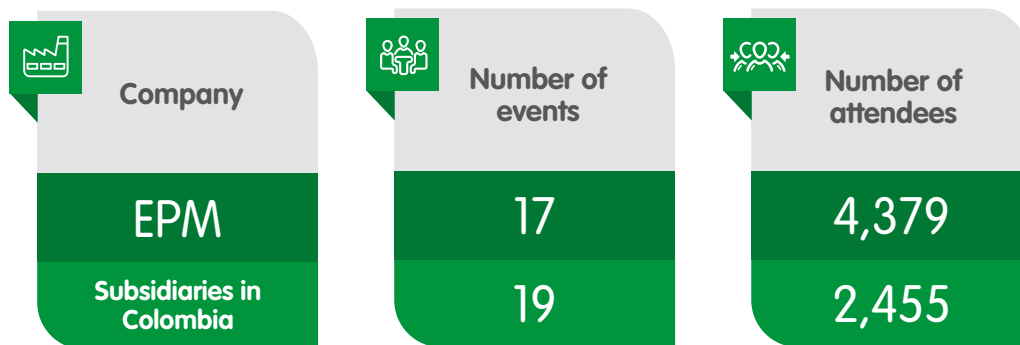
Participation in the regulatory committees of the main industry associations to define the strategy related to legislative projects of interest.

Grupo EPM and Investors

In order to generate reflection and appropriation of the Sustainability Model, which is an integral part of the Strategic Direction of the Grupo EPM, was held on Friday, December 3 between 9:00 and 11:00 a.m., This is a topic of great importance for the soundness and sustainability of organizations, their stakeholders and the environment; topics such as the principles of Responsible Investment, the importance of environmental, social and governance criteria (ESG) and SABS standards were addressed. This event had an impact on 300 people from the Grupo EPM and Investor groups.

Suppliers and contractors

The following is a list of the events held during 2021 to promote dialogue, relations, information and feedback with suppliers and contractors, both in EPM and in the Colombian subsidiaries of energy and water and Emvarias:



Several actions are developed to strengthen the relationship with suppliers and contractors, among them.

- Seventy-three communications were delivered with information related to supply chain issues, COVID-19, electronic invoicing, invitations to events, Global Compact 2021, gender equity, accountability, supplier development, suppliers and contractors registration update, among others. Communications were sent to approximately 9,200 suppliers.
- Actions taken to face the emergency generated by COVID-19.
- Mailings from the Recyproco mailbox: 7 mailings with an impact on approximately 9,200 suppliers and contractors.
- Seventeen virtual events were held to share information related to Grupo EPM hiring, asset management, operational safety, gender equity, harassment situations, corporate commitment, respect for Human Rights, and return to face-to-face work, among others. Approximately 4,379 people attended these events.
- With the Colombian subsidiaries of the Grupo EPM, different activities and initiatives on supplier development were developed, with the participation of 2,352 people from 1,041 external companies, as well as bulletins on supplier development, which impacted more than 2,348 people in the territories where the business group is present.
- Through the WhatsApp Business channel for suppliers and contractors, newsletters, invitations to events, campaigns, and surveys, among others, were shared. There are 551 contacts registered in these groups.
- Four specialized articles were published on LinkedIn on topics related to EPM's electronic auction of industrial surpluses, the concept of ecosystem extrapolated to the training processes for contractors, the creation of a PPP for the traceability of the international physical distribution of imported goods and the application of business intelligence for account rendering.

Media, columnists and journalists

- Meeting with media directors to present the progress of EPM's results, as well as to establish connections with Colombian media directors with national reach.
- Visit to EPM generation plant with journalists from the area of influence of Hidroituango and Bajo Cauca.
- Discussions with media representatives with a territorial approach: Hidroituango area of influence.

Financial statements by stakeholder

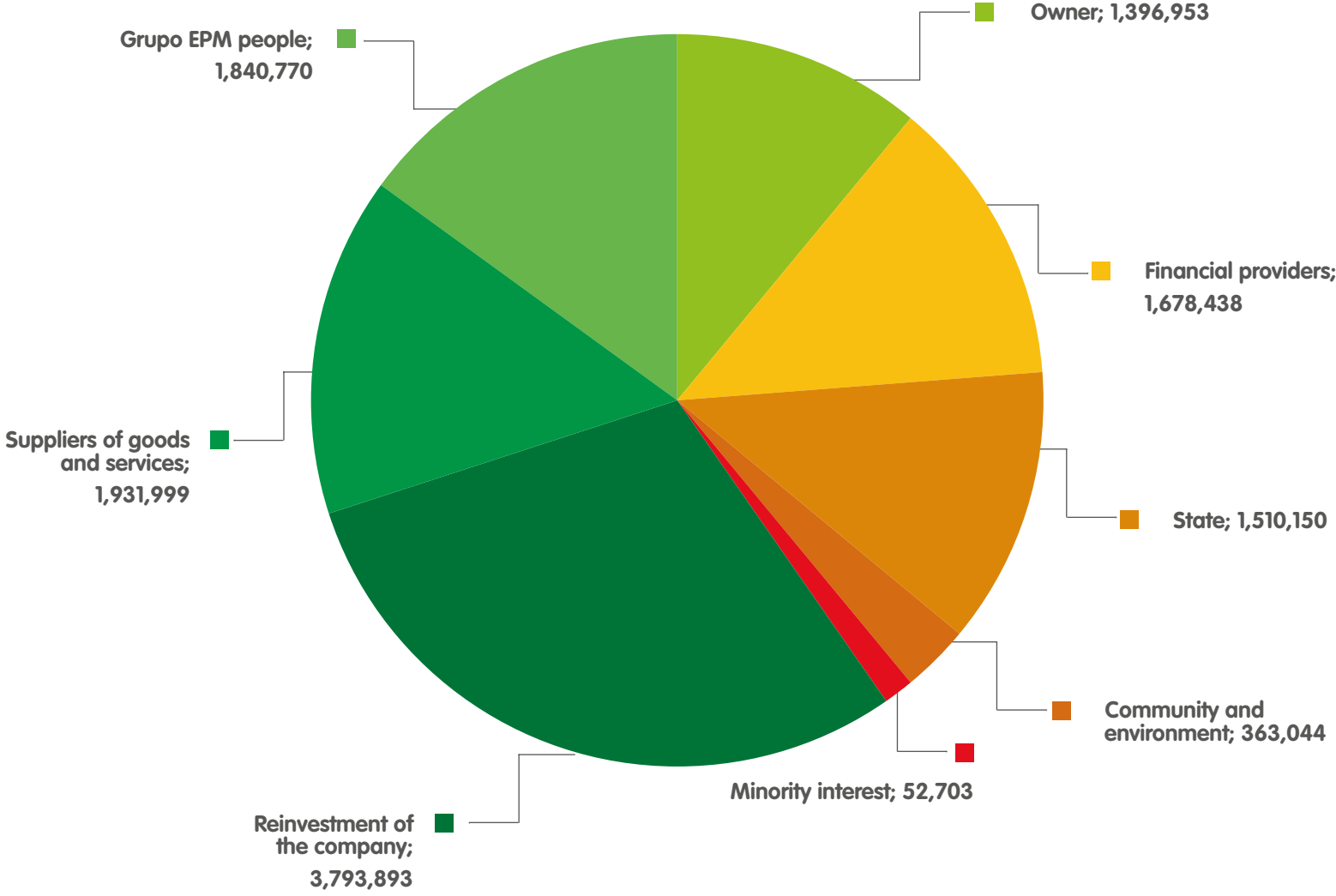
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A quantitative expression of the impact on stakeholders is expressed in the graph of the value generated and distributed based on the methodology of the Fourth Financial Statement of the Uruguayan Luis Perera Aldama.

Financial statement by stakeholders EPM 2021 Value generated and distributed = COP 12,567,950 million

	2021	Participation
Total Value Generated (TVG)	12,567,950	100%
Operational Value Generated (VOG)	13,797,453	110%
Revenues	25,760,581	205%
Direct costs	-11,963,128	-95%
Value Added Generated (GAV)	-1,229,503	-10%
Subsidiaries and associates	-387,708	-3%
Accounting items	-841,795	-7%
Total Value Added Distributed (VAD)	12,567,950	100%
Reinvestment of the Company	3,793,893	30%
Suppliers of goods and services	1,931,999	15%
People from Grupo EPM	1,840,770	15%
Owner	1,396,953	11%
Financial providers	1,678,438	13%
State	1,510,150	12%
Community and environment	363,044	3%
Minority	52,703	0%

Source: Executive VP Finance and Investment Management



Source: Executive VP of Finance and Investment Management

The main concepts included in each group are listed below:

Associated topics	
Revenues	Operating income, net foreign exchange difference on own position and financial income from debtors.
Direct costs	Costs of goods sold, commercial operation and direct inputs used for the provision of public services.
Subsidiaries and associates	Net income from equity method, dividend income and other results associated with the acquisition or disposition of equity investments.
Accounting items	Non-cash income and expenses associated with impairment of assets and provisions for liabilities.
Reinvestment in the Company	Depreciation, maintenance, repairs, quality control costs, undistributed surplus.
Owner	Ordinary and extraordinary transfers paid.
Financial providers	The net result of interest income and expenses, commissions, other results and exchange differences with financial institutions.
People from Grupo EPM	Costs and expenses associated with personnel and actuarial calculation.
Suppliers of goods and services	Costs and expenses associated with the procurement of goods and services not directly related to other stakeholders.
State	National and territorial taxes, fees and contributions.
Community and environment	Law 56 of 1981 - Norms on public works, Law 99 of 1993 - General Environmental Law of Colombia, Financial Support Funds for the energization of non-interconnected areas and interconnected rural areas - FAZNI and FAER, environmental taxes and contributions to the Grupo EPM Foundation.
Minority	Effective payment of dividends to shareholders and group partners in EPM's direct and indirect controlled companies.

Financial statement by stakeholder 2019 - 2021 (million COP)

	2019	2020	2021
Total Value Generated (TVG)	10,363,723	11,118,417	12,567,950
Operational Value Generated (VOG)	10,668,666	10,477,317	13,797,453
Revenues	18,543,069	19,780,893	25,760,581
Direct costs	-7,874,403	-9,303,576	-11,963,128
Value Added Generated (GAV)	-304,943	641,100	-1,229,503
Subsidiaries and associates	-149,273	1,416,445	-387,708
Accounting items	-155,670	-775,345	-841,795
Total Value Added Distributed (VAD)	10,363,723	11,118,417	12,567,950
Reinvestment of the Company	3,390,688	3,841,983	3,793,893
Owner	1,289,652	1,488,319	1,396,953
Suppliers of goods and services	1,513,734	1,470,286	1,931,999
People from Grupo EPM	1,469,552	1,601,895	1,840,770
Financial providers	1,231,287	1,470,666	1,678,438
State	1,104,460	920,081	1,510,150
Community and environment	261,189	220,930	363,044
Minority	103,161	104,257	52,703

Source: Executive VP Finance and Investment Management



Financial statement by stakeholders and countries Grupo EPM 2021
(million COP)

	Grupo EPM	Energy Business	Water Business	Other segments	Eliminations between segments
Total Value Generated (TVG)	12,567,950	10,169,339	2,446,786	138,826	-187,001
Operational Value Generated (VOG)	13,797,453	11,103,933	2,565,663	313,064	-185,207
Revenues	25,760,581	22,936,301	2,730,434	338,696	-244,850
Direct costs	-11,963,128	-11,832,368	-164,771	-25,632	59,643
Value Added Generated (GAV)	-1,229,503	-934,594	-118,877	-174,238	-1,794
Subsidiaries and associates	-387,708	-235,064	-3,922	-146,928	-1,794
Accounting items	-841,795	-699,530	-114,955	-27,310	0
Total Value Added Distributed (VAD)	12,567,950	10,169,339	2,446,786	138,826	-187,001
Reinvestment of the Company	3,793,893	3,911,965	877,774	-967,254	-28,592
Suppliers of goods and services	1,931,999	1,424,100	524,622	107,833	-124,556
People from Grupo EPM	1,840,770	1,244,229	438,127	176,431	-18,017
Owner	1,396,953	770,309	93,434	533,210	0
Financial providers	1,678,438	969,985	374,955	354,212	-20,714
State	1,510,150	1,467,424	103,394	-65,610	4,942
Community and environment	363,044	328,636	34,469	3	-64
Minority	52,703	52,691	11	1	0

Source: Executive VP Finance and Investment Management

Financial statement by stakeholders and countries Grupo EPM 2021
(million COP)

	Grupo EPM	Colombia	Chile	El Salvador	Guatemala	Panamá	México	Bermudas	Inter-country eliminations
Total Value Generated (TVG)	12,567,950	10,100,141	650,282	277,731	756,413	619,897	213,587	36,752	-86,853
Operational Value Generated (VOG)	13,797,453	11,269,556	659,960	285,134	839,592	629,802	163,510	36,752	-86,853
Revenues	25,760,581	18,699,372	751,146	1,127,394	2,841,430	2,225,625	165,715	36,752	-86,853
Direct costs	-11,963,128	-7,429,816	-91,186	-842,260	-2,001,838	-1,595,823	-2,205	0	0
Value Added Generated (GAV)	-1,229,503	-1,169,415	-9,678	-7,403	-83,179	-9,905	50,077	0	0
Subsidiaries and associates	-387,708	-299,069	-17	-6,597	-69,144	5,593	-18,474	0	0
Accounting items	-841,795	-870,346	-9,661	-806	-14,035	-15,498	68,551	0	0
Total Value Added Distributed (VAD)	12,567,950	10,100,141	650,282	277,731	756,413	619,897	213,587	36,752	-86,853
Reinvestment of the Company	3,793,893	2,635,652	365,737	97,250	397,204	317,737	-27,168	9,744	-2,263
Owner	1,396,953	1,396,953	0	0	0	0	0	0	0
Suppliers of goods and services	1,931,999	1,471,175	73,718	44,098	103,109	116,243	101,255	26,655	-4,254
People from Grupo EPM	1,840,770	1,473,578	76,545	60,939	99,821	72,406	56,927	554	0
Financial providers	1,678,438	1,418,910	192,335	9,357	41,799	77,219	19,355	-201	-80,336
State	1,510,150	1,323,171	-58,227	59,286	88,376	34,326	63,218	0	0
Community and environment	363,044	360,702	174	0	242	1,926	0	0	0
Minority	52,703	20,000	0	6,801	25,862	40	0	0	0

Source: Executive VP Finance and Investment Management



Precautionary principle



Precautionary Principle

According to the precautionary principle¹, the lack of absolute scientific certainty is not an excuse to postpone the adoption of effective and anticipated measures in the face of environmental degradation and human health.

In the **Grupo EPM** the precautionary attitude to protect the environment and human health is incorporated from its strategic direction, oriented under the precepts of sustainable human development.

The corporate purpose of the Grupo EPM highlights an ecosystemic view with interest in the whole: **“To contribute to the harmony of life for a better world”** that invites to recognize the ecosystem, to see beyond the individual interest to have a vision of the corporate group, of territories, of humanity, including future generations and life in all its dimensions.

This higher purpose, consistent with the precautionary principle, means for Grupo EPM companies to be aware of their relationship with all parts of the ecosystem and the impact they can generate on them.



¹Declaration of Rio de Janeiro, United Nations Conference on Environment and Development, 1992.

CRI Content 102-11

Due to the uncertainty about the evolution of the pandemic caused by COVID-19, in 2021 the companies of the Grupo EPM continued implementing actions to minimize the negative effects, especially on employees, contractors, customers, users, and the community.



[See more information in Work environment.](#)

In order to correctly apply this principle in the future Ituango hydroelectric power plant, all the necessary activities to mitigate risks and maintain the integrity of the project were advanced from the first moment the contingency originated in April 2018, without sparing efforts and resources, preserving at all times the scale of values defined for decision making, which put in order of priority initially safeguarding the lives of people, secondly protecting the environment and finally recovering the project works.

In this regard, on March 14, 2022, in which the Unified Command Post (PMU) was presented with the current risk situation of the project and its favorable decrease as the generation units enter, and some of the main recommendations of the experts advising the project and the ANLA were put forward, among which the following stands out: "At this time the only way to reduce the danger associated with the spillway is to put the units into operation as soon as possible allowing longer intervention times".

As a conclusion of this PMU, the recommendation of the project was unanimously welcomed by all entities of the National Disaster Risk Management System (SNGRD) in the sense that its entry into operation is the only and best way to mitigate the risks of the continuous operation of the landfill and that, therefore, this activity is in line with what is allowed in Resolution 0820 of 2018 as a risk mitigation activity of the project that is also in line with the application of the precautionary principle...



Aware of the co-responsibility between companies and society to increase resilience in crisis situations, **the Grupo EPM undertook actions with priority in the universalization of public services, occupational health and safety, care for water and biodiversity, and actions in the face of climate change**, aimed at minimizing impacts on public health, the environment and economic growth.



Material issues



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Access and purchasability

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



Access and purchasability



Increased availability of utilities through solutions that promote human and territorial development. It includes bringing service to populations settled in places with technical or legal limitations for the provision, as well as offers so that customers and users can permanently access and enjoy utilities with quality, reliability and continuity.



Availability of utilities through conventional and non-conventional solutions that promote human and territorial development.

In compliance with the regulations associated with the provision of residential utilities, access implies the availability of utilities through infrastructure solutions that also aim to bring it to the populations settled in places with technical or legal limitations for the provision of the same, i.e., the population without service.

purchasability is related to the options and solutions available for customers and users to permanently enjoy public utilities and satisfy their tastes, preferences and needs, taking into account their ability to pay.

Importance

Universalization, understood as access and purchasability solutions, is a focus of the Organization's Corporate Social Responsibility Policy, is at the core of the business, is the essential contribution of the Grupo EPM to the development of the territories and represents high social value for the Company and its stakeholders.

Lack of access to utilities is a determining aspect of poverty with ethical, reputation and economic implications directly related to Grupo EPM's business.



The alignment of Grupo EPM companies with the 2030 Agenda and in particular with the Sustainable Development Goals, is a commitment to contribute, from the business activities, to the achievement of the global challenges that arise at local level in the territories where the Organization is present and in tune with national, regional and municipal public agendas. Each initiative, program or project focused on providing access and purchasability of services to customers and users is the result of the analysis of business plans, with a vision of sustainability for the Grupo EPM and its stakeholders.



Main Achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Rural electrification	Coverage of utilities in rural areas	Electrify 4,000 homes in rural areas.	ESSA	A total of 1,160 homes were electrified and rural coverage of 95.62% was achieved.	Not met
Pay as you go	Unconventional solutions for purchasability	Connect 1,823 customers to the Pay as you go program.	CENS	2,009 customers were connected to the Pay as you go program.	Total
		Connect 3,000 customers to the Pay as you go program.	ESSA	We connected 3,139 customers to the Pay as you go program.	Total
Population without service	Population without service	Connect 1,500 homes to the energy service, which are in high-risk areas or outside the perimeters of the POT.	EPM	4,211 homes were connected to the energy service.	Total
		Connect 2,000 homes to the aqueduct service, which are in high-risk areas or outside the perimeters of the POT.		1,602 households were connected to the aqueduct service.	Not met
		Connect 5,500 homes to sewerage service, which are in high-risk areas or outside the perimeters of the POT.		2,989 households were connected to sewerage service.	Not met
		Connect 9,000 homes to energy, gas, water and sewerage services in high-risk areas or outside the perimeters of the POT.		8,802 households were connected to energy, gas, water and sewerage services.	Not met
Prepaid services	Unconventional solutions for purchasability	Connect 1,000 customers to the Agua Prepago program.	EPM	384 customers were enrolled in the prepaid water program.	Not met
		Connect 15,200 customers to the Energía Prepago program.		14,817 customers connected	Partial
		Connect 2,800 customers to the Energía Prepago program.	CENS	4,698 customers connected	Total
		Connect 4,000 customers to the Energía Prepago program.	ESSA	5,225 customers connected	Total

Main Achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Universalization of the service	Utilities coverage in urban and rural areas	Achieve an indicator of universal water service in the subsidiaries of the Grupo EPM in Colombia = 96.98%.	Grupo EPM	The indicator for the universalization of the water supply service was 97.63%.	Total
		Achieve a sewerage service universalization indicator in the subsidiaries of the Grupo EPM in Colombia = 93.99%.		The sewerage service universalization indicator was 94.45%.	Total
		Achieve an indicator of universal energy service in the subsidiaries of the Grupo EPM in Colombia = 97.08%.		The energy service universalization indicator was 97.17%.	Total
		Achieve an indicator of universal water service = 97.42%.	EPM	The water service universalization indicator was 98.05%.	Total
		Achieve a sewerage service universalization indicator = 95.63%.		The sewerage service universalization indicator was 96.11%.	Total
		Achieve an energy service universalization indicator = 97.43%.		The energy service universalization indicator was 97.35%.	Partial
		Achieve a gas service universalization indicator = 86.54%.		The gas service universalization indicator was 85.94%.	Partial
		Connecting 48,095 families to gas service.		A total of 52,173 customers were connected, of which 41,465 are from the Metropolitan region and 10,708 from the Antioquia region.	Total
		Connect 4,670 families with the Conexiones por la vida program.		4,866 families were connected to water and sewerage services through the Conexiones por la vida program.	Total
		Achieve an indicator of universal water service = 91.85%.		Aguas de Malambo	The water service universalization indicator was 93.79%.
Achieve a sewerage service universalization indicator = 78.58%.	The sewerage service universalization indicator was 81.29%.	Total			

Main Achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Universalization of the service	Utilities coverage in urban and rural areas	Achieve an indicator of universal water supply service = 100%.	Aguas del Oriente	The indicator for the universalization of the water supply service was 100%.	Total
		Achieve an indicator of universal sewerage service = 100%.		The sewerage service universalization indicator was 100%.	Total
		Achieve an indicator of universal water service = 92.45%.	Aguas Regionales	The water service universalization indicator was 93.05%.	Partial
		Achieve a sewerage service universalization indicator = 76.45%.		The sewerage service universalization indicator was 76.08%.	Partial
		Achieve an indicator of universal solid waste service = 99.31%.	Emvarias	The solid waste service universalization indicator was 99.29%.	Partial
		Achieve an energy service universalization indicator = 93.12%.	CENS	The energy service universalization indicator was 93.95%.	Total
		Achieve an energy service universalization indicator = 99.03%.	CHEC	The energy service universalization indicator was 99.44%.	Total
		Achieve an energy service universalization indicator = 99.07%.	EDEQ	The energy service universalization indicator was 99.18%.	Total
		Establish the plan for the execution of the coverage project.		The contract with the Government of Quindío was closed, the project execution scheme was defined, and project execution began in December 2021. The evaluation and follow-up stage will take place in 2022.	Total
		Achieve an energy service universalization indicator = 97.15%.		ESSA	The energy service universalization indicator was 97%.
Population without service		Connect 3,700 homes to water and sewage services through the Conexiones por la vida program implemented with the Municipality of Medellín.	EPM	The connection of 2,277 homes was achieved, which is equivalent to 62% towards target, due to delays in the awarding of contracts for execution and due to interadministrative procedures with the Municipality of Medellín and the Ministry of Housing, City and Territory.	Partial

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Company	Business	Geography
Rural Electrification	Coverage of utilities in rural areas	Electrify 1,518 homes in the rural sector and achieve 96.12% coverage.	ESSA	Energy - T&D	Colombia - Santander
		Connection of 20 customers to the Rural Electrification program.	EPM Guatemala	Energy - T&D	Guatemala
Pay as you go	Unconventional solutions for purchasability	Connect 3,000 customers to the Pay As You Go program.	ESSA	Energy - T&D	Colombia - Santander
		Connect 1,913 customers to the Pay as you go program.	EPM	Energy - T&D	Colombia - Norte de Santander
Population without service	Population without service	Connect 2,100 homes to the aqueduct service, which are in high-risk areas or outside the perimeters of the POT.	EPM	Water and sanitation	Colombia - Antioquia
		Connect 2,600 homes to sewerage service, which are in high-risk areas or outside the perimeters of the POT.	EPM	Water and sanitation	Colombia - Antioquia
		Connect 1,500 homes to the energy service, which are in high-risk areas or outside the perimeters of the POT.	EPM	Energy - T&D	Colombia - Antioquia
Prepaid services	Unconventional solutions for purchasability	Connect 1,000 customers to the Agua Prepago program.	EPM	Water and sanitation	Colombia - Antioquia
		Connect 2,469 customers to the Prepaid Energy program.			Colombia - Antioquia
		Connect 3,000 customers to the Energía Prepago program.	CENS	Energy - T&D	Colombia - Norte de Santander
		Connect 3,800 customers to the Energía Prepago program.	ESSA		Colombia - Santander
		Connect 62,500 customers in prepaid system	ENSA		Panamá
Universalization of the service	Utilities coverage in urban and rural areas	Achieve an indicator of universal water service in the subsidiaries of the Grupo EPM in Colombia = 97.59%.	Grupo EPM	Water and sanitation	Colombia
		Achieve a sewerage service universalization indicator in the subsidiaries of the Grupo EPM in Colombia = 94.57%			
		Achieve an indicator of universal energy service in the subsidiaries of the Grupo EPM in Colombia = 97.05%.		Energy - T&D	

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Company	Business	Geography
Universalization of the service	Utilities coverage in urban and rural areas	Achieve a water service universalization indicator = 98.1%.	EPM	Water and sanitation	Colombia - Antioquia
		Achieve a sewerage service universalization indicator = 96.21%.		Energy - T&D	
		Achieve an energy service universalization indicator = 97.21%.		Energía - Gas	
		Achieve a gas service universalization indicator = 88.48%.	Aguas del Oriente	Water and sanitation	Colombia - Antioquia
		Connect 54,815 families to gas service.			
		Achieve an indicator of universal water supply service = 100%.	Aguas de Malambo	Water and sanitation	Colombia - Malambo
		Achieve an indicator of universal sewerage service = 100%			
		Achieve a sewerage service universalization indicator = 78.14%.	Aguas Regionales	Water and sanitation	Colombia - Antioquia
		Achieve an indicator of universal water service = 90.63%.			
		Achieve an indicator of universal water service = 92.73%.	Emvarias	Solid waste management	Colombia - Antioquia
		Achieve a sewerage service universalization indicator = 77.61%.			
		Achieve an indicator of universalization of solid waste service = 99.33%.	CENS	Energy - T&D	Colombia - Norte de Santander
		Achieve an energy service universalization indicator = 94.09%.			
		Achieve an energy service universalization indicator = 99.28%.	EDEQ	Energy - T&D	Colombia - Caldas
		Achieve an energy service universalization indicator = 98.71%.			
Achieve an energy service universalization indicator = 96.85%.	ESSA	Energy - T&D	Colombia - Santander		
Sale of water in large volumes	Unconventional solutions for purchasability	Start the water sales service in large volumes with a projected billing of 114,500 m ³ in 2022.	EPM	Water and sanitation	Colombia - Antioquia

Sustainable Development Goals



Associated stakeholders

Customers and users | Community | Owner | State | Partners

GRI standard content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 203 - 2** Significant indirect economic impacts.
- EU 26** Percentage of population not served in areas with distribution license.
- EPM - 12** Solutions for unserved homes.
- EPM - 17** Universalization of the service.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

EPM Guatemala

Elektra Noreste - ENSA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas





Universalization of the service



Universalization of the service

The social purpose of the Grupo EPM is the universalization of its services in the territories where it is present, with a joint and coordinated work that considers variables such as the connection of new customers and populations that are without service because they are located in places with technical or legal limitations for the provision of services.

Results in 2021



The companies of the Grupo EPM in Colombia achieved high percentages in the universalization of all residential public utilities, as follows: water 97.63%, sewerage 94.45%, energy 97.17% and gas in EPM 85.94%.

The positive performance of the Colombian economy was reflected in the increase in the coverage of residential public utilities and in their commercialization. This was reflected in the survey conducted by the Superintendency of Public Utilities in April, May and June 2021, which consulted the opinion of residential, commercial and industrial users in the main cities of the country on the coverage of services; on the other hand, the accumulated growth presented in the commercialization of services of EPM and its subsidiaries.

At the end of 2021, EPM had 32,882 new customers for water supply and 33,996 for sewerage, for a total of 1,362,502 and 1,341,700 respectively.

For the Colombian water companies, the universalization of aqueduct service reached 97.63% and in sewerage 94.45%, both achieving 100% of targets.

In **EPM, aqueduct** universalization was 98.05%, 0.63 points above the target, and in sewerage it was 96.11%, both achieving 101% of the targets.

The timely management of connection and customer connection contracts, the good dynamics of the communication channels with individuals and developers, and the non-cut-off of customers for non-payment based on the National Government's guidelines decreed for the sanitary emergency, facilitated the fulfillment of the indicator.

For its part, **Aguas de Malambo** executed the demand projection and moved the start of suspensions, activities carried out to close the gaps between services. In **Aguas Regionales**, progress was made in managing the legalization or connection of new users in network optimization projects, timely discharge of service connection requests and management of inconsistencies to ensure that new users were reflected in the biller, as well as in the application of payment and financing alternatives.

In **energy, EPM** reached a total of 2,662,104 customers connected to utilities, which indicates that universalization amounted to 97.35%.

The effort in energy connections was developed through conventional solutions to reach the most remote families, through the expansion carried out by the Group's subsidiaries. The goal was focused on reducing the number of homes without service by connecting users through the conventional network with the application of the OR Coverage Expansion Plans (PECOR) in each of the companies and in the management of suspended and disconnected customers.

Actions were implemented that favored the linkage of customers, with efforts to reduce the number of homes without service, and support was given to initiatives that allowed the development of projects for service coverage.

In 2021, the work execution schedules were modified, which generated a backlog of rural connection requests that impacted the connection of existing homes without service.

The increase in primary distribution networks was due to the different service expansion projects and the georeferencing process that was implemented.

In gas, EPM connected 52,173 new customers, for a total of 1,363,562 by December 31st, 2021. The program Conexiones por la vida, with the Mayor's Office of Medellín, was one of the programs that leveraged the connection of low-income families to this service, thanks to the connection subsidy.

By the end of 2021, the universalization of gas service was increased to 85.94%.

Grupo EPM's Universalization of the aqueduct service

Companies	2019	2020	2021
EPM	97.24%	97.38%	98.05%
Aguas del Oriente	100.00%	100.00%	100.00%
Aguas Regionales	91.75%	92.22%	93.05%
EP Rio	97.00%	N.A.	N.A.
Aguas de Malambo	91.23%	91.75%	93.79%
ADASA	100.00%	99.80%	100.00%
Grupo EPM	96.75%	96.92%	97.63%

Source: Commercial Business Unit



- For EP Rio, the universalization percentage for 2020 and 2021 is calculated in the percentage of EPM, since in 2019 the subsidiary was absorbed by the Company.
- ADASA's percentage corresponds to its coverage.



Grupo EPM's Universalization of sewerage service

Companies	2019	2020	2021
EPM	95.30%	95.53%	96.11%
Aguas del Oriente	100.00%	100.00%	100.00%
Aguas Regionales	74.20%	75.24%	76.08%
EP Rio	97.00%	N.A.	N.A.
Aguas de Malambo	75.82%	77.20%	81.29%
ADASA	99.38%	99.44%	99.80%
Grupo EPM	93.50%	93.82%	94.45%

Source: Commercial Business Unit



- As of 2020, the universalization percentage of EP Rio is calculated in the percentage of EPM, since in 2019 the subsidiary was absorbed by the Company.
- EADASA's percentage corresponds to its coverage.

Grupo EPM's Universalization of energy service

Companies	2019	2020	2021
EPM	96.50%	97.41%	97.35%
CHEC	99.05%	98.96%	99.44%
ESSA	96.47%	97.21%	97.00%
CENS	92.83%	93.86%	93.95%
EDEQ	99.08%	99.19%	99.18%
Afinia	N.A.	N.D.	96.96%
DELSUR	95.60%	95.00%	95.00%
EPM Guatemala	98.59%	98.72%	98.78%
ENSA	94.70%	90.60%	87.70%
Grupo EPM	96.43%	97.18%	97.17%

Source: Commercial Business Unit



- For the subsidiaries DELSUR, EPM Guatemala and ENSA the percentage corresponds to their coverage.



EPM's Universalization of gas service

Companies	2019	2020	2021
EPM	85.84%	85.29%	85.94%

Grupo EPM's Aqueduct networks and Cumulative primary distribution

Companies	2019	2020	2021
EPM	284	298	309
Aguas del Oriente	2	1	0
Aguas Regionales	77	41	41
EP Rio	14	N.A.	N.A.
Aguas de Malambo	20	20	20
ADASA	167	167	169
Total Grupo EPM	564	527	539

Source: Water and Sanitation Business Unit



- Figures expressed in Km.
- As of 2020, EPM will include the aqueduct networks of EP Rio.

Grupo EPM's Water mains - Secondary distribution

Total Grupo EPM	2019	2020	2021
EPM	3,641	3,961	4,009
Aguas del Oriente	30	31	31
Aguas Regionales	559	740	746
EP Rio	343	N.A.	N.A.
Aguas de Malambo	151	145	145
ADASA	1,129	1,130	1,131
Total Grupo EPM	5,853	6,008	6,062

Source: Water and Sanitation Business Unit



- Figures expressed in Km.
- As of 2020, EPM will include the aqueduct networks of EP Rio.

Grupo EPM's Sewage networks - Transportation

Companies	2019	2020	2021
EPM	394	414	416
Aguas del Oriente	2	2	2
Aguas Regionales	49	84	86
EP Rio	20	N.A.	N.A.
Aguas de Malambo	27	27	27
Aguas nacionales	14	14	14
ADASA	181	185	186
Total Grupo EPM	687	725	730

Source: Water and Sanitation Business Unit



- Figures are expressed in Km.
- As of 2020, EPM will include the aqueduct networks of EP Rio.

Grupo EPM's Sewage networks and Accumulated collection & transportation (secondary)

Companies	2019	2020	2021
EPM	4,299	4,446	4,493
Aguas del Oriente	25	25	25
Aguas Regionales	384	387	288
EP Rio	133	N.A.	N.A.
Aguas de Malambo	99	99	99
National Waters	1	1	1
ADASA	902	902	903
Total Grupo EPM	5,843	5,861	5,809

Source: Water and Sanitation Business Unit



- Figures are expressed in Km.
- As of 2020, EPM will include the aqueduct networks of EP Rio.

Grupo EPM's Power Networks/Cumulative Primary Distribution

Companies	2019	2020	2021
EPM	54,218	55,868	55,027
CHEC	10,121	10,180	10,227
ESSA	22,754	22,858	23,116
CENS	12,645	12,752	12,845
EDEQ	2,466	2,476	2,494
Afinia	N.A.	N.A.	27,476
DELSUR	5,058	5,095	5,122
EPM Guatemala	9,009	9,070	9,148
ENSA	4,860	4,911	4,915
Total Grupo EPM	121,131	123,210	150,371

Source: Energy Transmission and Distribution Business Unit



- Total medium, high and ultra high voltage networks: Rated voltage between 1 kW and 500 kW.
- Figures are expressed in Km.

Grupo EPM's Power Networks and Cumulative Secondary Distribution

Companies	2019	2020	2021
EPM	42,383	43,612	43,718
CHEC	13,136	13,394	13,601
ESSA	33,980	34,470	34,930
CENS	14,074	14,207	14,235
EDEQ	2,768	2,730	2,732
Afinia	N.A.	N.A.	2,473
DELSUR	5,686	5,708	5,724
EPM Guatemala	8,843	8,948	9,146
ENSA	7,281	7,414	7,619
Total Grupo EPM	128,151	130,483	144,178

Source: Energy Transmission and Distribution Business Unit



- Total low voltage networks: Rated voltage less than 1kV.
- Figures are expressed in Km.

EPM's Gas networks

Concept	2019	2020	2021
Steel arteries built	88	88	88
Polyethylene networks			
built	165	129	91
Polyethylene networks			
Accumulated	8,319	8,448	8,539

Source: Energy Transmission and Distribution Business Unit



- Figures are expressed in Km.

GRI standard content and internal metrics

- 203 - 2** Significant indirect economic impacts.
- EU 26** Percentage of population not served in areas with distribution license.
- EPM - 17** Universalization of the service.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales

Aguas de Malambo

Central Hidroeléctrica de Caldas - CHEC

Empresa de Energía del Quindío - EDEQ

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Aguas de Antofagasta - ADASA

Elektra Noreste - ENSA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - El Caribe

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas



Account financing and overdue bills



Account financing and overdue bills

Account financing is one of the payment facilities aimed at normalizing overdue customers by financing overdue items at low interest rates and extended terms.

There are other facilities such as deferred terms, credits, restructurings, refinancings and partial payments.

Customers are late in paying their bills and, by regulation, service must be suspended until the situation is normalized.

The related data includes information on financing and other facilities.

Results in 2021



Thanks to the year's economic growth and the management of portfolio containment and recovery strategies, lower overdue payments levels were achieved compared to those of previous years.

The number of overdue customers in the **Grupo EPM** increased significantly due to the inclusion of the indicators of the subsidiary Afinia.

Excluding the incidence of Afinia, the variation in this item for residential customers decreased by 11.6% and non-residential customers decreased by 16.04%. In total, the Group's overdue customers decreased by 12.10%. This was due to the payment facilities that were implemented, as well as to the control and follow-up of the portfolio and to the economic recovery in general.

Customers and financed due balances increased significantly due to the inclusion of Afinia's indicators. However, when the impact of this subsidiary is excluded, it can be seen that financed due balances and customers in most of the Group's companies decreased in a representative manner, financed balances decreased by 33.6% and financed customers by 28.3%. This was due to the fact that a large part of the automatic deferrals that were implemented as a relief measure during the strongest periods of the pandemic were paid thanks to the economic reactivation.

Strategies were continued to counteract the effects generated by the pandemic in the increase of overdue customers. EPM strengthened the work differentiated by sub-regions and extended the COVID-19 normalization plans until December 31, 2021. To facilitate the normalization of customers, payment alternatives were implemented through the web and directly through visits to customers' properties.

Finally, the internal management of representative customers was intensified and the portfolio was purged, allowing management to focus on clients with greater opportunities for recovery.

Grupo EPM's account financing and overdue bills

Concept		2019	2020	2021
Overdue bills for utilities	Residential	296,564	457,233	1,329,925
	Non-residential	36,620	58,911	86,217
Total non-performing services		333,184	516,144	1,416,142
Financed customers		168,734	2,247,386	2,178,275
Amount financed in COP millions		81,911	472,271	651,208

Source: Commercial Business Unit



Grupo EPM's overdue customer bills / water and sanitation subsidiaries

Companies	2019	2020	2021
EPM	1.81%	2.25%	1.98%
Aguas del Oriente	1.29%	1.74%	1.22%
Aguas Regionales	7.95%	6.97%	8.65%
EP Rio	0.73%	N.A.	N.A.
Aguas de Malambo	47.49%	52.06%	49.35%
ADASA	4.90%	8.18%	7.27%
Emvarias	N.A.	3.26%	6.80%

Source: Commercial Business Unit

EPM's Overdue energy bills at subsidiaries

Companies	2019	2020	2021
EPM	2.58%	2.81%	2.45%
CHEC	1.61%	1.01%	1.51%
ESSA	4.61%	5.87%	4.52%
CENS	6.33%	10.62%	7.36%
EDEQ	1.45%	2.32%	1.24%
Afinia	N.A.	N.A.	57.69%
DELSUR	1.00%	2.32%	1.90%
EPM Guatemala	1.07%	3.60%	1.17%
ENSA	13.80%	27.57%	21.33%

Source: Commercial Business Unit

Grupo EPM's overdue gas service bills

Companies	2019	2020	2021
EPM	1.80%	1.92%	1.71%

Source: Commercial Business Unit

GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Electrificadora de Santander - ESSA
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Aguas de Antofagasta - ADASA
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - El Caribe
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Rural electrification

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Rural electrification

The **Rural Electrification program** is developed in all Colombian companies of the Grupo EPM to expand the coverage of the energy service to rural areas. Investments are made with own resources and with the participation of public and private institutions, and the Financial Support Fund for the Energization of Interconnected Rural Areas (FAER).

Results in 2021



In 2021, the **Grupo EPM** invested COP 31,073 million in the connection of 7,511 facilities in rural areas, benefiting approximately 24,069 people.

EPM made a total of 5,428 connections benefiting approximately 16,827 people. During the program's trajectory, 116 municipalities located in the regional market of the department of Antioquia have benefited, as well as the municipalities of Carmen de Atrato, Carmen del Darién and Riosucio in the department of Chocó, which has contributed to the growth of service coverage.

Some subsidiaries of the Group in Colombia took advantage of the benefits provided by the Financial Support Fund for the Energization of Interconnected Rural Areas (FAER) and the Financial Support Fund for the Energization of Non-Interconnected Areas (FAZNI), to increase the number of energy service connections and improve the quality of life of those who still do not have it. Although the connected facilities increased by 15% with respect to 2020, it is still lower than 2019 due to the lags of the health emergency decreed by the pandemic. Construction permits were processed and the process of contracting materials was advanced, and in some cases the formalization of the labor force was pending.

EPM's Rural electrification

Concept	2019	2020	2021
Connected installations	6,074	5,036	5,428
People benefited	18,829	20,144	16,827
Investment in COP millions	29,924	24,820	18,998

Source: Energy Transmission and Distribution Business Unit

Grupo EPM's Rural electrification

Concept	2019	2020	2021
Connected installations	12,162	6,796	7,511
People benefited	38,487	26,075	24,069
Investment in COP millions	51,617	35,322	31,073

Source: Energy Transmission and Distribution Business Unit



- Includes information from EPM, CHEC, EDEQ, ESSA, CENS, DELSUR, EPM Guatemala and ENSA.



GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Electrificadora de Santander - ESSA
 Centrales Eléctricas del Norte de Santander - CENS
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 El Salvador
 Guatemala
 Panamá

Business

Electric power





Enabling Housing for Utilities



Enabling Housing for Utilities

The **Grupo EPM Habilitación Viviendas (enabling housing for utilities)** program is a social commitment of the Organization to finance the costs of the basic infrastructure of water, sewage, energy and gas services for the most vulnerable households, with the purpose of improving their living conditions. It began in the 1960s and is one of the programs to which the high rates of utilities coverage in the Aburrá Valley are attributed. In Colombia, the energy subsidiaries have this social responsibility program.

Results in 2021



In 2021, the **Grupo EPM**, with an investment of COP 75,584 million, connected 149,008 homes to water, sewage, energy and gas services, transforming the lives of 460,882 people.

In Colombia, there was a 37% increase in the number of facilities connected to water, sewage, energy and gas services. The number corresponding to the energy service stands out.

Water and sewer connections were executed through the following programs: Conexiones por la vida, Habilitación Viviendas and works required by the client. Resources amounting to COP 25,514 million pesos were allocated to benefit 69,192 people in the following sectors: Bello Oriente, La Cruz, Bocaná, Versalles, Aures, Oasis, Altavista, among others; a total of 22,320 installations in Medellín were connected to water and sewage services.

EPM registered 29,766 connections to the energy service and 74,515 at the national level. Afinia's connections, a subsidiary that reached a total of 28,030. The national investment was COP 38,428 million, benefiting 230,997 people.

With an investment of COP 11,642 million, 52,173 new installations were connected to the gas service in Medellín, reaching 108% of target and benefiting 160,693 people. The investment was 16% below the value invested in 2020, due to the lower construction of kilometers in the polyethylene network and cost optimization in the construction of polyethylene networks.

Enabling Housing - Consolidated Grupo EPM in Colombia: water, sewage, energy and gas

Concept	2019	2020	2021
Connected installations	125,936	109,380	149,008
People benefited	397,398	336,499	460,882
Investment in COP millions	101,270	78,906	75,584

Enabling Housing - Grupo EPM's energy subsidiaries in Colombia

Concept	2019	2020	2021
Connected installations	35,319	38,239	74,515
People benefited	109,481	115,962	230,997
Investment in COP millions	26,492	45,227	38,428

Source: Energy Transmission and Distribution Business Unit



- The companies considered in these concepts are: EPM, CHEC, EDEQ, CENS, ESSA and Afinia.



Enabling Housing Water and Sanitation EPM

Concept	2019	2020	2021
Connected installations	36,739	22,926	22,320
People benefited	113,891	71,071	69,192
Investment in COP millions	57,929	20,077	25,514

Source: Water and Sanitation Business Unit

Enabling Housing - EPM's energy service

Concept	2019	2020	2021
Connected installations	19,836	25,783	29,766
People benefited	61,492	77,349	92,275
Investment in COP millions	20,457	38,744	27,385

Source: Energy Transmission and Distribution Business Unit

Enabling Housing - EPM's gas service

Concept	2019	2020	2021
Connected installations	53,878	48,215	52,173
People benefited	174,026	149,467	160,693
Investment in COP millions	16,849	13,602	11,642

Source: Gas Business Unit



GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Central Hidroeléctrica de Caldas - CHEC

Empresa de Energía del Quindío - EDEQ

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - The Caribbean

Business

Water

Sewerage

Electricity

Gas





Pay as
you go

SUSTAINABLE GOALS
DEVELOPMENT



Pay as you go

This is EPM's program that allows its customers and users to pay their utility bill in up to five partial payments during each month, each with a minimum amount depending on the territory. The customer must go to one of the authorized payment points indicating the EPM contract number (it is not necessary to present the bill).

With this alternative, EPM contributes to improve the quality of life of customers and users by offering them the possibility of making the payment of public utilities in the way that best fits their family budget, reducing the time without access to service due to lack of payment and reducing operating costs arising from suspension and reconnection.

Results in 2021



The Pay as you go program was one of the payment alternatives most used by customers and users during the health and socioeconomic emergency decreed by the COVID-19 pandemic. However, in 2021, a decrease in this modality was noted, as the Company launched at the end of 2020 the Fractional Payment program, which was taken advantage of by a significant number of customers.

During 2021 **EPM** connected 852 customers to the Pay As You Go program, a lower figure than in 2020, due to the fact that at the end of that year the Company introduced the "Pago Fraccionado" offer, which gives customers the opportunity to split the payment of the bill according to their payment capacity. With this option, in 2021, 29,100 customers benefited.

The subsidiaries ESSA and CENS, in Colombia, connected 3,138 and 2,010 customers, respectively, to the Paga a Tu Medida program, which generated accumulated customer numbers of 6,956 and 9,638.

The **Grupo EPM** has connected 264,457 customers to the The Pay as you go program.

Grupo EPM's customers connected to Pay as you go

Companies	2019	2020	2021
EPM - Commercial	32,570	29,616	852
ESSA	6,380	1,620	3,138
CENS	1,347	1,189	2,010
Total Grupo EPM	40,297	32,425	6,000

Source: Commercial Business Unit

GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Geography

Colombia - Antioquia

Colombia - Santander

Colombia - Norte de Santander

Business

Water

Sewerage

Electricity

Gas





Prepaid services



Prepaid services

Prepaid is a purchase modality of public utilities that has the purpose of addressing disconnection due to payment difficulties. This offer allows users to control consumption according to their income and make a more efficient and conscious use of utilities.

The prepaid offer includes the delivery of the meter on loan, installation at no cost to the user and social support, among other facilities, so that customers and users can continue to enjoy the service.

Results in 2021



Since the offer began, **EPM** has contributed to the improvement of the quality of life of 26,309 customers with **Prepaid Water** service and 298,410 with **Prepaid Energy**.

The prepaid water service showed a downward trend from March 2020, when the pandemic began, until November 2021, due to the state of sanitary and economic emergency decreed by the National Government in Colombia, since the utilities that were for pending payment had to be reconnected, leaving no target market to link to this offer (customers without service due to lack of payment).

In **Prepaid Water**, of the 384 customers that were connected in 2021, 113 were connected in December 2021.

In **Prepaid Energy**, 14,817 customers were connected to this service, which represents 97% of the annual target.

The **subsidiaries CENS and ESSA** connected 4,763 and 5,225 customers and users, respectively, to Prepaid Energy.

The **Grupo EPM** reached a total of 308,398 customers connected to Prepaid Energy.

Enabling Housing - EPM's energy service

Concept		2019	2020	2021
Facilities connected		2,834	711	384
People benefited		7,308	2,204	1,190
Investment in COP million		7,308	0	0
Average consumption per installation (m ³)	Prepaid	7.41	11.70	7.8
	Postpaid	11.80	11.79	8.0

Source: Commercial Business Unit

Grupo EPM's prepaid energy service

Concept		2019	2020	2021
Facilities connected		26,747	19,961	24,805
People benefited		98,690	61,882	30,963
Investment in COP million		14,284	6,472	5,928
Average consumption per (kWh)	Prepaid	102	102	70
	Postpaid	156	170	159

Source: Commercial Business Unit



- The companies considered in these concepts are: EPM and the energy subsidiaries CENS and ESSA.

EPM's Prepaid Energy

Concept		2019	2020	2021
Connected installations		17,527	11,398	14,817
People benefited		70,108	35,337	45,932
Investment in COP millions		10,060	0	0
Average consumption per installation	Prepaid	137	137	129
	Postpaid	143	143	129

Source: Commercial Business Unit

GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Geography

Colombia - Antioquia

Colombia - Santander

Colombia - Norte de Santander

Business

Water

Sanitation

Electricity





Community meters



Community meters

Community meters for water supply is a non-conventional method of service provision for sectors where, due to restrictions to extend networks, it is not possible to provide service with individual meters. These collective meters allow service to be extended to homes and are charged for the average consumption of the corresponding socioeconomic stratum.

Results in 2021



The **Grupo EPM** connected 85 **community meters**, benefiting 8,034 homes and 29,571 people, with an investment of COP 3,970 million.

EPM connected community meters in the La Gabriela settlement, located in the municipality of Bello, extending water service to 2,850 homes, benefiting 8,835 people with access, quality and continuity of water service.

ADASA, a subsidiary in Chile, installed 81 meters for 5,184 homes, benefiting 20,736 people, representing a 27% increase over the previous year.

Grupo EPM's community water meters

Concept	2019	2020	2021
Installed meters	60	68	85
Homes benefited	7,120	4,251	8,034
People benefited	24,455	16,073	29,571
Investment in COP millions	17,692	6,411	3,970

Source: Water and Sanitation Business Unit



- These concepts include EPM and ADASA.

EPM's community water meters

Concept	2019	2020	2021
Installed meters	14	4	4
Homes benefited	4,472	1,035	2,850
People benefited	13,863	3,209	8,835
Investment in COP millions	17,692	6,405	3,970

Source: Water and Sanitation Business Unit

GRI standard content and internal metrics

203 - 2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Chile

Business

Water

Sanitation



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Population without service

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Population without service

Unserved populations are considered to be those settled in places with technical or legal limitations for the provision of residential public utilities, such as those located in high-risk areas or outside the perimeters of the City Zoning Plans (POT), whose solutions usually exceed the exclusive scope of the service providers, thus requiring the intervention of multiple actors.

Results in 2021



EPM contributed to improving the quality of life of 11,706 households, with access to energy, gas, water and sewage services, and with high quality, reliability and continuity parameters.

In this way, it contributed to the development of communities, as well as to the mitigation of environmental, geological and health risks in the intervened areas. It also promoted the care of infrastructure and the legal, safe and efficient use of utilities in homes, businesses and companies.

The water and sewerage connections were achieved thanks to the Conexiones por la vida (Connections for Life) program, part of the Development Plan of the Municipality of Medellín, and the Cerrando Brechas (Closing Gaps) program, which has two lines of intervention called Abastecimiento Comunitario en zonas de difícil gestión (Community Water Supply in areas difficult to manage) and Habitación Viviendas (HV) y Conexiones estratos 1, 2 y 3 (Housing Enabling and Connections strata 1, 2 and 3).

The **Conexiones por la vida program** contributed to the welfare of 2,277 Medellín households located in areas of difficult management that did not have water and/or sewage services. Among the works to reach these families, the construction of the first section of overhead

sewer in the La Honda sector, with a length of 30 meters, to guarantee the discharge of wastewater from 166 facilities to EPM's networks, stands out.

In 2021, 100% of the program's goal was met, which included water and sewage services in homes in the following neighborhoods: Santo Domingo, Manrique, Aranjuez, Doce de Octubre, Villa Hermosa, Buenos Aires and San Javier

EPM's Closing the Gaps program connected 1,602 families achieving 80% progress to target set for 2021; the under-execution was due to the delay in the start of the Housing Rehabilitation contract. This program connected 2,989 families to the sewerage service, which until that year only had aqueduct, for a total of 5,418 families.

Also, 4,211 homes were connected to energy, for an annual progress to target of 280%. Most of the installations connected were in the municipality of Bello, in the Nuevo Jerusalén area and in other municipalities of Bajo Cauca, such as Nechí and Caucasia, the latter corresponding to vegetative growth in areas that had already been intervened.

The targets in connections were achieved, to a great extent, due to the social management aimed at achieving the connection of internal installations by users.

EPM's new homes connected to utilities per year

Service	2019	2020	2021
Aqueduct	15,390	3,432	1,602
Sewer	14,291	8,375	2,989
Electric power - T&D	4,157	2,754	4,211
Total EPM	33,838	14,561	8,802

Regarding **gas service, with the Conexiones por la vida program**, in agreement with the Municipality of Medellín, 4,866 families in Medellín of strata 1, 2 and 3 were connected, for an accumulated in this program of 24,108 families, counted since 2019, the year in which this initiative began. These families received a subsidy of 100% of the value of the connection to the natural gas network.

Connections for Life - Gas service

Concept	2019	2020	2021
Connected installations	12,004	7,238	4,866
People benefited	37,573	22,438	14,987
Investment in COP millions	7,211	4,497	2,960

Source: Gas Business Unit

GRI standard content and internal metrics

- 203-2** Significant indirect economic impacts.
- EPM- 12** Solutions for unserved homes.
- EU 26** Percentage of population not served in areas with distribution license.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Antioquia

Business

Water
Sewerage
Electricity
Gas



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Water and biodiversity

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



Water and biodiversity

The Grupo EPM is aware of its interdependence with water and biodiversity and is committed to the task of contributing to its care in the river basins that supply its systems and reservoirs, to manage the impacts generated by its direct operations and to protect the ecosystems located in the areas of its property in the territories where it is present.



By carrying out integrated management of water resources and biodiversity, it contributes to the sustainability of the Grupo EPM and the territories through joint action with other stakeholders, considering territorial planning, the characteristics of the territories, the conservation of ecosystems, supply, demand and risks associated with water and biodiversity.



Grupo EPM's comprehensive management of water resources and biodiversity is based on the recognition of its interdependence with these resources and the importance of contributing to their care, complying with mandatory commitments and implementing various voluntary initiatives to protect the river basins of interest to the Group's companies and the areas of influence of its businesses, both with its own actions and in alliance with other stakeholders, for the benefit of the territories and their communities.

Importance

The economic, social and environmental value is affected by the water deficit that generates problems of water availability, shortages and rationing, with their consequent harmful effects on the quality of life of the population, their economic activities and the health of ecosystems. The most critical aspects of availability are related to the supply of drinkable water for the population, industrial processes, electric power generation, and the maintenance of ecosystem functionality.

This value is also affected when there are excess and alterations in water quality.

There are also impacts on the availability, continuity and quality of the water to be supplied, and economic costs caused by water losses, recovery works, rehabilitation, reconstruction of the systems and protection of the supplying river basins.

As for biodiversity, which has value in itself, it generates high economic, environmental and social value for the Grupo EPM, as it is the functional basis for the maintenance and support of ecosystem services necessary for climate regulation, the hydrological cycle, soil protection, erosion control and the conservation of the structure and composition of fauna and flora species, among others, while contributing to the availability and quality of water resources.



Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Management of impacts related to water and biodiversity	Water fit for human consumption	Evaluate the impact on water quality of the floating solar panel infrastructure in the Peñol-Guatapé reservoir.	EPM	The study was completed on October 19. In addition, the execution agreement for the execution of the EPM-University of Antioquia agreement on water resources was initiated, and the study will be shared with Cornare as part of this agreement.	Total
Water conservation and biodiversity	Areas of importance for water resources and environmental services	Apply the hydrosedimentological model in the Playas reservoir's contributing river basins in order to define the priority areas for the conservation strategy.	EPM	The agreement with the National University for the execution of land cover and landscape was formalized. The orthophoto of the study area is available; the land cover map will be done in 2022 due to the prioritization of resources.	Partial
Water conservation and biodiversity	Areas of importance for water resources and environmental services	Implement watershed protection initiatives in priority conservation areas to meet the annual goal established for the Water Protection Indicator (HPI) for the Grupo EPM in 2021: 9,425 hectares. Includes (grouped): Cauca, Porce, Nare, Aburrá, Chinchiná rivers and others, some supply basins for Aguas Regionales. Similarly, energy subsidiaries will contribute to the goal in other basins.	Grupo EPM	The Grupo EPM continued with the implementation of water resource protection initiatives in the river basins that supply its systems and reservoirs. In 2021 it contributed to the protection of 9,246 hectares in the aforementioned river basins and of these EPM contributed 7,266 hectares. Under-execution of the annual goal of 1.9% due to the slowdown of forestry activities due to restrictions derived from the pandemic, discouragement of conservation activities due to economic difficulties in the countryside, and difficulties in some river basins to find new areas for protection activities.	Partial
Water conservation and biodiversity	Prevention of contamination	Connect 2,331 customers to the sewerage service in areas where collection is difficult in order to contribute to the sanitation of water sources and promote environmental and sanitation improvement in the intervened areas.	EPM	For the closing of sewerage service gaps in areas of difficult collection, progress was made in connecting 2,217 customers, equivalent to 95% of the target. As of December 2021, there was an under-execution in the goals of 5% due to the fact that some projects under construction required for the connection of these customers were affected by the rainy season, especially in those areas close to creek banks.	Partial
Management of impacts related to water and biodiversity	Prevention of contamination	Implement studies, instrumentation and methodologies to advance in the knowledge of the dynamics and control of cyanobacteria in EPM power generation reservoirs. *Installation of 3 ultrasound equipment in the Porce III reservoir. *Informative and educational video on cyanobacteria. *Model with data analytics with Alliance Mahogany.	EPM	A video was made with an educational-communication approach on water resources with emphasis on the problem of cyanobacteria; this material was used in different socialization spaces. The study with Alianza Caoba for data analysis was successfully completed. All the procedures were completed for the installation of the anchorages for ultrasound equipment; due to recommendations and transportation costs, it was decided to install them in the first semester of 2022, where the associated costs may be lower.	Total

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenge	Scope and coverage		
			Company	Business	Geography
Water conservation and biodiversity	Areas of importance for water resources and environmental services	Implement initiatives that contribute to the protection of hydrographic basins that supply the Grupo EPM's systems and reservoirs. Goals in 2022: 8,537 hectares for the Group and 5,797 for EPM. Includes the Cauca, Porce, Nare, Aburrá, Chinchiná and other river basins, as well as some supply basins of the subsidiary Aguas Regionales.	EPM Aguas Regionales CHEC	Grupo EPM	Colombia
		Update the mapping information of the areas of influence of power generation reservoirs and calculate deforestation rates in the REDD+ project.	EPM	Energy - Generation	Colombia - Antioquia
		Monitor the flora and fauna associated with the ecosystems in the protected areas of power generation reservoirs.	EPM	Energy - Generation	Colombia - Antioquia
		Implement conservation strategies for endangered species, with emphasis on gray tamarins and neotropical otters.	EPM	Energy - Generation	Colombia - Antioquia
		Determine water quality conditions of the contributing basins in the Rio Grande basin through sampling campaigns with Cuenca Verde.	EPM	Energy - Generation	Colombia - Antioquia
		Conduct a landscape-scale structural connectivity analysis between the Porce II and Porce III power plants.	EPM	Energy - Generation	Colombia - Antioquia
		Daily monitoring of in situ parameters in the Porce II and Porce III hydroelectric chain, temperature, conductivity, dissolved oxygen, PH, turbidity and chlorophyll.	EPM	Energy - Generation	Colombia - Antioquia
Execute actions to allow social appropriation of the knowledge of the monitoring and studies being carried out in the Porce Basin.	EPM	Energy - Generation	Colombia - Antioquia		
Management of water-related impacts	Pollution prevention	Connect 2,026 customers to the sewerage service in areas where the collection is difficult, in order to contribute to the sanitation of water sources and promote environmental and sanitation improvement in the intervened areas.	EPM	Water and sanitation	Colombia - Antioquia
		Improve the quality of discharges from the processes carried out at the Barbosa and La Cascada drinkable water treatment plants by modernizing the sludge treatment systems.	EPM	Water and sanitation	Colombia - Antioquia
		Reduce the odor impact of the Aguas Claras wastewater treatment plant's processes on the surrounding communities.	Aguas Nacionales	Water and sanitation	Colombia - Antioquia
		Ensure 94% continuity of the leachate treatment system at La Pradera sanitary landfill.	Emvarias	Water and sanitation	Colombia - Antioquia
Water use and effluents	Legal and safe use of the services.	Record and increase the percentage of water recirculation in Aguas de Malambo, through the product of filter washing in the El Tesoro drinkable water treatment plant.	Aguas de Malambo	Water and sanitation	Colombia
		Manage the efficient use of water through the installation of new meters for the northwestern and eastern regions, according to the prioritization established in the work plan (prioritization 1 and 2).	EPM	Energy - Generation	Colombia - Antioquia

For the definition of indicators, challenges and goals related to water and biodiversity, we take into account, among other issues, the strategic direction of the Grupo EPM, the Mega, CSR and environmental policies, the strategy for integrated management of water resources and biodiversity, territorial studies and analysis, identification of synergies with partners for the development of initiatives, historical information and compliance with associated environmental regulations, among others.

On the other hand, the facilities' water use efficiency goals are defined based on historical water consumption data, variations in water consumption, the condition of the infrastructure, technological possibilities for improvement, and cultural issues. Some facilities have already achieved higher levels of water use efficiency, therefore, they continue to be monitored. If necessary, improvement plans are established for those facilities where progress has not yet been made, according to technological and economic possibilities.

The Grupo EPM has indicators and goals associated with water and biodiversity in the Balanced Scorecard (BSC) and in its different plans, which are monitored periodically at different levels of the Organization.



Sustainable Development Goals



Associated stakeholders

Community | Colleagues | Customers and users | State
 People from Grupo EPM | Investors | Suppliers and contractors

GRI standards content and internal metrics indicators

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 303 - 1** Water withdrawal by source.
- 303 - 2** Management of impacts related to water discharge.
- 303 - 3** Recycled and reused water.
- 303 - 4** Water discharge.
- 303 - 5** Water consumption.
- 304 - 1** Operations owned, leased, or managed located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.
- 304 - 2** Significant impacts of activities, products and services on biodiversity.
- 304 - 3** Protected or restored habitats.
- 304 - 4** Species that appear on the IUCN Red List and on national conservation lists whose habitats are in areas affected by the operations.
- EU13** Comparison of biodiversity between compensated habitats and that of affected areas.
- 306 - 1** Discharge of water according to its quality and destination.
- EPM - 01** Conservation areas.
- EPM - 10** Water protection.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 EPM Chile
 Aguas de Antofagasta - ADASA
 Aguas Nacionales EPM
 Centrales Eléctricas del Norte de Santander - CENS
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Tecnología Intercontinental - TICSA
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Hidroeléctrica del Teribe - HET
 Afinia
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas





Water conservation and biodiversity



Water conservation and biodiversity

The protection and improvement of river basins, as well as the environmental services they provide, are a priority to guarantee the availability of water resources, the diversity of flora and fauna, the sustainability of the territories and the quality of life of their communities.

The environmental conditions of the hydrographic basins have a direct impact on the water supply sources of the Group's aqueduct systems and reservoirs. To contribute to their improvement and prevent the risks associated with the availability of water for operations and the populations it serves, the Grupo EPM undertakes directly and with other stakeholders programs and projects for the integrated management of water resources and biodiversity, in which they develop initiatives related to the support of the system of protected areas, restoration and reforestation, promotion of sustainable practices and uses, environmental compensation, payment for environmental services, environmental awareness for the protection of environmental services that river basins and their ecosystems provide.

Results in 2021



The Grupo EPM, in the deployment of its strategy Integral Management of the

- Progress in meeting the environmental goal of the Mega, related to the contribution to the protection by 2025 of 137,000 ha in river basins supplying the systems and reservoirs of the Grupo EPM. In 2021, 9,246 ha were contributed to protection, for an accumulated in the 2016-2020 period of 106,773 ha equivalent to 77% of the Mega goal.



- It retained land owned by the Group in a total area of 801.6 km², of which 94% is in declared protected areas, in their buffer zones or in areas with high biodiversity that have not yet been declared, of which 655.2 km² correspond to forest cover (natural cover and forest plantations).
- Protected forest cover and other ecosystems in its areas of operation, which constitute vital habitats for the survival of 234 species reported in some category of threat, according to IUCN, national lists and Cities.

Water protection and conservation areas

In compliance with the water protection goal established in the Grupo EPM's Mega, various strategies were developed for the protection of water resources in the Porce, Grande, Aburrá, Porce-Alto-Nechí, Nare, including La Fe and Negro-Nare river basins, Cauca in areas of influence of Hidroituango, Chinchiná and others in areas of influence of the subsidiary CHEC, as well as in some river basins supplying Aguas Regionales in Urabá and other river basins in areas of influence of EPM and the subsidiaries CENS, ESSA, CHEC and EDEQ.

In 2021, the Group contributed to the protection of 9,246 ha (92.46 km²), through the implementation of strategies and initiatives such as:

- **Forest conservation:** 1,929.1 ha (19.29 km²) including support for public and private protected areas and payment for environmental services programs.
- **Restoration and reforestation:** 4,644.48 ha (46.44 km²) including restoration and the forestry development program.

- **Sustainable practices and uses:** 2,543 ha (25.43 km²) including silvopastoral and agroforestry systems, live fences and barriers, good agro-environmental practices, erosion control and basic rural sanitation systems.
- **Compensation and new protection areas:** 130 ha (1.30 km²), which includes the purchase of land for compensation and new areas for reservoir protection.

On land owned by the Grupo EPM, natural forests were preserved and vegetation cover was recovered through active and passive ecological restoration activities, enrichment with native species and establishment of forest plantations. In addition, biological information was recorded in these areas and applied studies were conducted to advance in the implementation of the integrated management strategy for water resources and biodiversity.

Conservation and restoration initiatives

- **REDD+EPM project** seeks to reduce emissions from deforestation in 6,935 hectares of natural forests protecting the Miraflores, Rio Grande, Porce II and Porce III reservoirs, with this project is expected not only to avoid the emission of 1,325,021 tons of CO₂ in a period of 20 years, but to continue with the care of the natural forests protecting these reservoirs and thus ensure the environmental services they provide. In 2021 the map of forests and non-forests for EPM's properties in Porce II and Porce III was made.
- **EPM's forestry promotion program** is one of the pillars of the integrated water resource and biodiversity management strategy. Through this program, approximately three million trees were delivered during the year, which were produced in the Robledales nurseries in Guarne, Guaduales in San Rafael, Guayacanes in Amalfi and La Montaña in Don Matías, contributing to the improvement of air quality, the conservation and recovery of river basins and the protection of biodiversity.
- **Contribution to the national restoration plan and to the national goal of planting 180 million trees by 2022**, in Colombia. The Grupo EPM was linked to the fulfillment of this goal through the delivery of trees to third parties with the forestry promotion

program, the planting of trees in voluntary programs and plantings that are part of the compensation of infrastructure projects. In 2021 it contributed to the national goal with the delivery/planting of 2,051,954 trees for an accumulated 11.7 million trees.

- **The Payment for Environmental Services Program (PES)**, is the economic incentive that is recognized to farming families for the preservation of natural forests in areas of interest, which allows the maintenance and generation of environmental services and the improvement of the quality of life of families and their communities. During 2021, EPM, CHEC, CENS and ESSA supported 167 families for the conservation of 3,498 ha.
- **Supervision of river basins that supply EPM's drinkable water supply system**, in order to identify and update the environmental aspects and impacts that may affect the water resource and, based on this, carry out the relevant activities directly or with other stakeholders. This supervision was carried out in 31 supply basins, which corresponded to 100% of what was projected for the year.
- **Management of fauna in the areas of influence of the Grupo EPM's operations**, we continued with the strategy of management and control of feral dog and cat populations in the areas of influence of the power generation plants. A total of 205 animals were treated in the power plants and neighboring villages and 183 individuals were sterilized. In addition, support was provided to Corantioquia for the release of 28 animals that were confiscated for illegal trafficking in northeastern Antioquia and after a reconditioning process were relocated to Porce III properties.
- **Ecological wildlife corridors in the Aburrá Valley**, the methodology was designed for the development of urban projects in harmony with the environment and the strengthening of green public spaces that allow the movement of wildlife species and the conservation of their habitat, species such as: squirrels, iguanas, monkeys, opossums and some species of parrots.
- **Wildlife management in administrative offices and substations of the EPM Energy Transmission and Distribution business**: protection measures were implemented and

wildlife was delivered to the competent authorities and entities. On the other hand, we adapted and maintained meshes and fences in 10 substations to minimize the presence of fauna and its possible impact.

- **Installation of covered cable in the electricity distribution network of the subsidiary EPM Guatemala**, located in forested areas of the departments of Guatemala, Escuintla and Sacatepéquez, **and in the distribution network of EPM's Energy Transmission and Distribution business** in Antioquia, where 282.6 km of covered cable were installed, in order to reduce the interruption of energy service, improve the quality of service and contribute to the care of flora and fauna.
- **Reservoir management:** We continued to develop strategies at the basin and reservoir levels, where approximately 8,040 tons of waste (wood, usable, ordinary, hazardous) are collected, extracted, classified and handled in the reservoirs to prevent them from reaching the sea. Thanks to this management, the year 2021 ended with no invasive aquatic plants in these bodies of water.
- **Biannual monitoring of flow rates and water quality in the main tributaries of EPM's reservoirs**, and monthly in the sources that supply the water supply systems operated by EPM. Instrumentation of minor sources of supply of water supply systems in the Aburrá Valley to improve control of concessioned and environmental flows. Semiannual and quarterly sampling was carried out for the generation reservoirs, according to the monitoring and control instrument, in the network of 70 stations used for this purpose.
- For 2021, **a proof of concept was carried out for cyanobacteria forecasting with data analytics** that will allow future decisions to be made with greater precision and timeliness. Water quality monitoring was carried out in the water supply reservoirs to focus operational actions in these bodies of water and in the drinkable water treatment plants, as well as to promote and manage actions in the supply basins.
- **In Hidroituango, activities were carried out under the following sub-programs:** Compensation for damage to vegetation cover through reforestation activities, formation of biological corridors, encouragement of natural regeneration, environmental

education, and environmental monitoring strategies. In 2021, 89 hectares were established as a pilot, in order to identify the best strategy for the implementation of ecological restoration in the tropical dry forest life zone.

Wildlife management and conservation, in 2021 we carried out activities for the repelling, capture, transfer, release and relocation of wildlife in the established areas following the protocols established for this purpose.

- **Agreements and alliances with environmental authorities, municipalities and other public and private entities** to develop environmental care projects and initiatives. Among these are: protection and improvement of the hydrographic basins that supply the water supply system in the Aburrá Valley, The company has signed agreements for the protection of water resources and biodiversity with autonomous and regional corporations, municipalities and universities in the areas of influence of the Grupo EPM companies.
- It is important to note that, in addition to its own initiatives and those carried out with other actors for the care of water and biodiversity, **EPM**, in compliance with Law 56 of 1981, which requires the transfer of 6% of gross energy sales to the municipalities in the areas of influence for investment in basic sanitation and environmental improvement projects and to regional corporations for investment in the protection and defense of the environment, transferred close to COP 100,000 million to 51 Antioquian municipalities and to the regional autonomous corporations located in the areas of influence of the power generation plants. In 40 years, more than one trillion pesos have been transferred for the improvement and solution of environmental problems.

Grupo EPM's subsidiaries in Colombia and abroad contributed to the care of water and biodiversity through voluntary initiatives such as:

- **Aguas de Antofagasta** supported an innovative pilot project for water saving in the town of Calama, located in the Atacama Desert, the project consists of installing human hair mulch to save water in corn crops. This initiative was the winner of the Matter

Of Trust award in Chile, in a contest organized by Antofa Innova with contributions from Corfo. According to laboratory tests, the human hair mulch reduces the need for irrigation water by 48% and provides nitrogen to the soil, which should improve the quality of the plant.

- **CENS** contributed to the care of the Tasajero hill, a strategic ecosystem of tropical dry forest in the city of Cúcuta. In 2021, 21 hectares of this ecosystem were recovered and a nursery was installed with a production of 10,000 seedlings.
- **CHEC** as a partner of the Agua Vivo Cuenca Fund, contributed with the active restoration of 60 ha and passive restoration of 200 ha; they also strengthened participation instances for public policy advocacy and capacity building in citizen engagement.
- **CHEC'S** women coffee growers planting sustainability project, planted 100,000 trees in river basins supplying rural aqueducts in alliance with the Coffee Growers Committee. The project aims to contribute to sustainability and individual wellbeing, the rooting in coffee growing and the generation of income that improves the living conditions of rural women in the department of Caldas.
- **ESSA** developed a pilot urban forestry plan for landscape management under networks in the electrical corridors of the municipalities of the metropolitan area of Bucaramanga and Barrancabermeja. In 2021 it planted 140 trees in the municipalities of Piedecuesta and Girón.
- **EPM** Guatemala delivered 85,000 seedlings to municipalities in the Company's areas of influence through the Plant a tree and sow conscience program. Likewise, in the initiative Plant a tree, plant the future, fruit and forest trees were delivered in areas of influence of the transmission projects, to increase reforested hectares, sustainable agriculture, and food security; in 2021, 160,000 trees were delivered, benefiting approximately 112,000 people.
- **ENSA** signed an agreement for the reforestation of 1 hectare in the Guna Yala region, and also carried out the maintenance of the Davis, San Juan, and Gil Betegón plantations.

Culture and awareness of environmental care

The Organization carried out programs to raise awareness and strengthen the culture of environmental care aimed at the communities in the areas of influence of the projects and operations of the Grupo EPM companies.

These activities focused mainly on environmental issues, efficient use and saving of water, good practices, and the celebration of special environmental dates.

- **Cuidamundos**, an educational strategy with more than 24 years of history that promotes the care of the planet through the efficient use of public utilities and the valuation of these, workshops and various activities were held with ESSA in Santander, EPM in Antioquia and Aguas Regionales.
- **Citizens of Water**, an initiative developed with the Museum of Antioquia, in which social pedagogy meetings are held with EPM's stakeholders located in the territories of the micro-basins of the Aburrá Valley, promoting the river basins that supply and receive the drinkable water production and distribution system. In 2021 the program was in 8 municipalities of the Aburrá Valley and reached 2,450 people.
- **Súmate al Parche Program with Aguas Regionales**, which informs, raises awareness, educates and discusses issues related to the provision of public water and sewerage services. Four programs were broadcast on Aguas Regionales' Facebook page and 1,752 people interacted.
- **Publication of the book from seed to forest:** nursery experiences with Andean species within the **agreement between Fundación Natura and EPM**, to contribute to the conservation of the biodiversity of the paramo, high Andean forest and Andean forest ecosystems, within the implementation of the biotic compensations of the Nueva Esperanza electric power transmission project.

- **Luces magazine and internal communication, in EPM Guatemala**, communication actions aimed at informing the main results of environmental management, relevant environmental dates, as well as generating awareness on the use of natural resources.
- **CHEC's environmental games**, designed to strengthen knowledge on environmental and forestry management issues in a playful, visual and easy-to-remember way for all types of audiences. The games are basket: waste separation; twister: forestry management; board: carbon footprint; spill kit (concentrate): efficient use of water and energy; ladder: environmental tips; lottery: chemical risk.



Main hydrographic basins supplying Grupo EPM's systems and reservoirs

Company	Power Plants / WTP	Basin	Reservoir	Main tributaries	Max. technical volume million m ³ (hm ³)	Location in water-stressed area Water Vulnerability Index (IVH)	Usage
EPM	La Tasajera and Niquia Central Springs Plant	Río Grande	Riógrande II	Río Chico - río Grande.	185.87	ENA 2018 IVH for average year: mean IVH for dry year: mean	Multiple use: • Water supply • Power generation
	Villa Hermosa and La Montaña Plants	Piedras Blancas	Piedras Blancas	Piedras Blancas Creek - Chorrillos Creek	*0.5	Aburrá River POMCA IVH for average year: average IVH for dry year: average	Water supply
	San Antonio and San Cristobal Plants	San Antonio de Prado San Cristóbal	N.A.	Doña María La Iguaná	N.A.	Aburrá River POMCA IVH for average year: low IVH for dry year: average	
	Caldas and Barbosa Plants	La Valeria La López	N.A.	La Valeria La López	N.A.	Aburrá River POMCA IVH for average year: average IVH for dry year: average	
	Aguas Frías and La Cascada plants	Aguas Frías Santa Elena	N.A.	La Picacha and Santa Elena streams	N.A.	Aburrá River POMCA IVH for average year: low IVH for dry year: low	
	Ayurá Plant	La Fe	La Fe	Quebradas Las Palmas, Espíritu Santo, Potreros and Pantanillo river.	11.33	Aburrá River POMCA IVH for average year: average IVH for dry year: average	
	Palmitas Plant	Palmitas	N.A.	Chachafruto and Los Azules streams	N.A.	No	

Main hydrographic basins supplying Grupo EPM's systems and reservoirs

Company	Power Plants / WTP	Basin	Reservoir	Main tributaries	Max. technical volume million m ³ (hm ³)	Location in water-stressed area Water Vulnerability Index (IVH)	Usage
EPM	Río Negro WTP	Negro River	N.A.	Negro River	N.A.	POMCA Ríonegro IVH for average year: High IVH for dry year: High	Water supply
		Abreo and Malpaso streams	Abreo Malpaso Reservoir	Abredo and Malpaso streams	N.A.	POMCA Ríonegro IVH for average year: High IVH for dry year: High	
Aguas Regionales	Turbo WTP	Turbo River - Currulao	N.A.	Turbo River Currulao River	0.21	POMCA Average IVH under normal conditions High IVH in dry season	Water supply
	Apartadó DWTP	Leon River		Apartadó River	0.42		
	Carepa DWTP	Leon River		Carepa River	0.13		
	Chigorodó DWTP	Leon River	N.A.	Chigorodó River	0.13	POMCA Average IVH under normal conditions Average IVH in dry season	
	Santa Fe de Antioquia WTP	Cauca River	N.A.	La Pena Creek	0.2	ENA 2018 Low IVH under normal conditions Average IVH in dry year	
	Olaya DWTP	Cauca River	N.A.	La Barbuda Creek	0.003	ENA 2018 Medium IVH in dry season Low IVH in normal conditions	
	Sucre DWTP			La Tahamí Creek	0.00243		

Main hydrographic basins supplying Grupo EPM's systems and reservoirs

Company	Power Plants / WTP	Basin	Reservoir	Main tributaries	Max. technical volume million m ³ (hm ²)	Location in water-stressed area Water Vulnerability Index (IVH)	Usage
Aguas Regionales	Sopetrán WWTP	Cauca River	N.A.	La Sopetrana Creek	0.1	PORH Average IVH under normal conditions Average IVH in dry season	Water supply
	San Jeronimo WTP	Aurra River	N.A.	La Muñoz Creek	0.0605	PORH Aurra River Low IVH under normal conditions Average IVH in dry season	
	Mutatá WWTP	Leon River	N.A.	Mutatá River	0.021	PORH Average IVH under normal conditions Average IVH in dry season	
Sabaleta Creek				0.018			
Aguas de Malambo	Tesoro DWTP	Magdalena River	N.A.	Cauca River	N.A.	ENA 2018 IVH for average year: mean IVH for dry year: mean	
	El Concorde WTP						
CHEC	Central Ínsula and Esmeralda	Chinchiná River	Cameguadua	Chinchiná and Campo Alegre rivers and downstream for the Quebrada La Estrella chain.	N.R.	ENA 2018 IVH for average year: medium IVH for dry year: high IVH for dry year: high	Power generation
	San Francisco	San Francisco River	San Francisco	San Francisco River	N.R.	ENA 2018 Otun River and others direct to Cauca IVH average year: low IVH dry year: high IVH dry year: high	

Main hydrographic basins supplying the Grupo EPM's systems and reservoirs

Company	Power Plants / WTP	Basin	Reservoir	Main tributaries	Max. technical volume million m ³ (hm ³)	Location in water-stressed area Water Vulnerability Index (IVH)	Usage
EPM	Troneras, Guadalupe III y IV.	Tenche River	Miraflores	Tenche River.	102.22	ENA 2018 IVH for average year: average IVH for dry year: average IVH for dry year: average	Power generation
	Troneras, Guadalupe III y IV.	Guadalupe River	Trunks	Nechí, Pajarito, Dolores, Concepción, Tenche and Guadalupe Rivers.	28.92		
	Central Mocorongo	Grande River	Quebradona	Grande River	1.93		
	Guatapé	Nare River	Peñol - Guatapé	Pantaniillo - Negro - Nare Rivers.	1071.69		
	Playas	Guatape River	Playas	Nare and Guatapé Rivers.	69.57		
	Porce II	Porce River	Porce II	Porce River	142.71		
	Porce III		Porce III	Guadalupe and Porce Rivers.	155.9		
ESSA	Palms	Lebrija River	Boundaries	Lebrija River	185	ENA 2018 IVH for average year: medium IVH for dry year: high IVH for dry year: high	

Main hydrographic basins supplying the Grupo EPM's systems and reservoirs

Company	Power Plants / WTP	Basin	Reservoir	Main tributaries	Max. technical volume million m ³ (hm ³)	Location in water-stressed area Water Vulnerability Index (IVH)	Usage
ESSA	PCH La Cascada	Fonce River	Water edge catchment	Los Macos Creek, La Chorrera Creek, La Chapa Creek, La Sonora Creek Pajales Creek, La Potes Creek, El Muerto Creek.	N.A.	ENA 2018 IVH for average year: medium IVH for dry year: high IVH for dry year: high	Power generation
HET	Bonyic	Teribe River	Bonyic	Bonyic Creek.	N.A.	For the region, there is no established IVH	
Others							
EMVARIAS	N.A.	Porce River	N.A.	La Piñuela Creek San carlos Creek	N.A.	ENA 2018 IVH dry year: Medium IVH medium year: Medium	Solid waste management

Note: The referenced water sources have the category of Fresh Water, dissolved solids <1000 mg/L



The main hydrographic basins that supply the reservoirs used for water supply and hydroelectric power generation of the Grupo EPM are presented. These river basins also supply the populations and communities settled in them, as well as other productive sectors that use the water resources they provide.

This table does not include the reservoir of the future Ituango hydroelectric power plant because it is under construction.

(*) The usable volume of the Piedras Blancas reservoir for operation was set at 0.5 million m³ due to the age of the infrastructure and for dam safety reasons.

Areas owned by the Group's companies - Land uses

The contribution of the **Grupo EPM** to the protection of ecosystems is relevant, since of the 801.6 km² of operational properties 655.2 km² have different types of vegetation cover, of which 89.3% (585.2 km²) correspond to natural forests and other coverages in different stages of succession that have been recovered under various strategies of ecological restoration or land protection for the advancement of natural succession (passive restoration) and are managed and administered with fences and surveillance, as well as biological connectivity actions that facilitate the flow and mobility of species between the properties and neighboring ecosystems. The remaining 10.7% (70 km²) are forest plantations around some of the power generation and water supply reservoirs.

On the other hand, planting activities were implemented, mainly for native species, as well as their maintenance and monitoring, for the restoration, rehabilitation and recovery of ecosystems and degraded areas in 16.2 km².

The **Grupo EPM** made a great contribution to conservation by adding 750.65 Km² of its operational properties to protected areas declared, through municipal agreements or resolutions of the environmental authorities, or that are part of the amortization area of the declared protected area or that correspond to ecosystems with high biological diversity according to studies carried out by the Grupo EPM or secondary sources of information.



Areas and land use (km²) - Grupo EPM 2021

Company/ Business	Water bodies*	Constructed area	Natural coverage	Forest plantation	Unclassified area	Total area	Geographical location
Aguas Nacionales EPM - Water and Sanitation VP	0.0	0.3	0.1	0.0	0.0	0.4	Antioquia, Colombia
CHEC - Transmission and Distribution Energy VP	1.0	1.1	64.9	0.0	0.0	67.0	Caldas, Colombia
Emvarias - Water and Sanitation VP	0.0	0.7	3.6	0.0	0.7	5.1	Antioquia, Colombia
EPM - Power Generation VP	108.0	6.2	211.7	55.5	1.4	382.8	Antioquia, Colombia
EPM - Ituango Project VP	21.2	2.6	281.3	0.0	0.0	305.1	Antioquia, Colombia
EPM - Water and Sanitation VP	1.6	0.3	13.3	14.4	0.9	30.5	Antioquia, Colombia
HET - Power Generation VP	0.1	0.4	10.1	0.0	0.0	10.6	Bocas del Toro, Panamá
Grand total	131.9	11.5	585.2	70.0	3.0	801.6	

Source: Templates areas and uses Grupo EPMs (Aguas Nacionales, CHEC, Emvarias, EPM and HET). Year 2021



*Water bodies: includes reservoirs for drinkable water supply and power generation, as well as double drainage network present in the layer of operational properties in the geographic information system.

Operational properties in protected areas, adjacent or with high biodiversity (Km²) - Grupo EPM 2021

Company/Business	Protected area declared	Adjacent to the protected area	With high biodiversity in an undeclared area	Total area of operational properties in protected, adjacent or high biodiversity areas	Reference area
CHEC - Energy Transmission and Distribution	49.62	10.86	3.13	63.61	CHEC forests, Los Nevados National Natural Park buffer zone.
Emvarias - Water and Sanitation BU	0.69	0.00	2.02	2.71	Biological corridors of the La Jagua stream and the Aburrá River.
EPM - Water and Sanitation BU	26.95	2.69	0.00	29.63	Playas Protected Forest Reserve and some municipal forest reserves. Peñol Guatapé Reservoir DRMI, Cacica Noria DRMI.
EPM - Power Generation BU	182.78	32.72	121.91	337.41	Playas Protected Forest Reserve and some municipal forest reserves. Peñol-Guatapé Reservoir, DRMI. Cacica Noria. Humid to very humid tropical forests, premontane to montane.
EPM - Ituango Project BU	53.08	45.32	206.73	305.13	DRMI Peque, riparian zone of the Cauca River, dry forest and very humid tropical forest.
HET - Power Generation BU	11.96	0.20	0.00	12.16	Palo Seco Protected Forest Reserve.
Grand total	325.08	91.78	333.79	750.65	

Source: Templates areas and uses Grupo EPMs (Aguas Nacionales, CHEC, Emvarias, EPM and HET). Year 2021

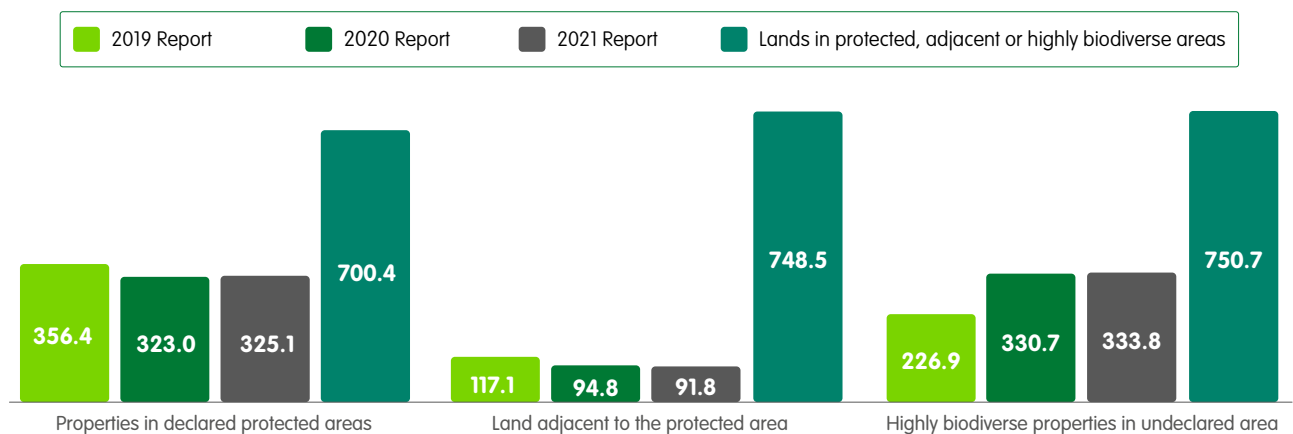


DRMI: regional integrated management district.

For the Grupo EPM companies, 799 km² were reported in operational areas with protected areas, adjacent to or with high biodiversity, 43% of this area is in a protected area, 12% is in buffer zones adjacent to protected areas and 44% is considered an important ecosystem for biodiversity conservation not included in declared protected areas.

The Grupo EPM continued working with environmental authorities and other stakeholders to expand and strengthen the system of protected areas, contributing to the conservation of ecosystems and the species that inhabit them.

Protected, adjacent or highly biodiverse areas (Km²) 2019-2020-2021



With respect to previous years, in 2021 there was a slight increase in the total areas of operational properties in protected areas, adjacent to or with high biodiversity with respect to previous years, due to the updating of the Teribe Hydroecological HET land and land cover maps.

Conservation of endangered species

- The Grupo EPM is committed to the comprehensive management of fauna and flora biodiversity in its areas of operation in Colombia, Panama, El Salvador and Guatemala, mainly through the protection of sensitive species identified in studies,

monitoring and research. To safeguard the natural heritage, actions were carried out to ecologically restore ecosystems, add our own properties to protected areas, acquire new properties and protect our own areas of high biological diversity, as well as implement conservation strategies, interact with different stakeholders such as local communities, universities, NGOs, territorial entities, among others, to encourage environmental education and social appropriation of knowledge of biodiversity and the care of natural resources.

- In 2021, the Group reported on biological diversity by obtaining the lists of endangered species according to Colombian regulations and the International Union for Conservation of Nature (IUCN), which includes in this list the species covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or in regional and national bans.
- The Grupo EPM increased its knowledge of the endangered species that are protected in its properties. There are reports from EPM and nine subsidiaries, located in four countries (Colombia, El Salvador, Guatemala, and Panama) that include a total of 234 species in 381 records. Of the species reported, 88 are on IUCN lists, 99 are on national lists, 118 are registered in CITES and 40 are under some type of national or regional ban. The most representative biological groups were flora, with 88 species (58 trees, 19 tree ferns, 9 epiphytes, 1 palm and 1 zamia), followed by 84 bird species and 24 mammal species.
- The national affiliates reported a total of 195 threatened species for Colombia, while Panama with the HET and ENSA affiliates recorded 42 threatened species, followed by Guatemala with 3 species, while DELSUR in El Salvador recorded 1 threatened species.



Report of number of species by Threat Listing, Country, Company and Business of the Grupo EPM Year 2021

Country	Business	No Reg.	Species Reported by Biological Group						Total Species
			Amphibians	Birds	Mammals	Reptiles	Fish	Flora	
Colombia	Aguas Nacionales EPM – Water & Sanitaiton BU	1		1					1
	Aguas Regionales EPM - Water & Sanitaiton BU	6		1	2	1			4
	CENS - Power Transmission and Distribution BU	4						4	4
	CHEC - Power Generation	2		2					2
	Emvarias - Water and Sanitation BU	5		2	3				5
	EPM - Water and Sanitation BU	21		2	3			16	21
	EPM - Power Generation BU	155	11	48	5	2	1	32	99
	EPM - Ituango Project BU	33		7			13		20
	EPM - Projects and Engineering BU	67	1	24	4	0	6	11	46
	ESSA - Transmission and Distribution BU	35	5	21	2	3	0	4	35
Sub-Total Colombia	329	16	82	12	8	14	63	195	
El Salvador	Del Sur - Power Transmission and Distribution BU	1						1	1
	Sub-Total El Salvador	1						1	1

Report of number of species by Threat Listing, Country, Company and Business of the Grupo EPM Year 2021

Country	Business	No Reg.	Species Reported by Biological Group						Total Species
			Amphibians	Birds	Mammals	Reptiles	Fish	Flora	
Guatemala	EPM Guatemala - Energy Distribution	3						3	3
	Sub-Total Guatemala	3						3	3
Panamá	ENSA - Power Transmission and Distribution BU	17		3	2	1		5	11
	HET - Power Generation BU	31		1	11			19	31
	Sub-Total Panamá:	48	0	4	13	1	0	24	42
Totals:		381	16	84	24	14	8	88	234

Source: Threatened Species Templates 2021 (EPM, CHEC, CENS, ESSA, Aguas Nacionales EPM, Aguas Regionales, Emvarias, DELSUR, EPM Guatemala, ENSA and HET)



Categories: Critically Endangered (CR), Endangered (EN), Vulnerable (VU) and Near Threatened (NT). Threatened status (IUCN: <https://www.iucnredlist.org/>); **CITES:** <http://CHECKlist.cites.org/>; **Colombia:** Resolution 1912 of 2017; <http://especies.mma.gob.cl/>; **Guatemala:** List of Threatened Species, LEA, 2008; Panama: Resolution DM-0657 of 2016), **El Salvador:** <https://historico.elsalvador.com/historico/129130/los-10-animales-en-peligro-de-extincion-en-el-salvador.html>

The categories of national and regional closed seasons apply to Colombia according to Inderena and regional autonomous corporations.

The lists include species characteristic of the neotropics, with different types of distribution and even endemic species. In Flora, 88 species were grouped in some of the threat lists, and are represented in 69 species of trees and shrubs, 19 species of tree ferns, this group protected by CITES and Colombian legislation (Res 0801 of 1977 (Inderena) and Res. 3183 of 2000 (Corantioquia)), in addition to 9 species of epiphytes (five bromeliads, three orchids and one anthurium) with bans according to Res. 0213 of 1977 (Inderena) and/or Res. 3183 of 2000 (Corantioquia), a palm (*Ceroxylon vogelianum*) also banned regionally by Corantioquia (Res. 3183 of 2000) and finally a species of zamia (*Zamia neurophyllidia*) that is prohibited from commercialization according to Panamanian legislation (DM-0657-2016) and CITES.

The following table shows the consolidated number of species by biological group.



Number of species by biological group-Total threatened species according to IUCN, national regulations and CITES 2021

Groups	No. Records	No. Species	IUCN*					National listings					VEDAS***		
			CR	EN	NT	VU	Total	CR	EN	NT	VU	Total	CITES		National
													I	II	
Amphibians	27	16	0	6	4	4	14	0	0	0	1	1	0	4	0
Birds	181	84	2	1	11	7	21	1	3	2	10	16	2	62	0
Mammals	36	24	1	3	4	7	15	3	2	1	13	19	10	7	0
Fish	23	14	1	1	1	4	7	1	1	0	11	13	0	0	2
Reptiles	15	8	0	1	0	1	2	0	1	0	2	3	0	6	0
Sub-Total Threatened Fauna:	282	146	4	12	20	23	59	5	7	3	37	52	12	79	2
Flora - Trees and Shrubs	69	58	5	5	3	15	28	6	7	4	24	41	0	5	11
Flora - Epiphytes	9	9	0	0	0	0	0	1	3	0	0	4	0	3	6
Flora - Palms	1	1	0	0	0	0	0	0	0	0	1	1	0	0	1
Flowering-Tree fern	19	19	0	0	0	0	0	0	0	0	0	0	0	18	19
Flora-Zamia	1	1	0	0	0	1	1	0	0	0	1	1	0	1	1
Sub-Total Threatened Flora:	99	88	5	5	3	16	29	7	10	4	26	47	0	27	38
Total flora and fauna species threatened	381	234	9	17	23	39	88	12	17	7	63	99	12	106	40

Source: Threatened Species 2021 Grupo EPM Template

*IUCN: International Union for the Conservation of Nature (<https://www.iucnredlist.org/>)

National Listings: **Colombia: Resolution 1912 of 2017; **Guatemala:** List of Threatened Species, LEA, 2008; **Panamá:** Resolution DM-0657 of 2016, **El Salvador:** <https://historico.elsalvador.com/historico/129130/los-10-animales-en-peligrode-extincion-en-el-salvador.html>

*** Closed areas according to CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) ([CHECKlist.cites.org/](http://checklist.cites.org/)), and the categories of National VEDAS apply for Colombia according to INDERENA and regional autonomous corporations.

Threat status categories: Critically Endangered (CR), Endangered (EN), Vulnerable (VU) and Near Threatened (NT).

The presence of some flora species with a higher level of threat (critical and endangered) is highlighted, such as *Freziera inaequilatera*, *Iryanthera megistocarpa* (sota), *Magnolia espinalii* (espinal leaf litter), *Ocotea antioquiensis* (laurel), *Swartzia oraria* (frijolillo), *Aniba perutilis* (cumin), *Cariniana pyriformis* (abarco), *Compsoeura anoriensis*, *Licania cabreræ* (caimo), *Cedrela odorata* (red cedar), *Cordia Salvadorensis* (laurel), *Juglans neotropica* (black cedar), *Magnolia lenticellata* (magnolia), *Stephanopodium aptotum*, *Masdevallia anisomorpha* (orchid), *Masdevallia fasciata* (orchid), *Pepinia pectinata* (bromeliad) and *Zamia neurophyllidia*.

Additionally, a record of 146 species of fauna was obtained, with a greater representation in the group of birds with 57.5% of the total (84 species), taking into account that birds are more abundant, conspicuous and some families of this group are protected by CITES due to their high traffic *Trochilidae* (hummingbirds and hermits), *accipitridae* (hawks, eagles and harriers), *falconidae* (hawks), among others. Next in reports are mammals (24 species), amphibians (16 species), fish (14 species) and finally reptiles (8 species).

Some of the species with the highest level of threat to fauna are represented in the group of birds by *Ara ambiguus* (verdelimon macaw), *Thryophilus nicefori* (paisa cockatoo), *Capito hypoleucus* (white-backed woodpecker), *Thryophilus sernai* (Chicamocha cockatoo); for amphibians by *Andinobates victimatus* (poison frog), *Leucostethus ramirezi* (frog), *Pristimantis acutirostris* (rain frog), *Pristimantis sanguineus* (rain frog), *Rhinella tenrec* (frog), *Silverstoneia erasmios* (frog), in mammals by *Saguinus oedipus* (white-headed titi), *Saguinus leucopus* (gray titi), *Ateles geoffroyi* (spider monkey), *Panthera onca* (jaguar), *Tapirus bairdii* (tapir), *Lontra longicaudis* (neotropical otter), for fish by *Pseudoplatystoma magdaleniatum* (Striped catfish), *Ichthyoelephas longirostris* (Pataló), *Prochilodus magdalenae* (Bocachico), *Curimata mivartii* (Vizcaina), *Pimelodus grosskopfii* (Capaz), *Genycharax tarpon* (Boquiancha) and *Megaleporinus muyscorum* (Comelón), and finally for reptiles by *Lepidoblepharis williamsi* (gecko), *Micrurus sangilensis* (Coral) and *Chelonoidis carbonarius* (Morrocoy turtle).

Given that Grupo EPM companies are located in different countries, thermal floors, latitude, among other peculiarities of each territory, the endangered species found in areas of the operational centers offer diverse ecosystems that provide habitat, shelter and resources for their survival. In this report, 10 types of ecosystems are reported: urban areas and mostly disturbed areas, mountain forests, tropical rainforests, dry forests, natural water bodies (rivers, marshes, lakes, lagoons), crops, pastures, reservoirs, forest plantations and secondary vegetation. Natural forests accounted for 73% of the total reports.

In the last three years, Grupo EPM has made a report of 982 threatened species in its operational areas, 690 of flora, of which 73.6% corresponds to epiphytes, given the high reports in 2019 (119 species) and mainly in 2021 (413 species). With respect to fauna, an accumulated 282 species were reported in the last three years, of which 60.6% are avifauna.

Grupo EPM endangered species registry

Species	2019	2020	2021	Accumulated
Amphibians	11	17	16	33
Birds	116	99	84	177
Mammals	35	30	24	44
Fish	17	13	14	17
Reptiles	17	13	8	21
Trees and Shrubs	60	75	58	139
Epiphytes	119	413	9	508
Palms	8	8	1	11
Tree fern	16	16	19	31
Zamia	0	1	1	1
Sub-total fauna	196	172	146	292
Sub-total flora	203	513	88	690
Total species	399	685	234	982

The endangered species register table shows the reports for the last three years (2019, 2020 and 2021) and the cumulative.



See Annex with [list of Threatened Species](#).

With respect to the records of the last three years, there has been a notable increase in the number of species associated with the flora groups with respect to the fauna groups. From the report of endangered species in 2020, mainly epiphytes stand out with 413 species, this group for 2021 was of 9 species, since no studies were carried out on this subject.

GRI standards content and internal metrics

- EPM - 01** Conservation areas.
- EPM - 10** Water Protection (IPH).
- 303 - 1** Interactions with water as a shared resource.
- 304 - 4** Conservation of endangered species.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Electrificadora de Santander - ESSA
 Centrales Eléctricas del Norte de Santander - CENS
 Empresas Varias de Medellín - Emvarias
 Aguas Nacionales EPM
 Aguas de Malambo
 EPM Guatemala
 Distribuidora de Electricidad del Sur - DELSUR
 Elektra Noreste - ENSA
 Hidroecológica del Teribe - HET

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Atlántico
 Guatemala
 Panamá
 El Salvador

Business

Water
 Sanitation
 Electricity

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Water use and effluents

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Water use and effluents

The water supply of Grupo EPM companies is mainly from surface sources, which are used in their productive processes: water supply and hydroelectric power generation. On the other hand, the supply of the companies' facilities for domestic use comes mainly from aqueducts and surface sources.

Grupo EPM companies analyze how they use water in their production processes and facilities, as well as the type of sources from which they are supplied, in order to implement initiatives and projects to better manage its use and contribute to its sustainability.

On the other hand, the subsidiaries manage their effluents: discharges of water used in the generation of hydroelectric power and wastewater from their own facilities and those collected from their customers and users as a result of the provision of sanitation services, in order to avoid the direct discharge, without treatment, of millions of m³ of wastewater into water sources and the soil.

*In Colombia, Decree 3930 of 2010 defines discharge as the final discharge of elements, substances or compounds contained in a liquid medium into a body of water, sewage system or soil.



The total volume of water used for productive activities, cooling and domestic use of the Grupo EPM was 21,338,282 thousand m³, equivalent value to 21.3million m³, distributed as follows in percentage terms:

- 99.95% of the total volume of water used was surface water.
- 99.36% of the total volume of water is for productive use, mainly for power generation and water supply.
- 86.77% of the total volume of water is used by EPM.
- 13.23% of the total volume of water is used by the subsidiaries.



We were able to save 2.6 million m³ of water used in the purification process, thanks to the use of recirculated water from filter backwashing. Likewise, 35.2 million m³ of water were reused in the hydroelectric power generation process, thus optimizing its use in these processes.

Results in 2021

Management of water use and effluents by 2021

The **Grupo EPM** developed projects and initiatives associated with the efficient use of water and wastewater management, which not only contributed to the efficiency and quality in the provision of residential public utilities, but also to the improvement of the quality of life and the environment in the territories where it operates.

Some of the programs, projects and initiatives are highlighted below:

- **Sanitation and Wastewater Management Plan (PSMV)**, a planning tool articulated with the objectives and quality goals defined by the environmental authority, to ensure the collection, transport and treatment of wastewater generated in the Aburrá Valley. Since the beginning of implementation, more than 4,600 kilometers of sewage networks have been built and the existing ones have been maintained, the San Fernando plant has been built and modernized, and the Aguas Claras and El Escobero plants have been built and put into operation. With the implementation of the PSMV, EPM reiterates its commitment to the sanitation of the Medellín River and its tributary streams. In 2021, the diagnosis, design and replacement of 115.6 km of aqueduct networks and 51.4 km of sewage networks in the metropolitan area of Valle de Aburrá and with projection to Valle de San Nicolás were carried out.

- **Unaccounted-for water management**, including commercial loss control, relationship and communication activities. In 2021 the volume of water loss in the system was 93.95 million m³, this volume includes the Metropolitan System and the Rionegro system that was annexed in 2020 (Vallé de Aburrá metropolitan area: 92.35 million m³; Rionegro system: 1.60 million m³).
- **Management of water recirculation in the WWTPs**, 2.6 millones de m³, resulting from the recirculation of water from filter and structure washing in the drinkable water treatment plants.
- **Plans for saving and efficient use of water**, in the facilities of EPM and its subsidiaries in Colombia and abroad. Actions carried out included: inspection of infrastructure, water consumption analysis, leak control, water-saving sanitary installations, storage of rainwater for irrigation, and raising awareness among personnel on the use and care of water. At ESSA, water consumption meters were installed and replaced, and reused water meters were installed; CENS emphasized raising employee awareness of responsible water use; DELSUR made progress in managing consumption and installing water-saving systems.
- **EPM's Connections for Life Program**, benefited 58,470 people with access to water, sewage and/or gas services in "difficult to manage" areas in Medellín, Bello and Itagüí. Social management facilitated the relationship between leaders, communities and the Company.
- During 2021, the **EPM Cuidamundos Program** was carried out in virtual mode with 7 educational institutions in the Metropolitan Area of the Aburrá Valley and eastern Antioquia, with the participation of 4,327 students.
- **The Water for Education, Education for Water Program**, led by the EPM Foundation, provides access to drinkable water and counteracts the health problems that still persist in many rural areas of Colombia, associated with the ingestion of unsafe water, especially among children. Potabilization solutions are installed in rural schools to generate better health conditions for local children and their families.

- **EPM's Cuido el agua, cuido la vida program (I care for water, I care for life):** a promotional and educational strategy to promote efficient use of water and sewage services in the 10 municipalities of the Aburrá Valley. In 2021, 82,238 people were reached.
- **Por ti estamos ahí program (we are there for you):** Activities were carried out in municipalities in Antioquia and the Aburrá Valley, and in 2021 direct interaction was achieved with 12,943 people.
- **In The Heart of Your Home and Water Guardians programs,** through which Aguas Regionales promotes citizen awareness to encourage proper social practices for the efficient and safe use of water and sewage services in the municipalities of Apartadó and Santa Fe de Antioquia.
- **Aguas Regionales is closer to you program:** 785 door-to-door visits were made, achieving 1,377 interactions with the community.
- **The program "Sumate al parche con Aguas Regionales" (come and join us at Aguas Regionales):** a space for dialogue through Facebook on the provision of public water and sewerage services, addressed issues such as efficient, legal and safe use of water, flow and billing. 1,752 people interacted with the program.
- **Environmental education program, everyone's responsibility:** Aguas de Malambo conducted talks and training to raise awareness about environmental care and strengthen the environmental culture in the municipality of Malambo.

Water risk management

In order to manage risks associated with water scarcity in the sites where Grupo EPM has its operations, studies are conducted, hydrometeorological stations are installed and operated, indicators and hydrometeorological models are used and those of governmental entities such as IDEAM and environmental authorities are used.

The most relevant issues for 2021 are highlighted below:

- The National Water Study (ENA) 2018, continues to be the reference source for the Water Vulnerability Index (IVH) for Colombia and its different regions, which shows that the department of Antioquia, where most of EPM's plants/production sites (energy generation and drinkable water supply) are located, has a moderate IVH in the average year. On the other hand, areas such as La Guajira have a moderate to high aridity index, but in this region EPM generates wind energy that does not require water for its production.
- EPM has 13 water treatment plants for the provision of drinkable water services, in which no significant impact due to risk of scarcity has been identified. However, the La Iguaná, La Valeria and Piedras Blancas minor supply basins have a medium water vulnerability index (IVH) in dry years, according to the update of the Aburrá - Medellín river POMCA 2018, and the same happens with the Pantanillo river according to the Negro river POMCA. For its part, Aguas Regionales has an IVH with medium and high values in the Turbo river basin, but in no case does it present vulnerability to shortage in very high category according to the diagnosis of the POMCA of the León river, conducted by Corpourabá. On the other hand, the update report on the status of water resources in Antioquia 2018, found that some supply sources in the western region present values for this indicator between medium and high.
- The subsidiary ADASA, located in the Antofagasta region in Chile, is related to a scenario of extreme aridity determined by geography and climate; however, 51% of the total water consumption for its drinkable water processes comes from seawater, a resource that is abundant there compared to other types of water sources.
- To manage the risk associated with the availability of water resources, EPM has a hydrometeorological information system that supports the planning, construction, and operation of drinkable water supply and electric power generation projects. The system consists of approximately 200 hydro-climatic stations installed in the basins and tributaries of all its water reservoirs and projects in the departments of Antioquia and La Guajira. These stations capture information on various hydroclimatic variables

in real time, using sensors, and transmitting it through various systems such as GOES and Skada, among others.

- The Grupo EPM has a climate strategy in the deployment of which it has conducted studies with the National University of Colombia for climate modeling in the areas where it has its systems and reservoirs. These studies allow advancing in resilient management and articulating mitigation and adaptation issues with the strategy of Integral Management of Water Resources and Biodiversity.
- One of the greatest challenges in the Urabá region is the provision of drinkable water for the coming years, due to the decrease in the flow of some sources during the dry season. For this reason, progress was made in the second phase of the Nueva Fuente project, which identifies the León River, near Bocas de Chigorodó, as the water source for the next 30 years in the banana axis, an activity that becomes the input to start the design process of the networks and subsequent management of resources for their construction.
- It is important to note that under Colombian regulations, the use of water resources for human consumption has priority over any other use, so the risks to water supply associated with competition with other sectors are low.
- Finally, studies, indicators and models are important inputs for the definition of strategies, goals, infrastructure needs (modernization, expansion, interconnection, new projects) or new studies, among other issues.



Water extraction

Water supply Grupo EPM (Thousands of m ³)*				
2021	21,338,282	↑		14%
2020	18,764,529	↓		-7%
2019	20,146,579			N.A.

Grupo EPM Superficial				
2021	18,327,836	↑		14%
2020	18,753,773	↓		-7%
2019	20,136,221			N.A.

Grupo EPM Aqueduct				
2021	906	↓		-2%
2020	927	↓		-20%
2019	1,162			N.A.

Grupo EPM Subway				
2021	914	↓		-49%
2020	1,776	↑		30%
2019	1,362			N.A.

Grupo EPM Marine				
2021	8,626	↑		7%
2020	8,053	↑		3%
2019	7,833			N.A.

EPM Superficial				
2021	18,516,242	↑		15%
2020	16,090,276	↓		-9%
2019	17,656,024			N.A.

EPM Aqueduct				
2021	474	↓		-5%
2020	499	↓		-4%
2019	519			N.A.

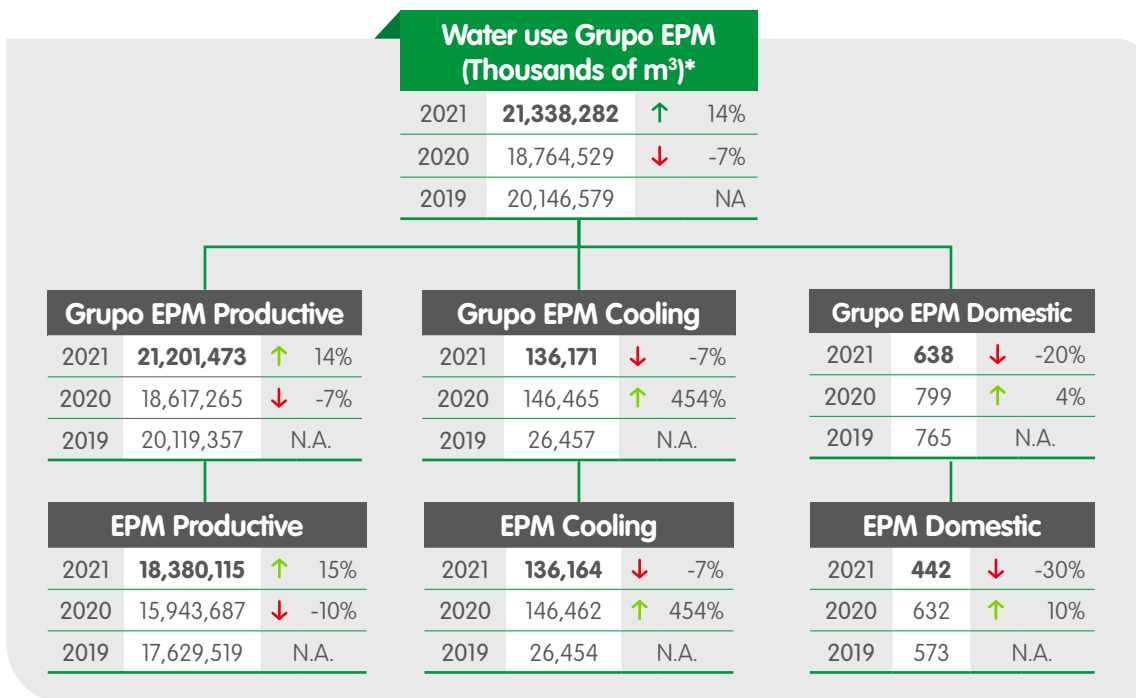
EPM Subway				
2021	4	↓		-15%
2020	5	↑		87%
2019	3			N.A.

99.95% of the total volume of water used by Grupo EPM companies in 2021 was from surface sources. The 14% increase in the use of this type of source with respect to 2020 was due to higher energy generation in some hydroelectric plants.

There was a decrease in water consumption in the facilities, mainly in EPM's headquarters, due to the low occupancy caused by the preventive and confinement measures for COVID-19.

On the other hand, the decrease in water supply from subway sources was due to the fact that some Aguas Regionales wells did not operate due to damage to the pumping system in the second half of the year.

Water consumption and use



The 99.36% of total water volume used by Grupo EPM was for its productive processes, out of this percentage, 98.20% was used to generate energy (non-constituent use), the 1.80% was for water provision and the rest had use in waste water treatment plants, labs and cooling processes.

EPM used 86.69% of the total volume of water for productive use of the Group for the same use, mainly for power generation and water supply. The decrease in water consumption in domestic work was mainly due to the decrease in the affluence of personnel at EPM's headquarters due to the restrictions established because of COVID-19.



Recirculated water

Recirculated water Grupo EPM Thousands of m³

Process	2019	2020	2021	Variation 2021/2020	
Hydroelectric generation	32,710	33,118	35,219	↑	6%
Thermal generation	1,55	13	9	↓	-29%
Water supply	3,148	2,696	2,644	↓	-2%
Administrative and customer service facilities	44	186	524	↑	181%.
Others*	0	126	691		
Total	35,904	36,140	39,086	↑	8%

Source: IDSOS software



***Includes:** Camps, Dispatches, Wastewater Management, Substations, Gas Stations, Projects and others.

The decrease in water recirculation in thermal generation was due to the shutdown of one of the units of La Sierra thermoelectric plant.

The decrease in recirculated water in the water supply process was mainly due to the fact that the volume of water reused in the WTPs depends on the quality of the sources captured; water is reused as long as it does not affect the quality of the drinkable water produced in the plant.



Productive water use by company

Productive use by company 2021 Thousands of m³ / year

Type of use	EPM	CHEC	HET	ESSA	ADASA	Aguas Regionales	Aguas de Oriente	Aguas de Malambo	Emvarias
Power Generation	18,051,134	1,891,236	419,720	457,072	N.A.	N.A.	N.A.	N.A.	N.A.
Cooling	136,164	7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Water Supply	328,649	N.A.	N.A.	N.A.	12,510	27,521	1,001	12,005	N.A.
Wastewater Management	306	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Waste management	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	96

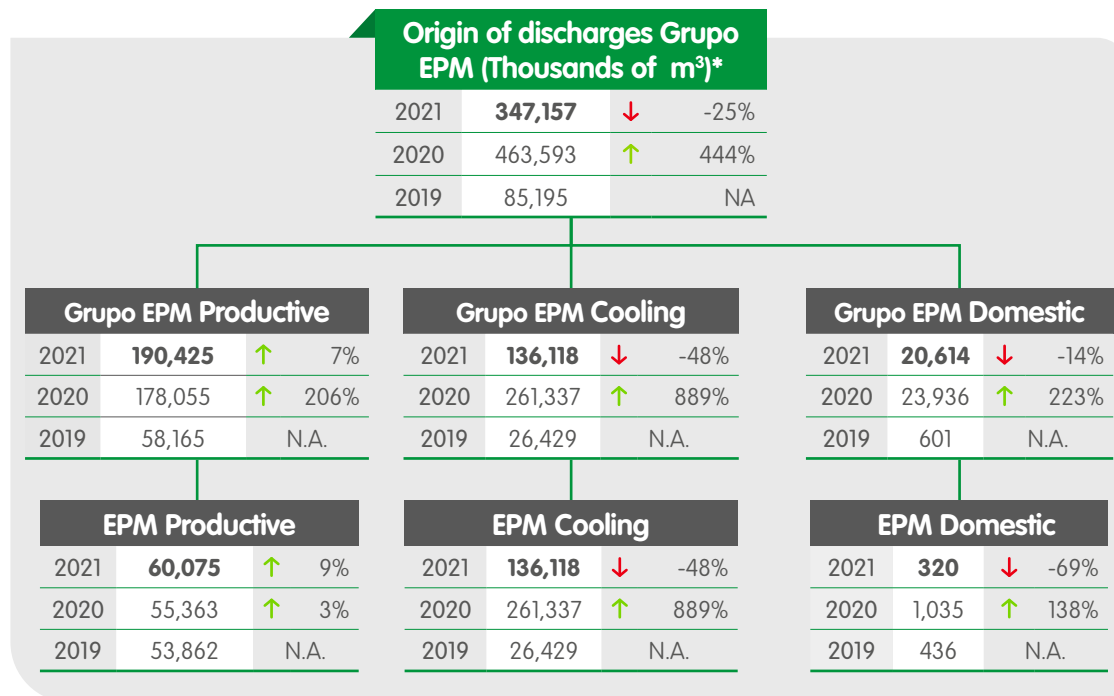
The largest volume of water used by Grupo EPM companies was for the generation of hydroelectric power, followed by the use for the provision of drinkable water; EPM had the highest use of productive water.

Water discharges and spills

Power Generation - Grupo EPM Water discharge in thousands of m³

Discharges	2019	2020	2021	Variation 2021/2020
EPM - Hydroelectric generation plants	17,312,798	15,711,391	18,051,078	↑ 15%
HET - Hydroelectric power generation plant	499,460	361,430	419,720	↑ 16%
CHEC - Hydroelectric power generation plants	1,473,863	1,806,885	1,891,206	↑ 5%
ESSA - Hydroelectric Power Plant	468,193	453,773	457,072	N.A.
Total	19,754,314	18,333,478	20,819,076	

The largest volume of effluents came from discharges from hydroelectric power generation, and corresponded to the same volume of water used for this productive process, which has a non-consumptive use of water. The discharges were not used as discharges because this process did not affect water quality; on the contrary, this process generally helps to improve the quality of the receiving sources. The increase in the total volume of water discharged with respect to the previous year was due to the increase in hydroelectric power generation in 2021.



The 39.2% of the volume of discharges corresponds to the cooling of the La Sierra thermoelectric power plant; the decrease with respect to the previous year is due to the shutdown of one of the units of the thermoelectric power plant.

Likewise, it is important to highlight that the volume of discharge from the Grupo EPM's wastewater treatment plants in 2021 was 190.07 million m³, which ensures that the water discharged has better quality parameters before being discharged to the receiving source.

Receiving source of effluents Grupo EPM (Thousands of m ³)*			
2021	344,268	↓	-25%
2020	460,585	↑	441%
2019	85,195		NA

Grupo EPM Superficial			
2021	339,221	↑	-26%
2020	456,595	↑	470%
2019	80,116		N.A.

Grupo EPM Spil			
2021	173	↑	4%
2020	167		0%
2019	166		N.A.

Grupo EPM Sewerage			
2021	4,873	↑	27%
2020	3,823	↓	-22%
2019	4,913		N.A.

EPM Superficial			
2021	192,172	↑	-39%
2020	314,429	↑	312%
2019	76,357		N.A.

EPM Soil			
2021	19	↓	6%
2020	18	↑	-5%
2019	19		N.A.

EPM Sewerage			
2021	4,323	↓	31%
2020	3,289	↑	-24%
2019	4,351		N.A.

98.53% of discharges are discharged to surface sources, mainly from drinkable water and wastewater treatment plants. Discharges from the WWTP correspond to 54.8% of total discharges, which come from the treatment of wastewater from clients and users, and which are discharged in better quality conditions into the receiving sources.

In the case of the Regional Water WWTPs, no discharges are reported because they are in different project phases according to the PSMV schedules.

The facilities of the Grupo EPM companies discharge their domestic wastewater to the sewage systems of the towns where they are located, and those facilities that do not have access to such service treat their discharges in their wastewater treatment systems.

There are also discharges to surface sources of water reused in the cooling process of the Guatapé and Playas hydroelectric plants and the La Sierra thermoelectric plant. The quality of the water discharged from this process is not altered.

GRI standards content and internal metrics

- 303 - 1** Interactions with water as a shared resource (Action Chapter: water conservation and biodiversity).
- 303 - 3** Water Withdrawal.
- 303 - 4** Water discharges.
- 303 - 5** Water consumption.
- 306 - 1** Discharge of water according to its quality and destination.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Hidroecológica del Teribe - HET
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA
 Afinia

Geography

Colombia - Antioquia
 Colombia - Malambo, Atlántico
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Caribe
 Chile
 El Salvador
 Guatemala
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas



Management of impacts related to water and biodiversity



Management of impacts related to water and biodiversity

In the different projects, works and/or activities, **Grupo EPM** evaluates the environmental impacts in order to qualify them and establish the actions required to prevent, mitigate, control, compensate and correct the possible negative effects or impacts and enhance the positive ones. Thus, based on the analysis of environmental restrictions (ARA), environmental diagnosis of alternatives (DAA), feasibility study and environmental impact assessment (EIA), environmental management plans (PMA) are established or other activities are developed to manage unforeseen impacts or impacts exerted by the environment on the projects. These measures are implemented from the early stages of construction and during the operation of the projects, in accordance with the environmental regulations for each country.

Results in 2021



For the management of impacts on water and biodiversity, the **Grupo EPM** carried out compensation in 6.79 km² whose main activity has to do with active restoration through the planting of trees of native species. Additionally, 55,239 individuals were planted as other compensations. On the other hand, the Group continues to focus on the protection of its operational properties, with the care of 289.1 km² in forests and the successional progress of 286.1 km², in addition to developing active restoration activities in 16.2 km² and functional restoration in 70.2 km². Activities such as the rescue and relocation of 10,971 epiphytes and the technological improvement for the protection of fauna in power transmission and distribution lines were carried out.

In the **Grupo EPM**, the main impacts generated on water and biodiversity occur during the construction of new projects, or works associated with existing projects, and are mainly related to the alteration of sound pressure levels, soil and surface water resources. Also, changes are generated in terrestrial and aquatic ecosystems, in the composition and structure of terrestrial flora and fauna communities and hydrobiota, including aquatic fauna. These

negative impacts are managed through the implementation of environmental management plans, control, follow-up and monitoring actions, and other compensations.

Positive impacts on water and biodiversity are also identified with the projects in operation and are related to the increase in vegetation cover for the consolidation of forest masses and biological connectivity, which provide habitat and refuges for different species of terrestrial flora and fauna, the implementation of conservation strategies for endangered species, which improve water quality and regulation, as well as the health of aquatic ecosystems.

Measures implemented during the year 2021:

- In the reservoirs for power generation and drinkable water supply, environmental impacts were managed for the projects in the operation phase, among the most significant are the management of invasive aquatic plants with the implementation of physical and mechanical controls, reaching minimum levels and high effectiveness rates; the management of floating solid waste arriving through the contributing river basins in order to minimize impacts on the water resource. In the reservoir of the Porce III power generation plant, there was an incident of mass movement of the Sepúlveda fault, which caused the contribution of suspended solids to the reservoir without affecting its useful life.
- Hydroelectric power generation reservoirs may have impacts related to changes in hydrobiological communities and alterations in the quality of water resources. These were managed by updating and implementing management plans and measures, monitoring and follow-up programs, actions with environmental authorities, participation in watershed councils, and in the formulation of the POMCAs (basin management plans).
- EPM installed 1,465 units of insulator wildlife barrier discs, busbar wildlife tape cover, bushing wildlife cover, cable wildlife cover, circuit breaker wildlife cover and 282.6 Km of covered cable in Antioquia.

- Between the linear projects of CENS, EPM and the La Pradera sanitary landfill, 10,971 epiphytes were rescued and relocated. As well as activities and works to scare away, rescue and relocate fauna, actions that were accompanied by follow-up and monitoring.
- The Grupo EPM, through its wastewater and solid waste management services, generates a positive impact on the environment by avoiding the direct disposal of solid waste and wastewater of its customers and users into the soil and water sources, therefore, in the provision of these services it carried out controls and monitoring in accordance with current regulations and implemented actions to improve operating conditions and mitigate the adverse effects of the operation.

In 2021, the following actions are highlighted:

- **EPM** continued with the operation of the El Escobero compact wastewater treatment plant, which advances in the sanitation of the San Nicolás valley and in particular of the water sources in the area of influence of the La Fe reservoir, with positive effects on the quality of natural water for the provision of drinkable water.
- **Emvarias** treated 174,000 m³ of leachate from the La Pradera sanitary landfill, thus avoiding the alteration of surface water resources due to direct dumping. In 2021, there was a 48% decrease in leachate discharged compared to the previous year as a result of operational actions in the waste disposal basin.
- **EPM** carried out environmental noise monitoring in some water operations facilities and implemented mitigation measures in compliance with applicable regulations. And in the drinkable water treatment plants, it implemented treatment systems for water from washing filters and settling tanks.
- **EPM** implemented odor control actions at the Aguas Claras, San Fernando and El Escobero wastewater treatment plants, thereby reducing the impact on neighboring communities.

- **Aguas Regionales** planted live barriers in the Las Yuquitas oxidation ponds to mitigate the generation of odors derived from the biological treatment process of the users' domestic wastewater.
- **CHEC** defined the site for the construction of an artificial wetland to treat domestic wastewater from the Purnio substation and avoid affecting the soil and bodies of water.
- **El Grupo EPM** has implemented treatment and management systems for sludge derived from the drinkable water treatment process in its drinkable water treatment plants (DWTP), which prevents direct discharge into the soil and surface water sources.
- The natural water supply sources, used for drinkable water supply, are subject to environmental impacts such as domestic and industrial wastewater discharges, urban growth, inadequate waste disposal, erosion processes, agrochemical and fertilizer application for agricultural, livestock, and mining activities, as well as eutrophication processes. These environmental impacts are managed in coordination with local entities, environmental authorities, and with plans for monitoring and attention to events in the river basins.
- The companies of the Grupo EPM developed communication, education and awareness actions with customers, users and the community on the efficient use of water and the protection of biodiversity, through different activities and content. Likewise, training and workshops were conducted with suppliers and contractors.



Compensation and restoration

Impacted and Compensated Areas (km²) Grupo EPM- 2021

Business	Impacted Area	Compensation Goal	Compensation Reporting Period	Cumulative Compensation	% Progress
Aguas Nacionales EPM - Water & Sanitation BU	0.12	0.00	0.01	0.12	N.A.
CENS - Power Transmission and Distribution BU	8.94	0.50	0.32	0.35	70%
EPM Guatemala - Transmission and Distribution BU Energy	2.38	0.00	0.04	0.21	N.A.
ENSA - Power Transmission and Distribution BU	0.00	0.11	0.00	0.09	82%
EPM - Power Transmission and Distribution BU	0.97	5.06	5.00	5.02	99%
EPM - Projects and Engineering BU	0.01	0.02	0.00	0.00	0%
HET - Power Generation BU	0.85	1.79	0.18	1.00	56%
Grand total	13.26	7.48	5.53	6.79	3.07%

Source: 2021 land use and area spreadsheets (Aguas Nacionales, CENS, EPM Guatemala, ESA, EPM, HET)

Grupo EPM companies developed offsets through actions to purchase new areas for protection and/or implementation of ecological restoration activities. By 2021, 5.53 km² were compensated, for an accumulated 6.79 km²; of the total goal of 7.48 km². In addition, the following actions were carried out:

- **Aguas Nacionales and EPM** compensated 710 individuals, for a total of 13,226.
- **HET** reforested 12 ha with native species within the concession area of the Palo Seco Protected Forest.

- **CENS** rehabilitated 20.1 hectares of Tropical Dry Forest in the municipalities of Cúcuta and Ocaña and 13 hectares of Tropical Humid Forest-Catatumbo in the municipality of Tibú. It also established 28,439 native plants equivalent to 34 hectares of Tropical Dry Forest, Tropical Rain Forest in the municipalities of Cúcuta, Tibú, Ocaña and Gamarra.

The Group's companies for the reporting period compensated 55,239 tree individuals by CENS, EPM Guatemala, ENSA and EPM - Power Transmission and Distribution BU, out of the total compensation goal of 95,668 individuals.

Restored areas and forest protection (km²) Grupo EPM- 2021

Companies	Active Restoration	Passive Restoration	Functional Restoration	Total Restored Area	Natural Forest
Aguas Nacionales EPM - Water & Sanitation BU	0.04	0.09	0.00	0.12	0.00
CENS - Power Transmission and Distribution BU	0.51	0.00	0.00	0.88	0.00
CHEC - Energy Transmission and Distribution	1.15	11.23	0.00	12.38	52.53
EPM Guatemala - Transmission and Distribution BU Energy	0.19	0.00	0.00	0.19	1.08
Emvarias - Water and Sanitation BU	0.58	3.02	0.00	3.60	2.71
ENSA - Power Transmission and Distribution BU	0.00	0.49	0.26	0.75	0.00
EPM - Water and Sanitation BU	0.26	8.52	14.43	23.21	4.32
EPM - Power Generation BU	11.48	92.80	55.53	159.81	107.42
EPM - Ituango Project BU	1.90	169.80	0.00	171.70	110.65
HET - Power Generation BU	0.12	0.17	0.00	0.29	10.35
Total Restored/Forest Areas (Km²):	16.2	286.1	70.2	373.0	289.1

Source: 2021 Land Areas and Uses spreadsheets (Aguas Nacionales, CHEC, EMVARIAS, EPM, HET, CENS, EEGSA and ENSA)



The classification of the Restoration was made according to the following criteria:

- **Active Restoration:** Implementation of actions for restoration, rehabilitation and/or recovery of areas through planting seedlings of native or mixed species (native and exotic).
- **Passive Restoration:** Areas restored through activities that promote the advance of natural regeneration.
- **Functional Restoration:** implementation of area recovery through the planting of exotic species seedlings.

On the other hand, with respect to **ecological restoration**, Grupo EPM restored 16.2 km² through active restoration actions, for an accumulated figure of 373 km² restored. Grupo EPM continues to protect approximately 289.1 km² in natural forests. It is important at this point to consider the following:

The future Ituango hydroelectric power plant, since 2020, reported full compliance with the obligation corresponding to the acquisition of areas for all compensation, so during 2021 studies of vegetation cover and multitemporal analysis of the same, as well as biological connectivity to identify areas to prioritize for the implementation of the ecological restoration plan, which are located in the tropical dry forest and tropical rainforest. The implementation of this plan will last 20 years, and the annual intervention of approximately 550 ha is projected with community organizations in the territory.

Impacts related to discharges and spills



Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Generation Plant/ DWTP/ WWTP	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances of concern	Number of incidents reported
EPM	Aguas Claras WWTP	Aburrá River	POMCA Aburrá River IVH for middle year: medium IVH for dry year: medium	Unpleasant odors derived from the treatment of wastewater from customers and users. Alteration in the quality of surface water resources due to the treatment of customers' and users' wastewater.	Odor measurement	Monitoring parameters in accordance with Resolution 0631 of 2015 and Resolution 1541 of 2013.	0
	San Fernando WWTP	Aburrá River	POMCA Aburrá River IVH for middle year: medium IVH for dry year: medium		Odor control systems to mitigate the generation of odors produced during wastewater treatment.		0
	El Retiro WWTP	Aburrá River	PPOMCA Ríonegro IVH for medium year: average IVH for dry year: medium		Treatment and monitoring of discharges derived from wastewater treatment in accordance with Resolution 0631 of 2015.		0

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Generation Plant/ DWTP/ WWTP	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances of concern	Number of incidents reported
EPM	CH Tasajera	Porce River	ENA 2018 IVH Average year: Mean IVH Dry year: Mean	The discharge does not generate significant impacts on the surface source; on the contrary, there is an improvement in the amount of dissolved oxygen as follows: before the discharge 1.04 mg/l and after the discharge 3.81 mg/l.	Follow-up and monitoring of physicochemical parameters as indicated by the environmental authority.	N.A.	0
	Large Hydroelectric Power Plants Porce III, Porce II, Rio Grande, Guatapé, Playas, Troneras	Porce River	ENA 2018 IVH Medium year: Average IVH Dry year: Average	Decrease in the concentration of some nutrients and other variables between the station before the reservoir and after the reservoir. This impact is positive to the extent that the concentrations of the contributing basins favor eutrophication responses in the systems. and therefore the reservoirs function as tertiary wastewater treatment.		N.A.	0
	La Sierra Thermoelectric Power Plant	Magdalena River	ENA 2018 IVH Average year: Low IVH Dry year: Medium	No significant impacts, temperature monitoring is performed.		N.A.	0

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
Aguas Regionales	Turbo WTP	Turbo River	POMCA Medium IVH in normal conditions High IVH in dry season	Impact on the water quality of the receiving source as a result of the discharges derived from the potabilization process	Characterization of sludge derived from the drinkable water treatment process and discharges. Drying beds at Mutatá WTP and San Jerónimo WTP	Monitoring parameters in accordance with Decree 1076 of 2015 and Resolution 0631 of 2015	0
	Apartadó DWTP	Apartadó River					
	Carepa DWTP	Carepa River					
	Chigorodó DWTP	Chigorodó River					
	Mutatá WWTP	Mutatá River	POMCA Average IVH under normal conditions Average IVH during dry season				0
	Santa Fe de Antioquia WTP	Discharges from the WWTP go to the oxidation lagoon of Santa Fe de Antioquia WWTP	ENA 2018 Low IVH under normal conditions Average IVH in dry year				0
	Olaya DWTP	La Barbuda Creek - Cauca River	ENA 2018 Low IVH under normal conditions Average IVH in dry year				0
Sucre DWTP	La Tahamí River	ENA 2018 Low IVH under normal conditions Average IVH in dry year	0				

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
Aguas Regionales	Sopetrán WWTP	Chagualar Ditch - La Sopetrana Creek - Cauca River	PORH Q. La Sopetrana IVH average in normal conditions IVH average in dry year	Impact on the water quality of the receiving source as a result of the discharges derived from the water purification process.	Characterization of sludge derived from the drinkable water treatment process and discharges. Drying beds at Mutatá WTP and San Jerónimo WTP	Monitoring parameters in accordance with Resolution 0631 of 2015 and Resolution 1541 of 2013.	0
	San Jerónimo DWTP	La Muñoz Creek - Cauca River	PORH Aurra River Low IVH under normal conditions Average IVH in dry year				0
	Las Yuquitas oxidation ponds Turbo District	Caño Higinio - sea of Urabá		Unpleasant odors derived from the treatment of users' wastewater.	Odor monitoring with dynamic olfactometry Planting of living barriers around lagoons	Monitoring parameters in accordance with Resolution 0631 of 2015 and Resolution 1541 of 2013.	0
	Santa Fe de Antioquia WWTP	Caño La Maquea - Cauca River	ENA 2018 Low IVH under normal conditions average IVH in dry year	Unpleasant odors derived from the treatment of customers' and users' wastewater. Alteration of the quality of the receiving surface source due to the treatment of customers' and users' wastewater.	Odor measurement Use of biodegradable chemicals to reduce the generation of odorous emissions for the treatment of the users' wastewater. Treatment and monitoring of discharges derived from users' wastewater treatment in accordance with Resolution 0631 of 2016.	Monitoring parameters in accordance with Resolution 0631 of 2015 and Resolution 1541 of 2013.	In the last characterizations of the wastewater discharge, higher values were presented in the parameters of TSS, BOD, COD to those established in the regulations. The actions that have been taken to manage the deviation are:

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
Aguas Regionales	Santa Fe de Antioquia WWTP	Caño La Maquea - Cauca River	ENA 2018 Low IVH under normal conditions Average IVH in dry year	Unpleasant odors derived from the treatment of customers and users wastewater. Alteration of the quality of the receiving surface source due to the treatment of customers and users wastewater.	Odor measurement Use of biodegradable chemicals to reduce the generation of odors produced by the treatment of users' wastewater. Treatment and monitoring of wastewater discharges derived from the wastewater treatment of users in accordance with Resolution 0631 of 2016.	Monitoring parameters in accordance with Resolution 0631 of 2015 and Resolution 1541 of 2013.	<ol style="list-style-type: none"> 1. Request for maintenance of the lagoons to the operations area. 2. Request for the presentation of characterization to users that generate ARnD and are connected to the public sewer system operated by the company. 3. Users have been required to implement measures that will allow them to change their condition of non-compliance with dumping regulations. Notification of the situation to the Environmental Corporation in accordance with Decree 1076 of 2015.
Aguas de Malambo	PTAP Tesoro - Sludge Plant	Malambo Swamp	ENA 2018 IVH average year Very high	Alteration of the water quality of the Malambo marsh with sediment contribution from the water discharged from the washing and maintenance of the plant.	Recirculation of water from filter backwashing. Sludge dewatering by drying bed.	Monitoring parameters in accordance with Decree 1076 of 2015 and Resolution 0631 of 2015.	In the last discharge characterization, the turbidity value exceeded the value established by regulations. Detour is managed by dewatering and collecting the sludge produced during the drinkable water treatment process, reducing sediment input to the receiving source.
	Concorde WTP				Sludge dewatering by filter press.		

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
Aguas del Oriente	Fafa los salados	Pantanillo River	Yes	Not reported	Characterization, diagnosis	The discharge complies with the recommended values for settleable solids, fats and oils and grease, and suspended solids in terms of permissible limits according to Resolution 631 of 2015.	0
	Fafa Villa Elena I	Pantanillo River	Yes	Not reported	Characterization, diagnosis	The temperature and pH ranges found at the sampling points are within acceptable limits according to the Resolution.	0
	Fafa Villa Elena II	Pantanillo River	Yes	Not reported	Characterization, diagnosis	The temperature and pH ranges found at the sampling points are within acceptable limits according to the Resolution.	0

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
ESSA	Palmas PCH	Not reported	ENA 2018 Medium Year: Medium Dry Year: High	Improvement of physicochemical characteristics of the water sources where turbinated waters are discharged by removing floating solids. Potential changes in the hydrobiological properties of the water. The water is collected and returned to its natural course in the section where it is collected and returned to its natural course.	Accepted methodologies, standardized and/or recommended by the competent environmental authority, opting for qualitative and quantitative interaction tables (matrices). Controlled outflows. Continuous sediment removal. Ichthyic compensation Treatment of domestic wastewater.	Follow-up and monitoring of physicochemical parameters as indicated by the environmental authority.	0
	La Cascada PCH	Fonce River	ENA 2018 Medium Year: Low Dry Year: Medium				
CHEC	Sancancio	Chinchiná River	ENA 2018 IVH Average Year: Medium IVH Dry Year: High	There is no evidence of negative impacts from turbinated water discharges. Alteration in the quality of surface water due to discharge from the WWTP of domestic wastewater from the island plant.	Environmental management plan endorsed by the Authority National Environmental Licensing Subprogram: Domestic wastewater management.	Follow-up and monitoring of physicochemical parameters as indicated by the environmental authority.	In the characterization of discharges from the PTAR Ínsula plant, some physicochemical parameters exceeded the values of the standard. The environmental authority was notified and, in response to the The construction of a wetland was chosen in response to the optimization requirement.
	Intermediate						
	Municipal						
	Guacaica						

Impacts associated with effluents - Grupo EPM 2021 Discharges from power generation plants and discharges from WWTPs and others

Company	Operational installation	Surface source into which it is discharged	Water stressed area	Significant positive or negative impacts	Impact Management	Indicate priority substances that cause concern	Number of incidents reported
CHEC	Ínsula	Campoalegre River	ENA 2018 IVH Medium Year: Low IVH Dry Year: High	No negative impacts are evidenced by the discharge of turbined water. Alteration in the quality of surface water due to discharge from the WWTP of domestic wastewater from the island plant.	Environmental management plan endorsed by the Authority National Environmental Licensing Subprogram: Domestic wastewater management	Follow-up and monitoring of physicochemical parameters as indicated by the environmental authority	In a characterization of discharges from the PTAR Ínsula plant, some physicochemical parameters exceeded the values of the standard. The environmental authority was notified and, in response to the optimization requirement, the construction of a wetland was chosen.
	Esmeralda	Cauca River	ENA 2018 IVH Medium year: Medium IVH Dry year: High				
	San Francisco						
EMVARIAS	Leachate treatment plant	Not reported	ENA 2018 Medium IVH Porce River	Alteration in the quality of the surface water resource	The leachate treatment plant mitigates the impact of the leachate treatment plant. direct discharge of the leachate to the river	During 2020, there were no alerts in the characterizations of the discharge. in accordance with the provisions of Resolution 0631	0

GRI standards content and internal metrics

- 303 - 2** Management of impacts related to water discharge.
- 304 - 2** Significant impacts of activities, products, and services on biodiversity.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Elektra Noreste - ENSA
 Hidroecológica del Teribe - HET
 Electrificadora de Santander - ESSA
 Centrales Eléctricas del Norte de Santander - CENS
 EPM Guatemala
 Aguas Regionales EPM
 Aguas de Malambo
 Aguas del Oriente
 Aguas Nacionales - EPM

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Norte de Santander
 Colombia - Santander
 Guatemala
 Panamá
 Colombia - Atlántico

Business

Water
 Sanitation
 Electricity





Annex



Threatened species

Biological group	Scientific Name
Amphibians	Andinobates cassidyhornae
	Andinobates opisthomelas
	Andinobates victimatus
	Anolis maculigula
	Bolitoglossa guaneae
	Bolitoglossa lozanoi
	Centrolene daidaleum
	Dendrobates truncatus
	Hyloxalus lehmanni
	Leucostethus ramirezi
	Pristimantis acutirostris
	Pristimantis orpacobates
	Pristimantis sanguineus
	Pristimantis zophus
	Rhinella tenrec
	Silverstoneia erasmios
Birds	Aburria aburri
	Agelaiocercus coelestis
	Amazilia cyanifrons
	Amazilia franciae
	Amazilia saucerrottei
	Amazilia tzacatl
	Amazona amazonica
	Amazona ochrocephala
	Anthracothorax nigricollis
	Ara ambiguus
	Ara militaris
	Arremon schlegeli
	Asio clamator
	Bangsia aureocincta
	Bangsia melanochlamys
	Boissonneaua flavescens
	Boissonneaua jardini

Threatened species

Biological group	Scientific Name
Birds	<i>Brotogeris jugularis</i>
	<i>Buteo nitidus</i>
	<i>Buteo platypterus</i>
	<i>Buteogallus meridionalis</i>
	<i>Calidris pusilla</i>
	<i>Capito hypoleucus</i>
	<i>Caracara cheriway</i>
	<i>Caracara plancus</i>
	<i>Chaetocercus mulsant</i>
	<i>Chalybura buffonii</i>
	<i>Chlorostilbon gibsoni</i>
	<i>Chlorostilbon melanorhynchus</i>
	<i>Chlorostilbon poortmani</i>
	<i>Ciccaba nigrolineata</i>
	<i>Coeligena torquata</i>
	<i>Colibri coruscans</i>
	<i>Colibri delphinae</i>
	<i>Colibri thalassinus</i>
	<i>Contopus cooperi</i>
	<i>Doryfera ludovicae</i>
	<i>Drymotoxeres pucherani</i>
	<i>Elanoides forficatus</i>
	<i>Elanus leucurus</i>
	<i>Eupsittula pertinax</i>
	<i>Falco ruficularis</i>
	<i>Falco sparverius</i>
	<i>Florisuga mellivora</i>
	<i>Forpus conspicillatus</i>
	<i>Gampsonyx swainsonii</i>
	<i>Geranoaetus albicaudatus</i>
	<i>Glaucis hirsutus</i>
	<i>Gallaria rufocinerea</i>
	<i>Haplophaedia aureliae</i>
	<i>Harpagus bidentatus</i>

Threatened species

Biological group	Scientific Name
Birds	<i>Heliodoxa jacula</i>
	<i>Henicorhina negrefi</i>
	<i>Herpetotheres cachinnans</i>
	<i>Hypopyrrhus pyrohypogaster</i>
	<i>Iridosornis porphyrocephalus</i>
	<i>Lophotrix cristata</i>
	<i>Margarornis stellatus</i>
	<i>Megascops choliba</i>
	<i>Milvago chimachima</i>
	<i>Morphnarchus princeps</i>
	<i>Ocreatus underwoodii</i>
	<i>Pandion haliaetus</i>
	<i>Patagioenas subvinacea</i>
	<i>Phaethornis guy</i>
	<i>Phaethornis striigularis</i>
	<i>Phaethornis symmatophorus</i>
	<i>Pionus chalcopterus</i>
	<i>Pionus menstruus</i>
	<i>Polyerata amabilis</i>
	<i>Psittacara wagleri</i>
	<i>Ramphastos ambiguus</i>
	<i>Ramphastos sulfuratus</i>
	<i>Rupicola peruvianus</i>
	<i>Rupornis magnirostris</i>
	<i>Saucerottia saucerottei</i>
	<i>Setophaga cerulea</i>
	<i>Sipia palliata</i>
	<i>Thalurania colombica</i>
	<i>Thryophilus nicefori</i>
	<i>Thryophilus sernai</i>
	<i>Tinamus major</i>
	<i>Tyto alba</i>
	<i>Vermivora chrysoptera</i>

Threatened species

Biological group	Scientific Name
Flora - Trees and Shrubs	Aniba perutilis
	Annona montana
	Apeiba membranacea
	Bombacopsis quinata
	Calophyllum brasiliense
	Carapa guianensis
	Cariniana pyriformis
	Cecropia cf. multisecta
	Cedrela odorata
	Cedrela sp
	Compsoeura anoriensis
	Cordia Salvadorensis
	Dipteryx oleifera
	Dussia sp.
	Elaeagia pastoensis
	Euphorbia spp.
	Freziera inaequilatera
	Graffenrieda grandifolia
	Grias cauliflora
	Hieronyma alchorneoides
	Hippotis panamensis
	Hirtella tubiflora
	Inga Cookii
	Iryanthera megistocarpa
	Jacaranda mimosifolia
	Juglans neotropica
	Ladenbergia sp.1
	Ladenbergia sp.2
	Lecythis tuyrana
	Licania cabreræ
	Magnolia espinalii
	Magnolia lenticellata
	Magnolia sambuensis
	Magnolia sp. nov.2
	Minqartia guianensis

Threatened species

Biological group	Scientific Name
Flora - Trees and Shrubs	<i>Ocotea antioquiensis</i>
	<i>Otoba cf. lehmannii</i>
	<i>Peltogyne purpurea</i>
	<i>Podocarpus oleifolius</i>
	<i>Poulsenia armata</i>
	<i>Protium pittieri</i>
	<i>Pterocarpus rohrii</i>
	<i>Quercus humboldtii</i>
	<i>Retrophyllum rospigliosii</i>
	<i>Rhodostemonodaphne frontinensis</i>
	<i>Sacoglottis ovicarpa</i>
	<i>Salvia pauciserrata</i> subsp. <i>Lasiocalycina</i>
	<i>Sphaeropteris quindiuensis</i>
	<i>Stephanopodium aptotum</i>
	<i>Sterculia costaricensis</i>
	<i>Swartzia oraria</i>
	<i>Swietenia macrophylla</i>
	<i>Symphonia globulifera</i>
	<i>Tabebuia rosea</i>
	<i>Trichilia cf. primogenita</i>
<i>Virola megacarpa</i>	
<i>Vitex cooperi</i>	
<i>Zanthoxylum panamense</i>	
Flora - Epiphytes	<i>Aechmea cf. Spectabilis</i>
	<i>Aechmea longicuspis</i>
	<i>Aechmea spectabilis</i>
	<i>Anthurium caramantae</i>
	<i>Masdevallia anisomorpha</i>
	<i>Masdevallia fasciata</i>
	<i>Masdevallia molossus</i>
	<i>Pepinia pectinata</i>
	<i>Pitcairnia lindae</i>
Flora - Ferns	<i>Alsophila cf. erinacea</i>
	<i>Alsophila cuspidata</i>

Threatened species

Biological group	Scientific Name
Flora - Ferns	<i>Alsophila erinacea</i>
	<i>Cyathea andina</i>
	<i>Cyathea aterrima</i>
	<i>Cyathea bicrenata</i>
	<i>Cyathea brunnescens</i>
	<i>Cyathea callejasii</i>
	<i>Cyathea cf. pauciflora</i>
	<i>Cyathea cf. pungens</i>
	<i>Cyathea darienensis</i>
	<i>Cyathea delgadii</i>
	<i>Cyathea divergens</i>
	<i>Cyathea horrida</i>
	<i>Cyathea lockwoodiana</i>
	<i>Cyathea nigripes</i>
	<i>Cyathea pungens</i>
<i>Cyathea sp.</i>	
<i>Cyathea sp.4</i>	
Flora-Zamia	<i>Zamia neurophyllidia</i>
Flora-Palma	<i>Ceroxylon vogelianum</i>
Mammals	<i>Alouatta palliata</i>
	<i>Aotus griseimembra</i>
	<i>Aotus lemurinus</i>
	<i>Ateles geoffroyi</i>
	<i>Bassaricyon neblina</i>
	<i>Cebus capucinus</i>
	<i>Cerdocyon thous</i>
	<i>Cuniculus paca</i>
	<i>Dinomys branickii</i>
	<i>Leopardus pardalis</i>
	<i>Leopardus wiedii</i>
	<i>Lontra longicaudis</i>
	<i>Mazama americana</i>
	<i>Mustela felipei</i>
	<i>Nasuella olivacea</i>

Threatened species

Biological group	Scientific Name
Mammals	<i>Panthera onca</i>
	<i>Pecari tajacu</i>
	<i>Puma concolor</i>
	<i>Puma yagouaroundi</i>
	<i>Saguinus leucopus</i>
	<i>Saguinus oedipus</i>
	<i>Speothos venaticus</i>
	<i>Tapirus bairdii</i>
	<i>Tayassu pecari</i>
Fish	<i>Abramites eques</i>
	<i>Ageneiosus pardalis</i>
	<i>Brycon henni</i>
	<i>Brycon moorei</i>
	<i>Characidium phoxocephalum</i>
	<i>Curimata mivartii</i>
	<i>Genycharax tarpon</i>
	<i>Ichthyoelephas longirostris</i>
	<i>Megaleporinus muyscorum</i>
	<i>Pimelodus grosskopfii</i>
	<i>Prochilodus magdalenae</i>
	<i>Pseudoplatystoma magdaleniatum</i>
	<i>Salminus affinis</i>
<i>Sorubim cuspicaudus</i>	
Reptiles	<i>Boa constrictor</i>
	<i>Caiman crocodilus</i>
	<i>Chelonoidis carbonarius</i>
	<i>Clelia clelia</i>
	<i>Epicrates maurus</i>
	<i>Iguana iguana</i>
	<i>Lepidoblepharis williamsi</i>
<i>Micrurus sangilensis</i>	



Quality and safety of products and services





Quality and safety of products and services

It consists of meeting the expectations of customers and users, as well as regulatory and control requirements oriented to quality, continuity, reliability, and safety of service, in addition to other aspects related to the commercial offer.

It includes quality, continuity, and safety of service, as well as aspects related to customer service, education and communication, customer satisfaction, and corporate reputation.

Importance

Economic value is associated with the objective of process optimization, the basis for the competitiveness of the Group's businesses, and quality to meet the requirements of customers and users. In terms of social value, product quality has an impact on the quality of life and human development, while safety favors the protection of the life and health of the people who make up the stakeholders.



Main achievements 2021

Program, project, initiative, or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target		
Quality and continuity of service	Water for human consumption	Obtain a Water Quality Risk Index - (WQRI) < 5%.	EPM	The index was 0.57 %	Total		
			Aguas de Malambo	The index was 0.03 %	Total		
			Aguas del Oriente	The index was 0 %	Total		
			Aguas Regionales	The index was 0 %	Total		
	Continuity of service	Accompanying the Solid Waste Transfer Station project: legalization of land, completion of detailed designs, and initiation of construction of this project.	EPM	<p>The duration of the transaction agreement for the management of the project between Emvarias and EPM was extended until December 31, 2022.</p> <p>Emvarias continued the approaches with the lawyers of Corporación Horizontes to achieve the concerted release of the property Restos 1B Terminales (Pañoleta).</p> <p>Emvarias signed an inter-administrative agreement with Terminales de Transporte, DAGRD, and the Municipality of Medellín, to carry out the land management required for the development of the ET project.</p> <p>All the architectural and technical designs of the project were delivered, according to the agreed commitment.</p>		Not fulfilled	
				EPM	The index was 99.84 %		Total
				Aguas del Oriente	The index was 99.80 %		Total

Main achievements 2021

Program, project, initiative, or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Quality and continuity of service	Continuity of service	Achieve 100% continuity in sweeping and cleaning.	Emvarias	Increased by 70,105 km for the previous year, due to the entry of new routes and redesign of existing routes for zone 6 of the city, with an increase of 4.6% by 2021, reaching a target of continuous sweeping of streets and public areas for the evaluation period of 103.5%.	Total
		Maintain 100% continuity in garbage collection.	Emvarias	Continuity was 100.36%, and the service has been provided, despite some delays in the schedules of the routes due to lack of vehicle availability, this generated non-compliance with schedules, and will affect the tariff value for the first half of 2022.	Total
		Obtain an Aqueduct Continuity Index (-ICTAC) = 96.47%.	Aguas Regionales	The rate was 92.81 %	Partial
		Obtain an Aqueduct Continuity Index (-ICTAC) = 75%.	Aguas de Malambo	The rate was 73.83 %	Partial
		Achieve a SAIFI indicator = 6.67	EPM	The indicator was 8.18 times	Not fulfilled
		Achieve a SAIDI indicator = 10.62	EPM	The indicator was 13.39 hours	Not fulfilled
		Achieve a SAIDI indicator = 24.51	CHEC	The indicator was 24.11 hours	Total
		Achieve a SAIFI indicator = 20.25	CHEC	The indicator was 19.8 times	Total
		Achieve a SAIDI indicator = 6.86	EDEQ	The indicator was 6.18 hours	Total
		Achieve a SAIFI indicator = 8.08	EDEQ	The indicator was 6.06 times	Total
Achieve a SAIDI indicator = 23.81	CENS	The indicator was 24.38 hours	Total		
Achieve a SAIFI indicator = 8.65	CENS	The indicator was 7.58 times	Total		

Main achievements 2021

Program, project, initiative, or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Quality and continuity of service	Continuity of service	Achieve a SAIDI indicator = 18.86	ESSA	Indicator was 18.98 hours	Partial
		Achieve a SAIFI indicator = 12.48		Indicator was 12.57 times	Total
		Achieve a SAIDI indicator = 16.17	DELSUR	Indicator was 16.63 hours	Partial
		Achieve a SAIFI indicator = 8.08		Indicator was 7.8 times	Total
		Achieve a SAIDI indicator = 12.5	ENSA	Indicator was 12.74 hours	Partial
		Achieve a SAIFI indicator = 7		Indicator was 6.71 times	Total
Loss management	Safe and legal use of services	Achieve a Loss Per User Billed Index (IPUF) less than or equal to 6.48	EPM	Indicator was 5 m ³ /user/month	Total
		Achieve a Network Operator Loss Ratio (IPORR) = 8.53 %.	EPM	Indicator was 8.89 %	Partial
		Achieve a gas loss rate of less than or equal to 4.10%.	EPM	Indicator was 5 %	Not fulfilled
		Achieve a Loss Per User Billed Index (IPUF) of less than or equal to 4	Aguas del Oriente	Indicator was 2.27 m ³ /user/month	Total
		Achieve a Loss Per User Billed Index (IPUF) less than or equal to 11.05	Aguas Regionales	Indicator was 8.59 m ³ /user/month	Not fulfilled
		Achieve a Loss Per User Billed Index (IPUF) less than or equal to 15.10	Aguas de Malambo	Indicator was 17.57 m ³ /user/month	Not fulfilled
		Achieve a Network Operator Loss Ratio (IPORR) equal to 8.47%	CHEC	Indicator was 7.97%	Total
		Achieve a Network Operator Loss Ratio (IPORR) = 12.4%.	ESSA	Indicator was 12.70%	Partial
		Achieve a Network Operator Loss Ratio (IPORR) = 12.46%.	CENS	Indicator was 13.17%	Not fulfilled

Main achievements 2021

Program, project, initiative, or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target	
Loss management	Safe and legal use of services	Achieve a Network Operator Loss Ratio (IPORR) = 8.51%.	EDEQ	Indicator was 8.31%	Total	
Safety in the provision of the service	Continuity of service	Advance in the project to expand the North Desalination Plant 380 l/s.	ADASA	Environmental permit: the environmental qualification resolution for the project was obtained. The corresponding authority issued the maritime concession decree, the publication in the official gazette was administratively managed, and the initial concession fee was paid.	Total	
Customer Service	Not applicable	Achieve a complaint indicator in all businesses of less than or equal to 3.55	EPM	The indicator was 4.63 complaints per 10,000 billed users.	Not fulfilled	
		Achieve an aqueduct complaints indicator of less than or equal to 2.84		The indicator was 1.18 complaints per 10,000 billed users.	Total	
		Achieve a sewage management complaints indicator of 0.25 or less.		The indicator was 0.07 complaints per 10,000 billed users.	Total	
		Achieve an energy complaint indicator less than or equal to 1.09		The indicator was 3.36 complaints per 10,000 billed users.	Not fulfilled	
		Achieve a gas complaint indicator less than or equal to 1.00		The indicator was 0.96 complaints per 10,000 billed users.	Total	
		Achieve a complaint indicator less than or equal to 3.78		Aguas Regionales	The indicator was 0.56 complaints per 10,000 billed users.	Total
		Achieve a complaints indicator of less than or equal to 27		Aguas de Malambo	The indicator was 17.41 complaints per 10,000 billed users.	Total
		Achieve a complaint indicator less than or equal to 2.38		Aguas del Oriente	The indicator was 0.70 complaints per 10,000 billed users.	Total

Main achievements 2021

Program, project, initiative, or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Customer Service	Not applicable	Achieve a complaint indicator less than or equal to 2.22	Emvarias	The indicator was 1.41 complaints per 10,000 billed users.	Total
		Achieve a complaints indicator less than or equal to 1.45	CENS	The indicator was 0.75 complaints per 10,000 billed users.	Total
		Achieve a complaint indicator less than or equal to 1.09	CHEC	The indicator was 0.97 complaints per 10,000 billed users.	Total
		Achieve a complaints indicator less than or equal to 0.87	EDEQ	The indicator was 0.59 complaints per 10,000 billed users.	Total
		Achieve a complaints indicator less than or equal to 1.04	ESSA	The indicator was 0.94 complaints per 10,000 billed users.	Total

Challenges 2022

Program, project, initiative, or action	Management emphasis	Challenges	Company	Business	Geography
Quality and service continuity	Water fit for human consumption	Obtain an IRCA < 5%.	EPM	Water and sanitation	Colombia - Antioquia
			Aguas Regionales		
			Aguas de Malambo		
			Aguas del Oriente		

Challenges 2022

Program, project, initiative, or action	Management emphasis	Challenges	Company	Business	Geography
Quality and service continuity	Continuity of service	Obtain an ICTAC = 99.7%.	EPM	Water and sanitation	Colombia - Antioquia
		Maintain 100% continuity in collection.	Emvarias	Solid waste management	Colombia - Antioquia
		Solid Waste Transfer Station Project: legalization of land, completion of detailed designs and start of construction.			
		Obtain an ICTAC = 80%	Aguas de Malambo	Water and sanitation	Colombia - Malambo
		Obtain an ICTAC = 99.7%	Aguas del Oriente	Water and sanitation	Colombia - Antioquia
		Obtain an ICTAC = 97.64%	Aguas Regionales		
		Maintain 100% continuity in sweeping and cleaning.	Emvarias	Solid waste management	Colombia - Antioquia
		Achieving an indicator SAIDI = 10.46	EPM		Colombia - Antioquia
		Achieving an indicator SAIFI = 6.74			
		Achieving an indicator SAIDI = 4.49	EPM Guatemala		Guatemala
		Achieving an indicator SAIFI = 3.22			
		Achieving an indicator SAIDI = 20.67	ESSA	Energy - T&D	Colombia - Santander
		Achieving an indicator SAIFI = 12.1			
		Achieving an indicator SAIDI equal to 24.05	CENS		Colombia - Norte de Santander
		Achieve a SAIFI indicator equal to 8.81			
Achieve a SAIDI indicator equal to 6.76	EDEQ		Colombia - Quindío		
Achieve a SAIFI indicator equal to 8.81					

Challenges 2022

Program, project, initiative, or action	Management emphasis	Challenges	Company	Business	Geography
Quality and service continuity	Continuity of service	Achieve SAIDI indicator = 24.33	CHEC	Energy - T&D	Colombia - Caldas
		Achieve SAIFI indicator = 20.06			
		Achieve SAIDI indicator = 19.2	ESSA		Colombia - Santander
		Achieve SAIFI indicator = 12.63			
		Achieve SAIDI indicator = 15.29	DELSUR		El Salvador
		Achieve SAIFI indicator = 7.8			
		Achieve SAIDI indicator = 12.4			
Achieve SAIFI indicator = 6.95	ENSA	Panamá			
Loss management	Legal and safe use of services	Achieve an IPUF less than or equal to 6.	EPM	Water and sanitation	Colombia - Antioquia
		Achieve IPORR = 8.85%.		Energy - T&D	
		Achieve a gas loss rate less than or equal to 4.8%.		Energy Gas	
		Non-revenue water management in camps (informal settlements)	ADASA	Water and sanitation	Chile
		Achieve an IPORR = 4.9%.	EPM Guatemala	Energía - T&D	Guatemala
		Achieve an energy loss rate of less than or equal to 6.5%.			
		Achieve an IPUF less than or equal to 15.1	Aguas de Malambo	Water and sanitation	Colombia - Malambo
		Achieve an IPUF less than or equal to 4	Aguas del Oriente		
		Achieve an IPUF less than or equal to 10.52	Aguas Regionales		
		Achieve a network operator loss ratio - IPORR = 12.35%.	CENS	Energy - T&D	Colombia - Norte de Santander
Achieve a network operator's loss indicator of 8.47% or less.	CHEC	Colombia - Caldas			

Challenges 2022

Program, project, initiative, or action	Management emphasis	Challenges	Company	Business	Geography	
Loss management	Legal and safe use of services	Achieve an IPORR equal to 8.48%.	EDEQ		Colombia - Quindío	
		Achieve IPORR = 12.13%.	ESSA		Colombia - Santander	
Customer satisfaction	Not applicable	Implement the self-management service for EPM's natural gas connection request, through digital transformation tools.	EPM	Energy- Gas	Colombia - Antioquia	
Safety in the provision of the service	Continuity of service	Advance in the project to expand the North Desalination Plant 380 l/s.	ADASA	Water and sanitation	Chile	
Customer service	Not applicable	Achieve a complaints indicator less than or equal to 1.00	EPM	Energy - Gas	Colombia - Antioquia	
		Achieve a sewage management complaints indicator of 0.25 or less.				
		Achieve a complaints indicator of less than or equal to 28	Aguas de Malambo	Water and sanitation	Colombia - Malambo	
		Achieve a complaint indicator less than or equal to 2.14	Aguas del Oriente			
		Achieve a complaints indicator less than or equal to 3.4	Aguas Regionales			
		Achieve a complaint indicator less than or equal to 2.22	Emvarias		Colombia - Antioquia	
		Achieve an aqueduct complaints indicator less than or equal to 2.55	EPM		Energy - T&D	Colombia - Norte de Santander
		Achieve a complaint indicator less than or equal to 0.98				
		Achieve a complaint indicator less than or equal to 3.19			All businesses	
		Achieve a complaint indicator less than or equal to 1.38	CENS		Energy - T&D	Colombia - Norte de Santander
		Achieve a complaint indicator less than or equal to 0.98	CHEC		Energy - T&D	Colombia - Caldas
		Achieve a complaint indicator less than or equal to 0.85	EDEQ		Energy - T&D	Colombia - Quindío
Achieve a complaint indicator less than or equal to 0.94	ESSA	Energy - T&D	Colombia - Santander			

Sustainable Development Goals



Related stakeholders

Customers and users

Community

GRI standards contents and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 416 - 2** Cases of non-compliance related to health and safety impacts of product and service categories.
- 417 - 3** Cases of non-compliance related to marketing communications.
- 418 - 1** Substantiated complaints regarding breaches of customer privacy and loss of customer data.
- 419 - 1** Non-compliance with laws and regulations in the social and economic spheres.
- EU25** Number of injuries and fatalities involving company assets, including legal judgments, settlements, and pending legal cases of diseases.
- EU28** Average frequency of power outages.
- EU29** Average duration of outages.
- EPM - 03** Loss rate.
- EPM - 04** Service channels.
- EPM - 05** Complaints..
- EPM - 18** ICTAC Aqueduct continuity index.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Tecnología Intercontinental -TICSA
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas





Quality and continuity of service



Quality and continuity of service

The quality of service comprises the technical and commercial characteristics inherent to the supply. It must meet the expectations of customers and users, in addition to meeting the requirements of regulatory and control entities.

Continuity refers to the amount of time the user has access to the service.

Management in 2021



The Grupo EPM delivered to its customers water fit for human consumption in all the territories where it is present, and guaranteed a weighted continuity, per user, greater than 98.9%.

As for gas service, the quality and continuity indicators were 100% met.



For the Water and Sanitation subsidiaries, continuity was generally high, with improvements compared to the previous period.

Regarding the aqueduct service, the results of Aguas Regionales indicated an increase in continuity, going from 92.55% in 2020 to 96% in 2021; of its 11 systems, 10 had 24-hour service. The construction of the La Lucila tank in Turbo and the construction of 13 km of networks in Apartadó contributed to these positive results.

Aguas de Malambo included the backup power plant, which favored the continuity of the catchment process. In sanitation, the construction of the pumping station for wastewater from the Villa Elena sector in El Retiro stands out

The TICSÁ subsidiary recovered the operation of five treatment plants.

In Emvarias, the increase of 70,105 Km is highlighted due to the entry of new routes and the redesign of the existing ones for zone 6 of the city.

In the area of service coverage corresponding to the municipalities of Valle de Aburrá and Rionegro, quality of life is provided by guaranteeing the provision of services with continuity and quality throughout the sanitary emergency, whose consumption was normalized in 2021.

All the Colombian water companies in the group have an IRCA (annual IRCA of less than 5% and significantly lower than the legal reference value), which guarantees the supply of water fit for human consumption throughout the year, under Resolution 2115 of 2007.

The deterioration of the SAIDI indicator in most of the Colombian energy subsidiaries was caused by the effects on the distribution system due to the winter season and the increase in the work programmed to comply with the regulatory investment plan.

The continuity and gas quality indicators required by current regulations were 100% complied with.

EPM is the first company in Colombia to implement LNG technology for the distribution of natural gas, guaranteeing continuity in the provision of service with greater autonomy for the municipalities.



Continuity of water and sanitation service Grupo EPM

Companies	2019	2020	2021
EPM - water and sanitation	99.81%	99.79%	99.85%
Aguas del Oriente	99.99%	99.83%	99.23%
Aguas Regionales	92.94%	92.55%	96.00%
Aguas de Malambo	65.41%	75.04%	75.78%
EP Rio	99.88%	N.A.	N.A.
Emvarias	100.00%	99.17%	100.01%
TICSA	99.87%	98.89%	97.61%
ADASA	98.79%	99.12%	99.41%

Source: TICSA value corresponds to continuity in sanitation



As of 2020, the value of EP Rio is included in EPM.

Water Quality Risk Index (IRCA) - EPM

Municipality	2019	2020	2021
Medellín	0.75%	0.75%	0.56%
Copacabana	0.52%	0.74%	0.53%
Girardota	0.26%	0.64%	1.35%
La Estrella	0.56%	0.36%	0.16%
Caldas	0.47%	0.25%	0.95%
Barbosa	0.24%	0.44%	0.52%
Sabaneta	0.82%	0.86%	0.72%
Envigado	0.41%	0.82%	0.43%
Bello	0.38%	0.44%	0.46%
Itagüí	0.48%	0.36%	0.52%

Source: Water and Sanitation Vice-Presidency

Water Quality Risk Index (IRCA) - Aguas del Oriente

Municipality	2019	2020	2021
El Retiro	0.48%	0.01%	0.00%

Source: Water and Sanitation Vice-Presidency

Water Quality Risk Index (IRCA) - Aguas Regionales

Municipality	2019	2020	2021
Sopetrán	0.00%	0.00%	0.00%
San Jerónimo	0.00%	0.30%	0.00%
Santa Fe de Antioquia	0.09%	0.35%	0.14%
Olaya	0.00%	0.76%	0.00%
Apartadó	0.02%	0.15%	0.02%
Turbo	0.33%	0.42%	0.15%
Chigorodó	0.00%	0.07%	0.00%
Carepa	0.02%	0.07%	0.02%
Mutatá	0.00%	0.00%	0.00%
El Reposo	0.00%	0.31%	0.02%
Bajirá	0.00%	0.00%	0.00%

Source: Water and Sanitation Vice-Presidency

Water Quality Risk Index (IRCA) - Aguas de Malambo

Municipality	2019	2020	2021
Malambo	0.56%	0.35%	0.05%

Source: Water and Sanitation Vice-Presidency

Average system outage duration (SAIDI) - (hours)

Companies	2019	2020	2021
EPM - T&D	14.55	11.46	13.39
CHEC	29.49	17.39	24.11
ESSA	23.15	19.22	18.98
CENS	27.33	22.47	24.38
EDEQ	8.07	7.11	6.18
Afinia	N.A.	N.D.	89.32
DELSUR	17.57	15.66	16.63
EPM Guatemala	4.31	3.88	4.45
ENSA	12.43	9.87	12.74

Source: Energy Transmission and Distribution Vice-Presidency



SAIDI calculated as the total interruption time (in hours) that the average customer-user of the system was deprived of electricity supply in the period evaluated.

Average frequency of system outages (SAIFI) - (quantity)

Companies	2019	2020	2021
EPM - T&D	7.29	6.67	8.18
CHEC	27.88	16.19	19.80
ESSA	15.13	12.80	12.57
CENS	8.96	7.65	7.58
EDEQ	6.54	5.88	6.06
Afinia	N.A.	N.D.	72.09
DELSUR	9.16	7.26	7.80
EPM Guatemala	2.70	2.85	3.63
ENSA	6.47	5.65	6.71

Source: Energy Transmission and Distribution Vice-Presidency



SAIFI number of times an average user of the system suffers an interruption of electric power service in the period evaluated.

Continuity of Gas Service - EPM

Concept	2019	2020	2021
Individual Line Pressure Index (IPLI)	100%	100%	100%
Odorization Index (OI)	100%	100%	100%
Equivalent Duration of Service Interruption (DES)	0.00	0.00	0.00

Source: Gas Vice-Presidency



Equivalent Duration of Service Interruption (DES) is expressed in hours.



GRI standards contents and internal metrics

- EU28** Average frequency of outages.
- EU29** Average duration of outages.
- EPM - 18** ICTAC aqueduct continuity index.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Tecnología Intercontinental - TICSA
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - El Caribe
 Colombia - Malambo, Atlántico
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas





Education and communication to customers and users



Education and communication to customers and users

The relationship with customers and the community is managed through educational communication with strategies of awareness, information, and training on basic aspects of the provision of residential public utilities. In turn, the communication of scheduled and unscheduled interruptions is aimed at minimizing the inconvenience to customers and users, while commercial communication seeks to position the Grupo EPM brand, its services, and the different offers associated with affordability and access, improving and strengthening the relationship of trust between users and the company.

Management in 2021



In 2021, 480,000 people will benefit from educational strategies, and face-to-face, virtual, and mass media publications.

The challenges associated with COVID-19 and the conditions that this issue imposed in Colombia for users of residential public utilities, forced the companies to innovate in relationship strategies to help understand the implications and dynamics of the relief measures issued by the National Government.

The program “Por ti estamos ahí” (We are there for you) carried out 48 institutional visits in the same number of territories, benefiting more than 50,000 people, with whom it was possible to discuss issues related to the provision, measurement, consumption, payment and after-sales service of residential public utilities. This program included various activities such as home visits, talks, discussions, workshops, and other educational and networking events.

To facilitate the understanding of the process of meter reading, tariffs, and billing, conversations were held with more than 188,000 people during the year, through activities such as home visits and talks. EPM's meter readers played a fundamental role in this regard with the institutional program *Lectura a tu medida*. Similar methodologies were implemented with more than 130,000 people to promote the safe, legal and efficient use of public utilities.

To interact with the youngest, the *Cuidamundos EPM* program was implemented, which allowed interaction with 16,000 infants, young people, and adults of the educational community of Antioquia, thus encouraging the care of the environment, the prevention of electrical risk, and the responsible use of public utilities and natural resources.

The safe, legal, and efficient use of energy and gas was also promoted with more than 15,000 people in 33 territories of Antioquia.

With leaders that are friends of EPM, we promoted conversations with community leaders, 39 meetings were held with 916 community representatives.

The recovery of trust with the communities downstream of Hidroituango was a priority during 2021, and that is why the *Environment for Life* program was continued, with relationship strategies and activities such as talks, workshops, training events, home visits, guided tours, recreational and educational experiences, among others, enabled interaction with about 30,000 people in the area of influence of the project; topics associated with the project, the environment and consumption, metering, billing and payment of public energy service.

And with the government and business approach seminars, close to 2,000 officials of municipal administrations and employees of companies and large customers of the Grupo EPM were approached.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas del Oriente

Geography

Colombia - Antioquia

Business

Water

Sanitation

Electricity

Gas





Loss management



Loss management

Loss reduction and control programs in the water supply service are aimed at reducing the waste of water resources through control and prevention of leaks, commercial actions and social interventions to promote responsible use by customers, users and the community in general.

In energy and gas services, the programs integrate education, offers for access, affordability and technologies to minimize the vulnerability of the infrastructure to fraudulent actions.

Management in 2021



The Index of Losses per Billed User (IPUF) in EPM stands at 5.84 m³ of water, meeting the regulatory target.

In terms of efficiency and optimization of the system, the level of water losses in the Colombian companies of the Group was 6.33 m³ per billed user, weighted by users, very close to the goal established by the Water Regulation Commission (CRA) of 6.0 m³ per billed user for the year 2026. It is worth noting that for EPM this value was 5.84 m³ per billed user, and the regulatory goal was met.

The Group monitored and managed losses through the Integral Management of Unaccounted Water (ANC) project, with activities aimed at reducing and controlling technical and commercial losses, through pressure control, modernization, replacement of networks and connections, systematic search for leaks, normalization of fraud, improvement of micro-metering and linking customers.

In Aguas de Malambo, service normalization actions were carried out through the installation of meters to control consumption; activities were carried out to review significant deviations and cut-offs due to unauthorized connections.

Aguas Regionales activated plans to systematically search for leaks and followed up on the construction of housing in informal settlements.

EPM implemented strategies aimed at controlling water losses in the system, with actions aimed at detecting and repairing leaks in networks, fraud control, and renewal of micro-metering, which, together with the Prepaid Water and Connections for Life programs, made it possible to obtain significant results.

In Aguas de Malambo we were able to reduce the percentage of flow captured, in addition to identifying and attending to leaks in the drinking water treatment plant.

Regarding the management and control of energy losses, the Grupo EPM in Colombia reached a level of losses of the Network Operator (RO) of 17,266 % with an increasing trend due to regulatory changes, among which the non-inclusion of re-invoicing, as was the case with the previous resolution, stands out. It is also important to take into account that the effects of the pandemic were reflected in increases in fraud and its recurrence, an increase in areas of difficult management (invasions, public order, high risk, illegal mining, among others), and the termination and initiation of labor contracts.

The Colombian subsidiaries CHEC, EDEQ, and ENSA were able to reduce losses compared to the previous year.

Regarding the commercial loss indicator, all the companies managed the permanent reduction of theft, which is the energy illegally appropriated by users without a formal connection to the grid and defined as illegal connections and frauds that refer to the modification of metering equipment by users to register lower levels of consumption than the real ones. The subsidiaries CENS and EDEQ decreased the indicator compared to the previous year.

The Gas losses indicator had an increase of 9% compared to 2020. Specifically, in the second half of 2021, a higher level of losses was detected in the Tasajera system (which supplies the Aburrá Valley). The detection of anomalies, execution of normalization operations, as well as the implementation of controls to billing information, are permanent efforts.

Unaccounted-for Water Index (ANC)

Company	2019	2020	2021
EPM - Agua y Saneamiento	30.58%	31.24%	31.23%
Aguas del Oriente	20.30%	19.90%	19.50%
Aguas Regionales	43.79%	42.16%	40.70%
EP Rio	19.86%	N.A.	N.A.
Aguas de Malambo	58.32%	57.06%	50.70%
ADASA	24.64%	28.08%	28.16%

Source: Water and Sanitation Vice-Presidency

Water Loss Per Billed User Index (IPUF) - (m³)

Company	2019	2020	2021
EPM - Agua y Saneamiento	6.05	5.96	5.84
Aguas del Oriente	2.61	2.60	2.54
Aguas Regionales	9.95	9.19	8.59
EP Rio	2.95	N.A.	N.A.
Aguas de Malambo	17.98	20.49	17.57
ADASA	6.79	7.23	7.35

Source: Water and Sanitation Vice-Presidency

Regulated Network Operator's Loss Ratio (IPORR)

Company	2019	2020	2021
EPM - T&D	7.57%	8.65%	8.89%
CHEC	7.35%	8.30%	7.97%
ESSA	11.84%	12.41%	12.70%
CENS	11.86%	12.81%	13.17%
EDEQ	7.77%	8.57%	10.52%
Afinia	N.A.	N.A.	28.03%
DELSUR	9.14%	9.61%	9.89%
EPM Guatemala	4.48%	4.44%	4.66%
ENSA	11.47%	12.65%	11.31%

Source: Energy Transmission and Distribution Vice-Presidency

Commercial loss ratio regulated market

Company	2019	2020	2021
EPM - T&D	12.12%	12.41%	13.01%
CHEC	11.27%	12.76%	12.99%
ESSA	14.91%	16.11%	16.90%
CENS	15.12%	15.94%	15.52%
EDEQ	10.16%	10.75%	10.52%
Afinia	N.A.	N.A.	34.31%
DELSUR	8.90%	9.69%	10.00%
EPM Guatemala	5.59%	5.56%	5.96%
ENSA	11.47%	12.65%	14.04%

Source: Energy Transmission and Distribution Vice-Presidency



National Transmission System loss rate

Municipality	2019	2020	2021
EPM - T&D	1.31%	1.37%	1.46%

Source: Energy Transmission and Distribution Vice-Presidency

Indicador de pérdidas de gas

Municipality	2019	2020	2021
EPM - Gas	4.30%	4.60%	5.00%

Source: Gas Vice-Presidency

Contents GRI standards and proprietary indicators

EPM - 03 Loss rate



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas del Oriente

Aguas de Malambo

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Tecnología Intercontinental -TICSA

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Colombia - El Caribe

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sanitation

Electricity

Gas





Customer satisfaction



Customer satisfaction

In Colombia, the Grupo EPM evaluates the status of the relationship with customers in terms of complaints, and, based on these results, the management of EPM's business units and the Group's subsidiaries are monitored, seeking to improve the management of each one and the satisfaction of customers and users.

Management in 2021



The water and energy subsidiaries in Colombia met the goals of the complaints indicator and in some cases showed improvement by reducing the number of complaints.

The water subsidiaries in Colombia improved the indicator by reducing the number of annual complaints. The subsidiary Aguas de Malambo went from 29.1 in 2020 to 17.4 in 2021, whose historical results exceeded the targets, and in 2021 the target was met for the first time.

Although the indicator showed deterioration in the energy subsidiaries in Colombia, all of them met the goal for the year.

Meanwhile, in EPM the indicator deteriorated and the annual goal was not met. The reasons that affected the energy companies to a great extent were the winter wave, atmospheric discharges that affected the provision of the service, and a shortage of some materials and accessories as a consequence of the pandemic.

Emvarias, the waste management and collection company in Medellín presented a slight increase in the indicator for the previous year's result and managed to meet the target thanks

to continuous supervision, calibration, and adjustment of routes and expansion of coverage in different areas of the city.

CENS and EDEQ received recognition from Superservicios and ANDESCO for the initiative "Attention to users in times of COVID" which included good attention and service practices in times of pandemic.

The study by the Regional Electricity Integration Commission (CIER) recognized EEGSA with the Silver Award for Customer Satisfaction 2021 in companies with more than 500 thousand customers in Latin America, for the quality of service rendered.

Indicator of complaints from Colombian companies Grupo EPM

Company	2019	2020	2021
EPM - Comercial	4.10	3.09	4.63
Aguas del Oriente	0.60	1.30	0.70
Aguas Regionales	1.20	0.80	0.56
Aguas de Malambo	32.33	29.10	17.41
Emvarias	1.91	1.32	1.40
CHEC	1.01	0.70	0.97
ESSA	0.76	0.61	0.94
CENS	1.60	0.57	0.75
EDEQ	0.44	0.35	0.59
Afinia	N.A.	N.D.	61.00

Source: Commercial Vice-Presidency



The indicator is expressed in number of complaints per ten thousand customers or facilities.

GRI standards contents and internal metrics

EPM - 05 Complaints

Alcance y cobertura

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Afinia
 Centrales Eléctricas del Norte de Santander - CENS

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - El Caribe

Business

Water
 Sanitation
 Electricity
 Gas





Safety in the provision of the service



Safety in the provision of services

To increase the efficiency levels of the entire organization, there is a strategic focus: optimization of operations, which applies operational safety and quality standards for the delivery of services to customers and users. Plans are developed for risk prevention, mitigation, and control, application of methods and technology with quality standards, as well as educational actions to ensure the adoption of good practices to protect the infrastructure and safety of employees, customers, and the community.

Management in 2021



The optimization of operations is one of Grupo EPM's major commitments since efficient operations are essential to ensure the optimal and quality provision of residential public utilities.

EPM had an increase of 123% in accidents in the provision of service, going from 13 in 2020 to 29 in 2021, of which 14 were electrical.

In Aguas Regionales there were no accidents with fatalities, but there were 68 accidents with injuries due to physical risk, 25 were of the subsidiary's operating personnel and 43 of contractors.

The optimization of operations is one of the major commitments of the Grupo EPM since efficient operations are essential to ensure the optimal and quality provision of residential public utilities.

ADASA received recognition from the Chilean Safety Association (ACHS) for having been accident-free for more than two years.

Regarding incidents and claims for service provision, EPM's responsibility includes the attention and, if applicable, compensation for incidents that cause wounds or injuries, and in some cases, the death of people; damage to their property (furniture, real estate, and household goods) related to failures in the provision of public services and damage to their homes due to disuse or temporary abandonment due to the Hidroituango contingency.

In 2021, 36 lawsuits or claims were received for injuries or wounds to people related to the provision of the service; 10 more cases were reported than in 2020, i.e., an increase of 38% over the previous year. Thirteen incidents of this type were settled in favor of EPM and 2 in favor of the claimants, compared to 2020.

680 incidents or claims were received for damage to property or belongings; 203 fewer cases were reported than in 2020, which represented a decrease of 30% compared to the previous year. 142 incidents of this type were settled in favor of EPM and 96 in favor of the claimants, for 2020.

5 incidents or claims for death of persons were received; 4 fewer cases were reported than in 2020, representing a decrease of 55% compared to what happened in 2020.

These cases were not resolved in 2021, they are still ongoing.

In 2021, there were no lawsuits or claims related to economic activity losses. In 111 records, related to extra-contractual claims against EPM, claimants request to be compensated for damages to their homes due to disuse or temporary abandonment due to the Hidroituango contingency. There are 309 claims and lawsuits filed for said contingency against EPM, in which the descriptions refer to material and immaterial damages or patrimonial and extra-patrimonial damages. The specific type of damage to those affected is not recorded. These 420 records associated with the contingency were added to the items related to "Incidents or claims for damage to property or belongings".

In 2021, EPM's customers filed 10,572 appeals.

Accidents in the provision of service in the Grupo EPM

Concept	2019	2020	2021
People burned by electrical accidents	64	63	90
Deaths due to accidents	29	28	51
Persons injured for other reasons	65	21	131
Total number of people involved in accidents	158	112	272

Source: Executive Vice President Business Management

Accidents in the provision of service at EPM

Concept	2019	2020	2021
People burned by electrical accidents	10	10	14
Deaths due to accidents	1	3	9
Persons injured for other reasons	0	0	6
Total number of people involved in accidents	11	13	29

Source: Executive Vice President Business Management



Incidents and complaints about service provision - Grupo EPM

Concept		2019	2020	2021	
Incidents or claims for damages or injuries to people	Received in the year	47	66	70	
	Completed during the year	In favor of Grupo EPM	22	23	40
		In favor of claimant	4	6	6
Incidents or claims for damage to property or belongings	Received in the year	5,162	4,983	5,345	
	Completed during the year	In favor of Grupo EPM	3,235	2,806	3,646
		In favor of claimant	1,731	1,552	995
Incidents involving fatalities	Received in the year	25	18	24	
	Completed during the year	In favor of Grupo EPM	10	5	9
		In favor of claimant	3	7	1
Lawsuits or claims for loss of economic activity	Received in the year	0	2,431	0	
	Completed during the year	In favor of Grupo EPM	0	367	0
		In favor of claimant	0	345	0
Appeals filed by customers related to the provision of the service		15,762	18,472	86,015	
Incidents of non-compliance with advertising and commercial communication regulations		0	0	0	
Fines for non-compliance with regulations	Quantity	140	147	46	
	Amount in COP millions	16,878	21,989	646	

Source: General Secretariat, Executive Vice-Presidency for Business Management and Business and Investment Management



Incidents and complaints about service provision - EPM

Concept		2019	2020	2021	
Incidents or claims for damages or injuries to people	Received in the year	22	26	36	
	Completed during the year	In favor of Grupo EPM	12	19	13
		In favor of claimant	2	3	2
Incidents or claims for damage to property or belongings	Received in the year	653	883	680	
	Completed during the year	In favor of Grupo EPM	185	139	142
		In favor of claimant	284	342	96
Incidents involving fatalities	Received in the year	18	9	5	
	Completed during the year	In favor of Grupo EPM	4	4	0
		In favor of claimant	1	3	0
Lawsuits or claims for loss of economic activity	Received in the year	0	2,431	0	
	Completed during the year	In favor of Grupo EPM	0	367	0
		In favor of claimant	0	345	0
Appeals filed by customers related to the provision of the service		10,110	12,271	10,572	
Incidents of non-compliance with advertising and commercial communication regulations		0	0	0	
Fines for non-compliance with regulations	Quantity	8	1	4	
	Amount in COP millions	32	1,144	129	

Source: General Secretariat, Executive Vice-Presidency for Business Management and Business and Investment Management.



GRI standards contents and internal metrics

- 416 - 2** Non-compliance cases related to health and safety impacts of product and service categories.
- 417 - 3** Non-compliance cases related to marketing communications.
- 419 - 1** Non-compliance with laws and regulations in the social and economic spheres.
- EU25** Number of injuries and fatalities involving company assets, including legal judgments, settlements, and pending legal cases of diseases.

Scope and coverage

Companies

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Tecnología Intercontinental -TICSA

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Santander

Colombia - Norte de Santander

Colombia - El Caribe

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sanitation

Electricity

Gas



Customer Service



Customer Service

The purpose of the Grupo EPM is to deliver a value proposition of public utilities and a portfolio of solutions with an integral focus on the customer-user, with parameters of timeliness, quality, coverage, innovation and continuity of service, to leverage social development with equity, quality of life, competitiveness and sustainability.

Management in 2021



EPM tiene el propósito de facilitarle a los clientes la gestión de sus requerimientos para garantizarles el acceso de una manera ágil y segura. Para esto la transformación digital y la optimización de trámites han apalancado este objetivo para, además, brindar una experiencia única y positiva.

En 2021, el programa SOMOS le entregó a EPM un EBITDA positivo de COP 8,400 millones.

The customer service channels were available for customer service during the contingency derived from COVID-19, making significant efforts to comply with requests within the times defined by law.

In the customer service offices, strategies were developed to minimize waiting times, a tablet was implemented for the digital signature of the certificates delivered to customers, which facilitates the updating of data, storage of documents, and sending of such certificates via e-mail to avoid printing them and the use of paper. The strategy of customer self-service modules also continued.

In the customer service line, self-service initiatives were implemented in some quick transactions such as: paying the bill through an IVR or scheduling periodic reviews of the gas network through Ema WhatsApp.

With the implementation of digital transactions, it was possible to facilitate the access of customers to the Company's procedures and services; these channels were rated as easy to use by 78% and 82% were satisfied with the service.

In the digital channels, 2 new transactions were inserted on the web, 27 in web chatbot and WhatsApp, and 6 in the mobile application, in addition, 24 automations were developed with robotics. Additionally, Ema was put into operation as a humanoid robot version, to perform some transactions such as guiding customers, teaching efficient use of services, consulting the balance of the bill, and generating credits.

In the web channel, EPM's corporate website was updated to improve navigation in the portal, which generated a greater impact and satisfaction for our customers, emphasizing self-service and consultation of the procedures guide. The indicator of digital transactions in all channels is 34%, with a growth of 117% in digital transactions compared to 2020.

Regarding the optimization of procedures, EPM simplified the process for requests for connection of the aqueduct service and energy housing habilitation, eliminated some documents, and optimized the time and money of customers. For the request of connection of the water supply service, the request of the cadastral certificate of constructed houses was eliminated; likewise, for the request of supervision of the connections when a new water supply connection is made, the request of the broad and sufficient power granted by the license holder was eliminated. And for the request of the service of Enabling Energy Housing, the copy of the electrician's license plate was eliminated, and only the number is requested, to verify it in the respective entities.

EPM participated in the contest *Máxima Velocidad Digital 2021* of the Ministry of Information and Communication Technologies (MinTIC), where it obtained third place among 29 participants from Antioquia in the different categories, and 24th place among 452 participants in Colombia.

Also from this Ministry, EPM received the seal of excellence for the handling of orders and requests, claims and complaints, and its web invoices; with this, it adjusted eight seals of digital excellence in the category Online Services-Online procedures and services, which corroborates that the Organization complied with the quality required as part of the implementation of the Digital Government Policy in Colombia.

As part of the Financing 2025 project, which seeks to strengthen and expand the Somos program to the Colombian energy subsidiaries, and reach an EBITDA of COP 81,000 million in 2027, progress was made in improving capacities and stabilizing the operation of the program, its credit element (CrediSomos) and the benefits element (ViveSomos) in EPM, CHEC, EDEQ, and ESSA.

At the national consolidated level, 83,000 new customers joined CrediSomos in Colombia during the year, bringing the total number of customers to 370,000. During the year, financing for COP 211,000 million was provided nationwide, including COP 196,000 million in the EPM market alone, for a cumulative total of COP 1.03 trillion since the program was launched.

In its Experiences line, ViveSomos achieved 1.04 million registered customers, who enjoyed the different loyalty strategies that the program carried out in 2021.

EPM received no substantiated claims for violations of customer privacy and loss of customer data.



GRI standards contents and internal metrics

418 - 1 Substantiated complaints regarding breaches of customer privacy and loss of customer data.

EPM - 04 Service channels.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Santander

Business

Water

Sanitation

Electricity

Gas





Organizational climate





Organizational climate

It refers to the collective perception of employees with respect to the Organizational climate Company's practices, policies, structure, processes, and systems, that impact the human environment in which daily work takes place.

Importance

It allows to identify the perception of employees, their commitment and productivity in their work environment, and therefore in the achievement of business objectives and their contribution to the organizational purpose. Generates social value for the stakeholder group People from Grupo EPM and the companies of the Grupo EPM, and extends it to other stakeholders in terms of trust and legitimacy.



Progress was made in adapting organizational contexts to the new reality. The conversation was maintained as the main mobilizer of the organizational culture, reinforcing the sense of unity as a business group and strengthening co-creation to carry out common projects and materialize all the organizational objectives.

Results in 2021

EPM has mechanisms to identify and manage relevant aspects regarding the perception, commitment and risk of the Grupo EPM's people, and therefore continued with the work

interdisciplinary and networked to continue advancing in the transition towards a mechanism of greater scope and impact, which, in addition to measuring effectively, contributes to the achievement of the Company's higher purpose.

In 2021 the Group made a prototype of culture that added significantly to this process, and helped in its review and analysis, to reach agreements and achieve the best results from the point of view of sustainability for the Grupo EPM People.

The subsidiaries ADASA, EPM Guatemala and ENSA, conducted climate or commitment measurements during 2021, and collected valuable findings to enrich the network work being done.

In EPM and the other subsidiaries, no climate measurement was performed in 2021.

Results of the measurement of organizational climate in Grupo EPM

Company	2019	2020	2021
ADASA	N.A.	70%	71%
EPM Guatemala	N.A.	N.A.	94%
ENSA	76%	86%	88%

Source: Human Resources and Organizational Development Department

Sustainable Development Goals



Related stakeholders

Customers
and users

Community

People from
Grupo EPM

Suppliers and
contractors

GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- EPM - 02** Results of the measurement of the organizational climate.

Scope and coverage

Companies

Aguas de Antofagasta - ADASA

EPM Guatemala

Elektra Noreste - ENSA

Geography

Chile

Panamá

Guatemala

Business

Water

Sanitation





Responsible sourcing for local development





Responsible sourcing for local development

Criteria and contracting practices that promote sustainable development and competitiveness in the territories where the Grupo EPM is present.

Develop local capabilities and foster sustainability with practices that promote the local business fabric.

Importance

It is a fundamental tool to leverage the sustainability and competitiveness of the territories. Potentially strengthens the economic dynamics with income for the community and promotes local business fabric. It contributes to improve the trust and reputation of the Grupo EPM with its stakeholders, as well as to avoid pressures due to demands outside its business scope and that generate less value in terms of development.



Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Strengthening and development of suppliers	Generation of local capabilities	Execute the supplier development work plan defined for 2021 through the contracting of a consulting process.	EPM	The contracting process was managed under a framework agreement in order to enable supplier development programs financed by EPM. This contracting process was awarded to CTA (Centro de Ciencia y Tecnología de Antioquia) and the development of 2 suppliers was initiated. At the same time, EPM's supplier development program continued with those initiatives aimed at improving suppliers of the water and sanitation business (aqueduct and wastewater), several training activities were carried out: two cohorts in the Thermofusion and Electrofusion welding courses for polyethylene pipe, in which 19 people were trained.	Total
Human Rights in the supply chain		Execute the work plan identified with Guías Colombia to strengthen Human Rights in the supply chain.	EPM	The plan was executed with the implementation of several activities, including: strengthening the mechanism for handling complaints, claims and petitions developed as part of the exercise with Guías Colombia en DDHH (Colombian Human Rights Guidelines), events associated with human rights management in the supply chain were held, and newsletters were sent to suppliers and contractors on the importance of complying with the code of conduct.	Total

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Company	Business	Geography
Strengthening and development of suppliers	Generation of local capabilities	Work on supplier development initiatives that will be supported with the investment of resources from EPM and allied institutions that promote supplier development.	EPM	All	Where EPM has a presence
Human Rights in the supply chain	Derechos Humanos	Continue with the execution of the work plan, identified with Guías Colombia, to strengthen human rights in the supply chain.	EPM	All	Where EPM has a presence

Sustainable Development Goals



Associated stakeholders

Community

State

Suppliers and contractors

GRI standards content and internal metrics

- 102 - 8** Information on employees and other workers.
- 102 - 9** Supply chain.
- 103 - 1** Explanation of the material topic and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 204 - 1** Proportion of spending on local suppliers.
- EPM - 06** Number and value of social contracting contracts
- EPM - 07** Number, value and type of contracts in the Grupo EPM.
- EPM - 08** External employment generated in the contracting of Grupo EPM.
- EPM - 09** Supplier satisfaction.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas de Malambo
 Aguas Nacionales EPM
 Aguas Regionales EPM
 Centrales Eléctricas del Norte de Santander - CENS
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Aguas del Oriente
 Electrificadora de Santander - ESSA
 Empresas Varias de Medellín - Emvarias
 Aguas de Antofagasta - ADASA
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Elektra Noreste - ENSA
 Tecnología Intercontinental -TICSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Chile
 México
 Guatemala
 El Salvador
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas





Relations with suppliers and contractors



Relations With suppliers and contractors

The **relationship plan with suppliers and contractors**, known as Recyproco, promotes interaction, communication and implementation of different mechanisms for dialogue, consultation and participation of Grupo EPM with its suppliers and contractors.

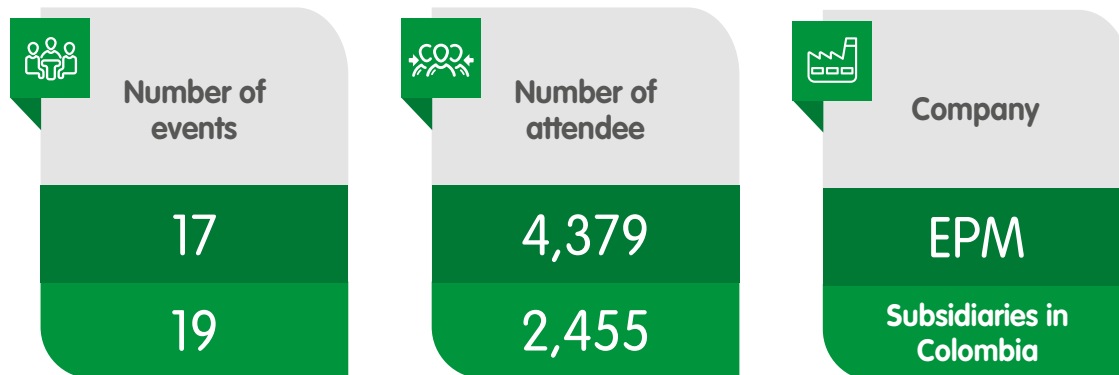


Work was carried out on the **relationship plan** to impact suppliers and contractors in the following areas:

- Strategies associated with social, local and regional contracting.
- Strategies associated with respect for human rights.
- Strengthening and development of suppliers and contractors.
- Strengthening of communication channels.

Management in 2021

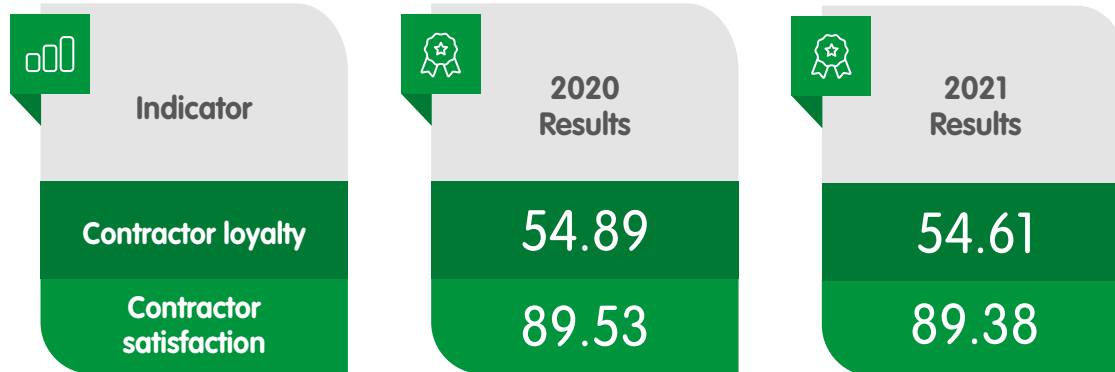
The following is a list of events held during 2021 to promote dialogue, relationships, information and feedback with suppliers and contractors, both in EPM and in the energy, water and Emvarias subsidiaries in Colombia.



The contractor loyalty study was carried out, where a result of 54.61 points was obtained, as a result of the perception of contractors with respect to their probability of continuing their relationship with EPM, their general satisfaction and the recommendation they can make to other companies, for the processes of registration, contracting and administration of contracts, which also included the measurement of communication channels and relationship strategies.

Compared to 2020, there was a decrease of 0.29, influenced by the attributes of continuity and recommendation.

In the **contractor satisfaction survey**, EPM obtained a score of 89.38 points. Companies receiving scores between 87.5 and 93.8/100 are companies considered "Good" internationally according to the methodology. They keep their contractors loyal and satisfied and present opportunities for improvement in terms of innovation and advice to give greater value to their purchases.



Actions implemented

Socialization and training spaces

- Conversation on the return to face-to-face work, in which 17 people from different companies participated.
- Meetings with some contractor companies that have a presence in EPM's headquarters to socialize the different activities to be carried out as part of EPM's strategy for the mitigation of COVID-19 infections. Nineteen people attended.

Application, consolidation and reporting of the daily health survey of contractor workers

- In order to mitigate risks of contagion by COVID-19 in EPM's headquarters, in October 2021, the daily collection of information on the health status of employees of contractors who perform their activities in EPM's headquarters began. By the end of the year, 11 companies had joined the pilot program, with a daily average of 8% filling out the health survey.

Several actions were developed to strengthen the relationship with suppliers and contractors, among them:

- Delivery of 73 communiqués with information on topics related to the supply chain, biosecurity measures for COVID-19, electronic invoicing, invitations to events, Global Compact 2021, gender equity, accountability, supplier development, supplier and contractor registration updates, among others. Communications were sent to approximately 9,200 suppliers.
- Tutorial with the experience in handling COVID-19 in Hidroitungo.

- 17 virtual events in which information was shared on Grupo EPM's hiring, asset management, operational safety, gender equity and harassment situations, corporate commitment and respect for human rights, return to face-to-face work, among others. 4,379 people participated in these activities.
- With the Colombian subsidiaries of the Grupo EPM, different activities and initiatives on supplier development were developed, where events, forums and talks were held with the participation of 2,352 people from 1,041 external companies. Bulletins on supplier development were delivered to more than 2,348 people in the territories where the business group is present.
- Through the WhatsApp Business channel for suppliers and contractors, we shared information of interest such as newsletters, invitations to events, campaigns, surveys, among others. At the end of 2021, there were 551 contacts registered on this platform.

Four specialized articles were published on LinkedIn with the following topics:

- EPM's industrial surpluses can be purchased through electronic auctions.
- Ecosystem: an increasingly current concept, which is extrapolated to the training processes for EPM contractors.
- EPM creates an APP to have traceability of the international physical distribution of its imported goods.
- Business Intelligence application for accountability.

Human Rights Management in the supply chain

- The methodology to identify Human Rights risks in the supply chain was implemented in the Colombian subsidiaries CENS, CHEC, EDEQ, Emvarias and ESSA, with the aim of

accompaniment of the Guías Colombia methodology. EPM's action plan has made it possible to identify critical suppliers in Human Rights, carry out awareness-raising and training actions and unify methodologies associated with Human Rights cases.

- A risk map survey was sent to 34 suppliers of extreme criticality and 83 suppliers of high criticality on issues of knowledge appropriation and commitments in Human Rights, the survey was available between November and December 2021 in an online application to be filled out.
- The second Human Rights forum was held with the participation of 260 attendees, including 34 critical human rights providers.

GRI standards content and internal metrics

102 - 9 Supply chain.

EPM - 09 Supplier satisfaction.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Centrales Eléctricas del Norte de Santander - CENS
Central Hidroeléctrica de Caldas - CHEC
Empresa de Energía del Quindío - EDEQ
Electrificadora de Santander - ESSA

Geography

Colombia - Antioquia
Colombia - Caldas
Colombia - Quindío
Colombia - Santander
Colombia - Norte de Santander

Business

Water
Sewerage
Electricity
Gas



Strengthening and development of suppliers and contractors



Strengthening and development of suppliers and contractors

The **Grupo EPM** promotes the strengthening of the local business fabric in the regions where it is present, through the hiring and capacity building of its suppliers and contractors.

For **EPM**, the strengthening and development of suppliers and contractors aim to increase, in the short, medium, and long term, the competitiveness and sustainability of the productive chains through the proactive relationship between Grupo EPM and this stakeholder group, generating bonds of trust to create specialization and complementation processes that benefit the parties, articulating the strategic direction of both to improve the economic, social and environmental conditions.



Consolidating the **“sustainable supplier development ecosystem”** through different initiatives continues to be the premise for strengthening the relationship with this stakeholder group. Therefore, we worked on strengthening the connection with allies and the creation of working spaces with suppliers, to leverage in them the development of capabilities and fulfill the purpose of seeking competitiveness and sustainability of the parties with strategies such as the Industrialization Program of the Water Sector - PISA, and the participation of private and governmental allies, guilds and clusters, among others.



Grupo EPM's sustainable supplier and contractor ecosystem

Supplier development programs being implemented



PISA: Industrialization Program for the Water Sector

- Initiative that convenes companies linked to the water sector (aqueduct and wastewater). It seeks to improve the productivity and competitiveness of these companies and of the country through the training and specialization of the human resources of suppliers and contractors, including EPM personnel at different levels (operational, technical, technological, professional and specialist).



PISA: Industrialization Program for the Water Sector

- In 2021, 250 people were trained in Thermofusion and Electrofusion for polyethylene pipe. The first graduation ceremony for the Certification of Labor Competencies of contractor personnel was also held, where 3 companies participated; 114 workers were certified in various standards, in compliance with Resolution 0330 of 2017. Similarly, the School for Water Skills training certified 70 people in the training of skills and abilities of officers and assistants in construction, and in the operation and maintenance of aqueduct and sewerage networks.

Supplier development program with Grupo Pares (Peer Group)

- The objective of this program is to promote external collaboration networks with companies from different economic sectors with active programs aimed at developing and strengthening suppliers, seeking to implement strategies to improve the productivity and competitiveness of the sectors and the country through the strengthening of our S&Cs (suppliers and contractors). The Peer Group is made up of approximately 40 anchor companies. During the year 2021, 2 plenary meetings were held where topics of interest were shared with 25 related companies, some of these topics were: strategies for economic reactivation and digital SMEs.

Other activities carried out to strengthen and develop suppliers

- With the support of the Science and Technology Center of Antioquia (CTA), whose work consists of improving the productivity, competitiveness, innovation and access to markets of companies in the city of Medellín, work was done to improve the service levels of several related companies, a supplier development prototype was developed in order to address the opportunities for improvement identified in the relationship with this stakeholder group and priority was given to supplier development.

Skills School. Thermofusion and Electrofusion courses taught by SENA.



GRI standards content and internal metrics

102 - 9 Supply chain.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Antioquia

Business

- Water
- Sewerage
- Electricity
- Gas



Procurement and Contracting



Procurement and Contracting

The purpose of contracting goods and services is to meet the operation and administration needs of the organization, and to support social and environmental policies to contribute to the sustainable development of the territories where Grupo EPM is present.



In 2021, participation in the **Governance project of Empresa Eléctrica DELSUR (El Salvador)** made significant progress, as significant steps were taken to strengthen the supply chain of this subsidiary in Central America.

Meanwhile, in **Colombia**, equipment was imported for the underwater work at the future Ituango hydroelectric power plant, as well as piping for the drinking water infrastructure projects.

Grupo EPM Contracting

	2019	2020	2021
Number of contracts	48,333	48,454	59,055
Value of contracts (COP millions)	4,646,121	6,911,572	8,541,383

Contracting in 2021 focused on the supply of goods and services and the provision of services. Values are expressed in millions of Colombian pesos.



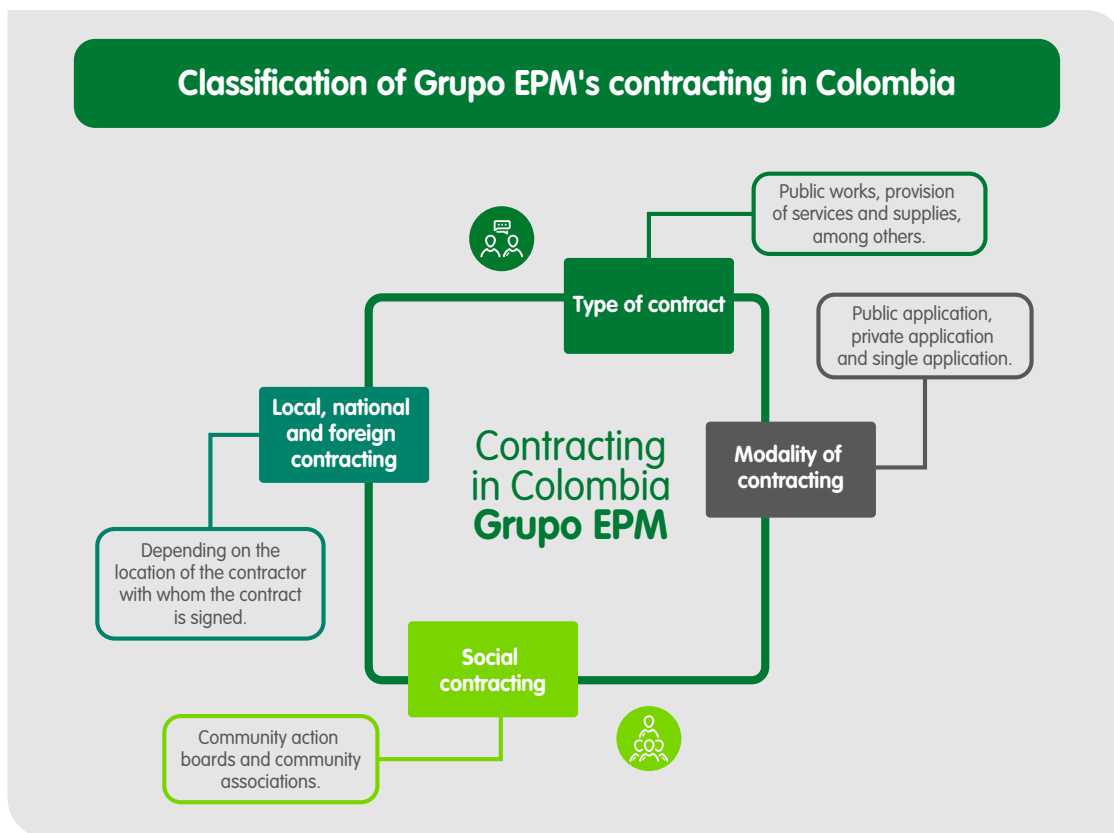
Total contracting Grupo EPM

Company	2019		2020		2021	
	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)
EPM	39,270	3,320,730	42,879	5,425,266	52,695	6,288,873
Electrificadora de Santander - ESSA	614	181,636	471	271,124	616	575,260
EPM Guatemala	5,534	164,441	1,763	160,567	2,147	552,265
Centrales Eléctricas del Norte de Santander - CENS	328	86,545	398	149,692	480	267,309
Empresas Varias de Medellín	166	154,066	213	163,615	164	206,317
Central Hidroeléctrica de Caldas - CHEC	1,232	115,290	1,226	131,022	1,412	153,233
Aguas de Antofagasta - ADASA	153	183,298	154	191,977	137	120,222
ENSA - Panamá	86	107,292	110	243,164	94	82,112
Aguas Nacionales EPM		0	456	41,253	469	69,693
TICSA - México	48	24,041	37	7,006	57	62,925
DELSUR - El Salvador	36	7,838	27	20,714	80	58,562
Empresa de Energía del Quindío - EDEQ	486	110,117	371	49,155	360	51,935
Aguas Regionales	193	32,489	189	45,041	198	40,530
Aguas de Malambo	115	17,367	93	6,638	84	5,291
Aguas de Oriente	37	1,885	59	2,134	53	4,384
HET - Panamá	4	1,815	8	3,205	9	2,473
EP Río	31	137,272	N.A.	N.A.	N.A.	N.A.
Total contracting Grupo EPM	48,333	4,646,121	48,454	6,911,572	59,055	8,541,383

Source: Supply and Shared Services Business Unit

Efficient practices were incorporated to add greater value to the different areas of the Company with specialized purchasing methodologies, management by categories, eligibility lists, strategic allies, supply contracts, operational purchases (with greater participation of local suppliers) and joint purchases (Grupo EPM companies). In this way, the capacities of different local, regional and national actors were articulated, with the final purpose of obtaining goods and services in the required time, at a fair price, efficient quantities, and in compliance with the requested technical specifications. Thus, the Organization integrates economic, social, ethical and environmental criteria in the acceptance of contracts.

Contracting is a value lever that promotes sustainable development and competitiveness in the territories where the Grupo EPM is present and contributes to improve the economic dynamics and the generation of local capacities.



Type of hiring in Grupo EPM companies in Colombia

Type of contract	2019		2020		2021	
	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)
Provision of services	1,539	1,025,709	1,743	1,278,432	1,766	3,108,359
Supply of goods and services	39,979	1,965,685	43,562	3,468,968	53,728	2,969,920
Construction contracts	143	621,575	196	971,915	158	759,820
Personal property and minor purchases	172	74,094	415	23,507	523	447,595
Others	492	333,815	285	380,785	178	196,038
Agreements and advertising links	40	65,193	53	52,246	70	91,519
Consulting	108	71,326	101	109,086	108	89,574
Total type of contract	42,473	4,157,397	46,355	6,284,940	56,531	7,662,824

Source: Supply and Shared Services Business Unit



- The amount and values correspond to the amount signed in each of the years by the Grupo EPM companies located in Colombia.
- The values are expressed in millions of Colombian pesos.



Contracting in Colombian subsidiaries, by type of contract

Type of contract	2019		2020		2021	
	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)
Public RFPs	7,155	2,050,233	7,821	4,607,181	8,054	4,573,116
Private RFPs	33,981	363,003	36,801	406,806	46,790	358,715
Single Supplier RFPs	1,337	1,744,161	1,713	1,270,953	1,687	2,730,993
Total	42,473	4,157,397	46,355	6,284,940	56,531	7,662,824

Source: Supply and Shared Services Business Unit



- The largest awards in public RFPs were mainly for the purchase of energy in the regulated market. The amount and values correspond to what was signed in each of the years by the companies of the Grupo EPM, located in Colombia.
- Values are expressed in millions of Colombian pesos.



In 2021, the contracting methods used were: 60% public request for bids, 36% single request for bids and 5% private request for bids.

The modalities are combined with other purchases that, due to their characteristics, are not processed directly through the supply chain but rather directly with the specialized areas, such as: energy purchases, gas transportation, real estate and special projects, among others.

Social contracting

Strategy with which Grupo EPM contracts works and services with community action boards and associations of community action boards, to contribute to the strengthening of communities and the sustainable development of the territories in which it operates.

It relies on regulatory, procedural and management resources that, without detriment to transparency, economic convenience and technical and legal rigor, favor the inclusion of suppliers and contractors from the bottom of the pyramid, who otherwise could not be taken into account.

Social contracting seeks:

- Concentric action for the generation of employment, that is, in the area of influence of the project or service required, in such a way that it effectively contributes to leverage the development of the communities in the areas of influence of the companies of the Grupo EPM in Colombia.
- Reinvestment of surpluses in the community impacted by the project or service required to improve their quality of life and development.



During 2021, 118 contracts were signed through **social contracting** for COP 55,348 million, of which COP 53,576 million correspond to contracts signed by EPM.

Social contracting

Modality	2019		2020		2021	
	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)
EPM	116	37,662	70	31,776	96	53,576
Emvarias	28	2,018	31	6,101	22	1,772
ESSA	5	80	0	0	0	0
CENS	0	0	1	61	0	0
Total	149	39,760	102	37,939	118	55,348

Source: Supply and Shared Services Business Unit

The main contracts were: construction, expansion and referencing of water and sewage systems, and accessory and complementary works, under the Housing Rehabilitation program in Medellin; the provision of preparation services, food supply and cleaning of production spaces and canteens in the Power Generation plants, as well as activities for forestry promotion and other complementary activities in EPM's nurseries and areas of interest. All these contracts were signed with the community action boards where the projects were developed.

Local, national and foreign contracting

The origin refers to the place of origin of the suppliers with whom you are contracting. It indicates whether the supplier is local, regional, national or foreign.

- For the Grupo EPM, local supplier is the one located in the municipalities, townships and villages that cover the metropolitan area of the company being evaluated.
- **Regional** means the supplier domiciled outside the metropolitan area.

- **National** means a supplier domiciled in different departments of Colombia.
- **Foreign** is the supplier outside Colombia.



In 2021, Grupo EPM companies in Colombia entered into contracts for COP 7,662,824 million, of which 46% were awarded to local suppliers, 46% to national suppliers, 6% to foreign suppliers and 2% to regional suppliers.

Social contracting

Contractor's origin	2019		2020		2021	
	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)	Number of contracts	Value of contracts (COP million)
Local	36,414	1,653,036	37,321	4,151,812	46,133	3,529,537
Regional	1,605	288,047	1,680	97,100	2,264	173,111
National	4,415	2,166,515	7,295	1,729,207	8,044	3,509,168
Foreign	39	49,799	59	306,821	90	451,008
Total	42,473	4,157,397	46,355	6,284,940	56,531	7,662,824

Source: Supply and Shared Services Business Unit

The amount and values of the contracts correspond to those signed during 2021 by companies of the Grupo EPM in Colombia. Values are expressed in millions of Colombian pesos.



External jobs generated

Corresponds to external employment generated in Colombia, in contracts in force during 2021.

External jobs generated in Colombia	
Companies	2021
EPM	24,431
ESSA	3,278
Emvarias	2,470
CHEC	2,355
CENS	1,899
EDEQ	438
Aguas Regionales	399
Aguas Nacionales	129
Aguas de Malambo	65
Aguas del Oriente	2
Total external employment generated	35,466
Source: Supplies and Shared Services BU	

The jobs generated correspond to the number of people external to the Grupo EPM linked to contracts and subcontracts for works, provision of services and consulting, among others, which had a high labor component.

For the business group, it is important to determine this type of measurement because it provides a vision of the quality, stability and equity of the employment generated, in accordance with its sustainability purpose and its relationship with this stakeholder group.



Contents GRI standards and proprietary

- 102 - 8** Information on employees and other workers.
- 102 - 9** Supply chain.
- 204 - 1** Proportion of spending on local suppliers.
- EPM - 06** Number and value of social contracting contracts.
- EPM - 07** Number, value and type of contracts in the Grupo EPM.
- EPM - 08** External employment generated in the hiring of the Grupo EPM.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas de Malambo
 Aguas Nacionales EPM
 Aguas Regionales EPM
 Centrales Eléctricas del Norte de Santander - CENS
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Empresa de Aguas del Oriente Antioqueño
 Electrificadora de Santander - ESSA
 Aguas de Antofagasta - ADASA
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Elektra Noreste - ENSA
 Tecnología Intercontinental -TICSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Chile
 México
 Guatemala
 El Salvador
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas



Human Rights





Human Rights

Commitment to assume the respect for Human Rights in the relationship with its stakeholders, both in its own operations and in those carried out by third parties in the development of activities derived from an agreement signed with the Organization.

Results in 2021

The practices of respect and promotion of human rights are a business imperative based on the recognition of people's dignity. This is the starting premise for the Group's companies. In addition, the Organization is aware that this approach can have a significant impact on the viability of its operations.

In terms of risk management, it enables management of reputational, operational, financial and legal issues.



Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Progress to target
Institutional management in Human Rights	Property management.	Design plan and implement actions derived from the self-diagnosis of Colombia's Human Rights Guidelines for Property Management.	EPM	This challenge was rescheduled for 2022.	Not met
	Update human rights risk map and treatment plans for prioritized risks.		EPM	The work of updating the institutional map of Human Rights and International Humanitarian Law risks for each of the companies was completed. Additionally, the strategic axes were defined to respond to the risks prioritized as a result of the aforementioned analysis, which will be implemented starting in 2022 in coordination with the areas that should be involved in the management.	Total
			CHEC		Total
			EDEQ		Total
			CENS		Total
			ESSA		Total
	Initiate the HR due diligence procedure with the risk map and treatment plans.	Not applicable.	ADASA	The human rights risk mapping exercise was carried out and treatment strategies for the prioritized risks were obtained.	Total
			Emvarias	Considering that it was agreed with the management of both subsidiaries to include a new challenge for 2021, which was the update of the HR risk map, this challenge was rescheduled for 2022, since the new risk map obtained at the end of 2021 is a fundamental input for the design of the complaints and claims mechanism.	Not met
	Design a complaints and grievance mechanism that addresses human rights.		Aguas Regionales	This challenge will be rescheduled since it is considered necessary to make further progress in the management of human rights in the subsidiary.	Not met
			Aguas de Malambo		Not met
Aguas Regionales			Not met		
Adopt the Guide for Relations with Communities of Ethnic Peoples.		Aguas de Malambo	This challenge will be rescheduled since it is considered necessary to make further progress in the management of human rights in the subsidiary.	Not met	
Human Rights in the supply chain	Decent work in the supply chain.	Conduct a self-diagnosis to identify HR gaps in the supply chain.	ESSA	A self-diagnosis of human rights management in the supply chain was conducted with the support of Fundación Ideas para la Paz, representing the Guías Colombia initiative. Based on the gaps identified, a work plan will be designed to be implemented starting in 2022.	Total
			DELSUR		Total
			EPM Guatemala		Total

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Year of completion	Scope and coverage			
				Company	Business	Geography	
Quality and continuity of service	Property management	Design plan and implement actions derived from the self-diagnosis Colombia Human Rights Guidelines for land management.	2022	EPM	All Businesses	Colombia	
	Not applicable	Design plan and implement actions derived from self-diagnosis Colombia Human Rights Guidelines for decent work.		DELSUR		El Salvador	
	Not applicable	Update human rights risk map and treatment plans.		ENSA		Panamá	
	Not applicable	Adopt the Guide for Relations with Communities of Ethnic Peoples.		2022	Aguas Regionales	Water and Sanitation	Colombia
					Emvarias		Guatemala
					EPM Guatemala	T&D - Energy	Guatemala
		Design a mechanism for complaints and grievances in line with human rights.		2022	Aguas Regionales	Water and sanitation	Colombia
					Emvarias		Guatemala
					EPM Guatemala	T&D - Energy	Guatemala
	Adopt the institutional policy on human rights.		2022	ADASA	Water and sanitation	Chile	
Design and implement a human rights training plan.							
Human Rights in the supply chain	Decent work in the supply chain	Design plan and implement actions derived from self-diagnosis Colombia HR Guidelines for the supply chain.	2022	ESSA	T&D - Energy	Colombia	
				DELSUR		El Salvador	
		Conduct a self-diagnosis to identify HR gaps in the supply chain.	2022	EPM Guatemala		Guatemala	
				ENSA		Panamá	

Sustainable Development Goals



Related stakeholders

Customers and users | Community | EPM People | Suppliers and contractors

Contents for GRI standards and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 406 - 1** Incidents of discrimination and corrective actions taken.
- 407 - 1** Operations and suppliers whose right to freedom of association and collective bargaining may be at risk.
- 408 - 1** Operations and suppliers with significant risk of child labor cases.
- 409 - 1** Operations and suppliers with significant risk of forced or compulsory labor.
- 410 - 1** Security personnel trained in human rights policies or procedures.
- 411 - 1** Cases of violations of the rights of indigenous peoples.
- 412 - 1** Operations subject to human rights impact reviews or assessments.
- 412 - 2** Employee training on human rights policies or procedures.
- 412 - 3** Significant investment agreements and contracts with clauses on Human Rights or subject to Human Rights assessment.
- 413 - 1** Operations with local community participation, impact assessments and development programs.
- 414 - 1** New suppliers that have passed selection filters in accordance with social criteria.
- 414 - 2** Negative social impacts on the supply chain and actions taken.
- EU22** Number of people physically or economically displaced and compensation provided, by type of project.
- EPM - 11** Security personnel without weapons.
- EPM - 30** Human Rights Management.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

EPM Guatemala

Distribuidora de Electricidad del Sur - DELSUR

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

Panamá

Business

Water

Sewerage

Electricity

Gas





Human Rights in the supply chain



Human Rights in the supply chain

Since the beginning of the institutional approach to Human Rights, the Grupo EPM has directed much of its efforts to promote its management in the supply chain, with the interest that all those companies with which the organization maintains contractual relationships are aligned with the commitment to respect Human Rights. This is a fundamental aspect of management, based on the recognition of the risks that may be involved in the operations that third parties carry out in the development of commercial agreements with the Company.

With this approach, and considering that it is important to strengthen this approach in business practice, the Group's companies have been gradually working on the diagnosis of supply chain management, as well as on the adoption of respectful practices with the companies that are part of their supply chain.

In the energy and water subsidiaries in Colombia and other Latin American countries, we continue to raise awareness and train suppliers and contractors in order to formally incorporate human rights issues in operations, as well as to evaluate performance in terms of human rights, labor practices, social repercussions and environmental impact. A key element in the whole approach is related to the implementation of mechanisms for monitoring, follow-up and activation of early warnings regarding compliance with these practices.

Results in 2021



EPM developed a methodological tool to identify critical suppliers and contractors in terms of Human Rights, and began its implementation through a mechanism that allows knowing the management capabilities of prioritized suppliers in this regard.

The objective of the tool is to respond to the need to identify and classify suppliers according to criteria such as the impact on the sustainability of EPM's business, from the point of view of strategic sourcing and the actual or potential negative impacts on Human Rights towards EPM's stakeholders. Additionally, it seeks to establish whether the prioritized suppliers have mechanisms to manage their risks in this area. Given the relevance and pertinence of this approach, the socialization of the methodology was started with the other companies of the Group, in order to study its adoption or the development of versions adapted to the needs of each subsidiary.

In application of this methodology, 566 contractors from 833 contracts were analyzed, which resulted in the identification of 24 categories and 66 priority contract subcategories. Additionally, 36 suppliers of extreme criticality and 83 suppliers of high criticality were found. With these suppliers, specific strategies are being developed to reinforce due diligence, with training and awareness actions on the responsibility regarding Human Rights and on the global conduct expectations that EPM has in this regard.

Today, all the companies of Grupo EPM have adopted the Code of Conduct for suppliers and contractors, which is incorporated into the contracting documents in order to commit each company to disseminate among its employees the institutional guidelines related to issues such as human rights, the environment, and labor standards, among others. Each supplier must accept the terms and conditions of the bidding documents in order to continue in the contracting process.

For the management of risks associated with human rights throughout the supply chain, Grupo EPM companies make a cross-cutting analysis of risks associated with the operation of contractors, in which some have been identified as discrimination for various reasons, health and safety at work and in general decent working conditions, which is one of the explicit commitments of the institutional policy of human rights, as well as the prohibition of employment of child labor. In this way, 100% coverage of the evaluation is considered in the operation through third parties.

As part of the tools to monitor the practices of their contractors, the Group's companies are designing and implementing complaint and grievance mechanisms.

Human Rights complaints operate as a resource for the identification of early warnings, as well as to detect and address probable human rights violations involving contractors. It is

an instrument designed to ensure consistency in the institutional management of respect for human rights, covering the practices in the supply chain, which is part of the milestones that each company of the Group must meet in terms of due diligence. In the case of EPM, its coordination is in charge of the Supplier Diversity and Development Unit, an area that, according to the specificities of each incident, forms an investigation and analysis team in which different departments of the Company participate.

The mechanism works in an integrated manner with the procedure for managing non-compliance with the Code of Conduct for Suppliers and Contractors, for which the Company maintains in operation an Integration and Coordination Meeting (RIC) that functions as a control mechanism to address cases involving suppliers and contractors in practices that affect third parties. The ICR receives alerts through the institutional Transparent Contact line or by notification from the Compliance Unit of the Organization.

Currently, different controls are implemented so that, in the event that noncompliance is detected, EPM can eliminate a bid or terminate a contract early.

In the contracting processes, EPM is concerned about taking care of the social impacts seeking that in those contracts that, according to their risk level, the characteristics of the activity to be contracted and the hazards to which the workers are exposed, controls are established such as those associated to the care of occupational safety and health (OSH) and the generation of employment in the regions when applicable. During the monitoring of the execution of contracts, EPM validates month by month the compliance with OSH requirements through standardized formats in which it consolidates compliance with current regulations and the contractual provisions established to ensure safe working conditions, compliance with the payment of labor obligations of contractors and when applicable, validates the use of labor from the regions. No supplier or contractor processes or activities with risk of forced labor or child labor were identified.

Regarding the subsidiary companies, with the support of the Ideas for Peace Foundation, during 2021, Human Rights management diagnoses were conducted with suppliers and contractors for the companies ESSA, EPM Guatemala and DELSUR. For this purpose, the Supply Chain Guide designed by Guías Colombia was used, which contains the guidelines for companies to carry out a due diligence in human rights, through responsible and transparent

management. In the subsidiaries CENS, EDEQ, CHEC, and Emvarias this diagnosis was carried out in 2020 and in 2021 the implementation of action plans focused on closing the gaps identified during the assessment was designed and initiated.

During 2021, complaints and claims mechanisms were activated for suppliers and contractors in the subsidiaries CHEC, ESSA, CENS, and EDEQ.

In the subsidiary ENSA, on the other hand, the clauses of commitment with the respect for human rights were defined and started to be included in the contracting documents with third parties.

Grupo EPM's attention mechanism to complaints and claims from supplier and contractor employees.

Concept	2019	2020	2021
Complaints received	13	9	20
Complaints resolved	11	8	16
Complaints under analysis	2	1	4

Source: Supplies and Shared Services Business Unit

Cases handled for noncompliance with Grupo EPM's Code of Conduct

Concept	2019	2020	2021
Cases received	13	10	12
Cases solved	12	9	12
Cases under analysis	1	1	0

Source: Supplies and Shared Services Business Unit

EPM suppliers and contractors with risk activities or processes

Concept	2019	2020	2021
Forced or compulsory labor	0	0	0
Child labor	0	0	0
Total	0	0	0

Source: Supplies and Shared Services Business Unit

Contents for GRI standards and internal metrics

- 407 - 1** Operations and suppliers whose right to freedom of association and collective bargaining may be at risk.
- 408 - 1** Operations and suppliers with significant risk of child labor cases.
- 409 - 1** Operations and suppliers with significant risk for cases of forced or compulsory labor.
- 412 - 1** Operations subject to human rights impact assessments or reviews.
- 412 - 3** Significant investment agreements and contracts with clauses on Human Rights or subject to Human Rights assessment.
- 414 - 1** New suppliers that have passed selection filters in accordance with social criteria.
- 414 - 2** Negative social impacts on the supply chain and actions taken.
- EPM - 30** Human Rights Management.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

EPM Guatemala

Distribuidora de Electricidad del Sur - DELSUR

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

Panamá

Business

Water

Sewerage

Electricity

Gas





Human Rights Management in construction projects



Human Rights Management in construction projects

The commitment with the respect and promotion of Human Rights is a premise of action of the Grupo EPM in the development of all the projects it carries out. The institutional approach to the subject, whose framework is constituted by the institutional due diligence procedure that includes the human rights policy and the guidelines that complement it, provides a basis for the companies and units responsible for the execution of a project to define priorities and lines of action, according to the needs identified in the operating environment.

To this end, each time construction begins on an infrastructure project that involves an intervention with significant impacts, the Organization carries out an assessment to define specific treatment strategies for the risks identified in the territories. In those projects whose construction is prolonged over a considerable period of time, assessments are carried out periodically in order to keep the findings up to date. In this type of projects, there are also mechanisms for complaints and claims regarding human rights so that the communities can inform the Company of potential or actual situations of human rights violations.

Results in 2021



The future Ituango hydroelectric power plant is currently developing different strategies to strengthen relationships of trust with stakeholders, through processes of dialogue, agreement, respect and promotion of human rights. To this end, support for institutional strengthening, intercultural relations and recognition with ethnic communities and training in this area are the main lines of action.

The future Ituango hydroelectric power plant -Hidroituango-, which is being built in northern Antioquia, is currently the largest in terms of energy generation in the country and the most important for the Grupo EPM. Starting with the management for the start-up of the first unit in 2022 and the final production of 2,400 megawatts (18% of all the country's energy once it is in full operation), the territory is experiencing great changes with the reservoir of 79 kilometers long and 2,720 million cubic meters of water, which goes from Santa Fe de Antioquia to the municipality of Ituango.

Taking into account the great transformations that Hidroituango is generating, and with the purpose of integrating Hidroituango to the region and making a responsible management of the environmental and social impacts, EPM develops various strategies such as the Route of Trust, a joint venture with the Ideas for Peace Foundation that seeks to increase the levels of trust, transform relationships and promote sustainable regional development in the 12 municipalities of the direct area of influence of Hidroituango. This strategy invites in parallel three sectors (community, company - EPM, local authority) to follow paths that mobilize ways of thinking, feeling and understanding through 4 stages: understanding of relationships, strengthening of socioemotional and technical skills, generation of spaces for dialogue and agreement of collective actions.

A total of 485 people were involved in this initiative and approximately 445 meetings were held. As a result, an agreement was reached on 12 initiatives (one for each municipality) related to training in citizen participation, training in project formulation, training for youth leadership, training in the exchange of knowledge on productive projects and marketing, awareness-raising sessions on environmental care and the importance of mental health.

The Bajo Cauca, Territory of Life initiative is being carried out with the United Nations Development Program -UNDP- as a strategic ally, and seeks to promote a territorial development management model that strengthens the capacity of municipalities to respect, promote and guarantee human rights and is aimed at achieving the Sustainable Development Goals -SDGs- and improving the social and institutional environment in a medium and long term intervention. All interventions carried out within the framework of this project are based on multi-stakeholder dialogue, participation, strengthening of territorial capacities, and the public agreements with a focus on human rights, ethnicity and taking into consideration the sociopolitical context. This strategy is being developed in the municipalities of Valdivia, Tarazá, Cauca, Cáceres and Nechí.

To this end, a territorial diagnosis was carried out during 2021, in which 1,672 people participated in 93 meetings focused on a participatory territorial reading process; institutional and community routing, and co-creation of prevention routes in Human Rights. To this end, work plans were drawn up with individuals and community organizations in 31 prioritized veredal nuclei; management and accompaniment of 12 decentralized justice workshops in which more than 1,700 people participated; and 19 trust actions (with 14 Afro communities and 8 indigenous communities) to facilitate rapprochement with ethnic communities and build an environment conducive to joint work.

During March 2021, the eviction of a group of people who since February 2020 had been irregularly occupying the properties La Tesalia in the municipality of Ituango and Capitán in the municipality of Briceño was carried out. The properties are owned by Hidroituango and are located less than 100 meters from the discharges of the project, an area declared by the National Unit for Disaster Risk Management -UNGRD- in red alert according to Circular 032 of July 26, 2019, which constituted an imminent risk to the lives of the occupants. Additionally, as a consequence of its location on the site, there were environmental impacts due to irregular mining activities and undermining. It is also important to point out that these people benefited at the time from the measures for the restitution of living conditions contemplated in Hidroituango's Environmental and Social Management Plan, for which reason they had already received the agreed compensations.

The eviction was carried out under police protection and with the accompaniment of the competent authorities: Governor's Office of Antioquia, Ombudsman's Office, Attorney General's Office, Colombian Institute of Family Welfare, Ituango and Briceño's Personería and Police Stations, Childhood and Adolescence Police, Firefighters and Red Cross, among others.

Ethnic communities

As part of its human rights management, and consistent with its institutional policy in this area, in those cases in which the authority in charge certifies the presence of ethnic communities in the areas where the projects are being developed, the Grupo EPM activates a protocol that is regulated by law to ensure respect for their customs and cultures.

During 2021 there were no reported situations derived from the operation of the Group's companies that establish negative effects for the community, nor cases related to the affectation of the rights of special communities (indigenous peoples and other ethnic communities), which have been reported and processed through formal channels of complaint or denunciation.

As part of the development of the future Ituango hydroelectric power plant, significant progress was made in the execution process of the agreements derived from the prior consultation with the Nutabe de Orobalo indigenous community, which was carried out in 2019. The agreements reached contemplate 26 projects that correspond to compensation for the collective impacts generated by the construction of the project. This is the first prior consultation for a hydroelectric project in the country, carried out with a community in the process of re-ethnization and culminating in total agreements. Of the agreements reached, the project for the acquisition of the land on which the remaining protocolized agreements are being developed culminated satisfactorily, and currently 14 of the protocolized agreements are in the design and execution stage and 11 more are in the coordination phase for implementation.

Regarding the actions of the Group's companies, during 2021 the construction of the Guide for the complaints and claims mechanism attentive to Human Rights for infrastructure projects in the subsidiary CENS stands out, whose implementation allows a timely response and constant monitoring of the potential or real affectations in terms of Human Rights, derived from the development of infrastructure projects.

Employment generated in Hidroituango

Concept	2019	2020	2021
Employment generated	6,324	6,801	7,904
Persons recruited from the region	1,816	1,989	2,293
Source: Projects and Engineering Business Unit			

Human Rights Complaints and Grievances - Hidroitungo

Concept	2019	2020	2021
Complaints and grievances public and private security (IHL) - Received	0	0	6
Complaints and claims public and private security (IHL) - Resolved	0	0	6
Human Rights Complaints and Grievances - Received	0	0	0
Human Rights Complaints and Claims - Resolved	0	0	0
Complaints and claims labor issues and contractor relations - Received	52	36	161
Complaints and claims labor issues and contractor relations - Resolved	51	36	140
Communications received	239	444	1,031
Resolved communications	209	419	935
Total received	291	480	1,198
Total resolved	260	455	1,081

Source: Projects and Engineering Business Unit



During 2021, from the fiscal responsibility process derived from the contingency that arose in 2018 and the first and second instance rulings around this process, uncertainty was generated about the continuity of the contractors in the stabilization works of the project and this in turn led to an increase in requests for information both in the municipalities of the area of influence and downstream.

In addition, work began with the contractor in charge of the maintenance of the Puerto Valdivia - Presa road, with which there were difficulties due to lack of personnel, machinery, and failure to comply with the schedule. The increase in labor claims corresponds, for the most part, to claims of non-payment and noncompliance by this contractor with its workers and subcontractors.



Legal actions taken in Hidroituango

Concept	2019	2020	2021
Rights of request attended	3,239	1,308	7
Rights of petition resolved	3,054	1,242	4
Guardianships attended	33	62	10
Solved guardianships	14	29	5
Claims attended to	35	143	767
Settled claims	4	4	85
Total attended	3,307	1,513	784
Total resolved	3,072	1,275	94

Source: Presidency Projects and Engineering Business Unit

Indigenous Peoples - Human Rights Incidents

Concept	2019	2020	2021
Indigenous Peoples - Human Rights Incidents in process	0	0	0
Indigenous Peoples - Human Rights Incidents Resolved	0	0	0

Source: Projects and Engineering Business Unit

Contents for GRI standards and internal metrics

- 411 - 1** Cases of violations of the rights of indigenous peoples.
- 412 - 1** Operations subject to human rights impact assessments or reviews.
- 413 - 1** Operations with local community participation, impact assessments and development programs.
- EU22** Number of people physically or economically displaced and compensation provided, by type of project.
- EPM - 30** Human Rights Management.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

EPM Guatemala

Distribuidora de Electricidad del Sur - DELSUR

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

Panamá

Business

Water

Sewerage

Electricity

Gas





Institutional management in Human Rights



Institutional management in Human Rights

Since its adherence to the United Nations Global Compact in 2006, EPM assumed the commitment to incorporate respect for Human Rights in its practices, which has subsequently been deployed through a specific work scheme on the matter, as a fundamental step to strengthen relations with all its stakeholders.

With this purpose, the company formally assumed the cross-cutting management of Human Rights in all business operations, which was ratified with the enactment of the institutional policy in 2012. This statement makes public and explicit the commitment to respect human rights from the business activities, and sets the formal basis for its implementation throughout the Grupo EPM.

Today, the national and international companies that are part of the Grupo EPM are gradually advancing in this approach. For this purpose, and based on the United Nations Guiding Principles, the Organization defined the following management milestones for each company: continuous identification and prioritization of human rights risks, design and development of treatment plans for the most critical risks, awareness and internal and external training in human rights in companies, adoption of the institutional policy, implementation of a complaints and claims mechanism attentive to human rights and a permanent deployment of communication for stakeholders about the commitment and management in this aspect.

Institutional management in this area includes compliance with each of these milestones, complemented by the development of specific actions to respect human rights in operations, the adoption of instruments and tools to strengthen their management, promote respect in the operations of third parties and report on progress in implementation. Throughout this deployment, the Organization makes a permanent reference to the advances in Human Rights and business worldwide, and especially welcomes and applies the Guiding Principles of the United Nations as a guide in the internal approach to the matter.

Results in 2021



The Human Rights and International Humanitarian Law risk map was updated for EPM and different companies of the Group operating in Colombia: CHEC, CENS, ESSA, EDEQ, Emvarias and Aguas Regionales. This exercise is the basis for the deployment of institutional management in this area, and its identification was complemented with the definition of the strategic lines of action to respond to critical risks, which will be implemented starting in 2022, in coordination with different areas of the Organization.

In the same line of work, the subsidiary ADASA carried out an exercise to contrast Human Rights with the objectives of the business processes, its production factors, internal procedures and regulations, as well as its environmental surroundings. The result was an updated human rights risk map. Likewise, the treatment strategies for the prioritized risks were updated.

This exercise, which is carried out periodically in all subsidiaries, allows us to identify Human Rights risks that refer to those activities, products or services of the Group's companies or its supply chain, which, in certain cases, may generate negative impacts on the exercise and enjoyment of Human Rights. Based on the results of this update, new action plans will be implemented as of 2022, in order to address the critical risks identified.

The other companies of the Grupo EPM, both national and international, are today at different stages of maturity in addressing these risks, which is the starting point for the due diligence process, which seeks to identify, prevent, mitigate and account for Human Rights risks, and, if applicable, repair the negative consequences caused in the event that the risk materializes. The goal is to ensure that by December 2023 all the Organization's companies have a formalized due diligence procedure.

Due diligence also includes addressing the relevant issues identified for each company in the area of human rights. In the case of EPM, the Company maintains a firm commitment to be an inclusive, equitable and open to diversity organization. In 2021 it received the Equipares Labor Equity seal, Silver level, granted by the Ministry of Labor and the Presidential Council

for Women's Equity, with the technical support of the United Nations Development Program -UNDP-. With respect to the inclusion of people with disabilities, 18 people with physical, sensory and cognitive disabilities remained linked to the Organization and are permanently accompanied to ensure their future employability in EPM or in other companies.

In EPM there is freedom of union association, 99% of the personnel is affiliated directly or by extension to one or more of the six existing union organizations. In the national companies of the Grupo EPM in Colombia, the percentage of affiliation is 96.42%, taking into account that some of its subsidiaries, such as Aguas de Oriente and Aguas Nacionales, do not have union organizations due to their size.

EPM's Labor Coexistence Committee receives and processes complaints associated with Labor Harassment; among the modalities established in Law 1010 of 2006 is labor discrimination. However, the Committee does not qualify, does not evaluate, does not judge, and does not determine whether or not there is Labor Harassment, since its function is to mediate so that the parties reach agreements and commitments that provide a solution to the conflict. If agreements are not reached, it is the duty of the Committee to transfer the complaint to the Provincial Prosecutor's Office of Valle de Aburrá, which is responsible for opening a disciplinary investigation to verify the facts and determine the existence or not of harassment at work. During 2021, a total of 4 complaints were received for Labor Harassment in the form of labor discrimination.

In terms of internal training, in addition to the reported training in human rights and business, during 2021, 1,320 people took the virtual course on gender equity. Additionally, 705 employees participated in the virtual course on labor inclusion for people with disabilities. With regard to training in the other companies of the Group, different training strategies were developed, such as courses and workshops aimed at groups with specific roles in the direct relationship with stakeholders prioritized for the management of human rights. The attached tables include specific coverage data by company.

Articulation with external initiatives

Consistent with its concern to develop business practices that promote respect for human rights in the country, EPM participated in Guías Colombia, an initiative composed of

companies, members of civil society and government for the promotion and guidance of business-environment relations, under minimum criteria of compliance and respect for human rights and international humanitarian law. With the support of Guías Colombia, a self-diagnosis was made of the practices associated with human management within the Company, based on the postulates of the Decent Work Guide published by the initiative. The final report was received with recommendations for some of the management gaps identified, based on which a work plan will be designed to be developed in 2022.

As part of the celebration of International Human Rights Day, EPM held the second forum on Business and Human Rights, an institutional space for reflection in order to guide these practices in the companies of the Grupo EPM. On this occasion, the Presidential Advisor for Human Rights, Nancy Patricia Gutiérrez, and Dante Pesce, former member of the United Nations working group on the subject, participated in the event.

Property management

As a general principle, EPM promotes voluntary negotiation and agreements as a method for the acquisition of land and obtaining rights over the land required for the development of infrastructure projects. However, some legal or juridical situations may motivate taxation or expropriation processes, cases in which the Company seeks to advance these processes within the strict compliance with the requirements demanded for such purposes.

In 2021, we reviewed and adjusted the due diligence instructions for land restitution, an internal tool that establishes the principles of interaction between areas of the Organization whose specialties revolve around social, legal, regulatory and land aspects. These instructions establish the principles of interaction between units, which support elements for due diligence.

During the year, a total of 868 properties were analyzed, of which 853 correspond to 53 projects in different stages of their life cycle, i.e., formulation and execution, and 15 in operation.

The subsidiaries CHEC and ESSA obtained the Equipares “Commitment to Equity” recognition, by complying with the requirements of the Gender Equality Management System standard, awarded by the Ministry of Labor and the Presidential Council for Women’s Equity.

During the reporting period, no complaints were received related to events of possible Human Rights affectation with members of ethnic, Afro or ROM communities located in its areas of operation. In CHEC, 303 consultations were managed in property and land restitution matters, as part of the development of 7 projects. For projects in the formulation stage, 292 consultations were made for 3 projects. Finally, for projects in the execution stage, 11 consultations were made for 4 projects.

Grupo EPM's Human Rights Training - Trained employees

Companies	2019	2020	2021
EPM	349	537	448
Aguas Regionales	0	165	160
Aguas de Malambo	0	18	50
Emvarias	89	39	109
CHEC	71	122	59
ESSA	212	100	180
CENS	101	42	196
EDEQ	145	194	258
DELSUR	32	110	154
EPM Guatemala	642	130	194
Total employees trained	1,641	1,457	1,808

Source: Human Resources and Technology Business Unit, Business Management Business Unit



Grupo EPM's Human Rights Training - Hours trained

Companies	2019	2020	2021
EPM	698	1,074	672
Aguas Regionales	0	306	825
Aguas de Malambo	0	18	50
Emvarias	79	78	218
CHEC	355	244	97
ESSA	212	100	180
CENS	155	84	424
EDEQ	580	388	411
DELSUR	64	110	924
EPM Guatemala	642	250	2,272
Total training hours	2,785	2,652	6,073

Source: Human Resources and Technology Business Unit, Business Management Business Unit

Grupo EPM's Human Rights Training - % of employees trained

Companies	2019	2020	2021
EPM	5%	7%	5%
Aguas Regionales	0%	66%	64%
Aguas de Malambo	0%	34%	61%
Emvarias	35%	16%	37%
CHEC	7%	12%	5%
ESSA	22%	10%	16%
CENS	18%	7%	29%
EDEQ	33%	38%	52%
DELSUR	10%	35%	44%
EPM Guatemala	83%	17%	25%

Source: Human Resources and Technology Business Unit, Business Management Business Unit



Human Rights training for the stakeholder group Gente Grupo EPM is a permanent management indicator that includes different training strategies such as: seminars, courses, workshops, forums, etc.

Property management in EPM

Concept	2019	2020	2021
Special due diligence property management procedures	188	47	53

Source: Supply and Shared Services Unit

Discrimination cases in EPM

Concept	2019	2020	2021
Cases received	0	0	4
Cases evaluated			
Ongoing repair plans	0	0	4
Closed cases	0	0	3
Casos cerrados	0	0	3

Source: Human Resources and Technology Business Unit



The figures reported do not refer specifically to proven cases of discrimination, but to complaints received by the Labor Coexistence Committee associated with labor harassment, which from the legal definition includes cases associated with labor discrimination, among other categories. Only 3 reparation plans were contemplated, because one of the cases was referred to the Attorney General's Office since there was no conciliatory spirit between the parties.

Contents for standards and internal metrics

- 406 - 1** Incidents of discrimination and corrective actions taken.
- 407 - 1** Operations and suppliers whose right to freedom of association and collective bargaining may be at risk.
- 411 - 1** Cases of violations of the rights of indigenous peoples.
- 412 - 1** Operations subject to human rights impact assessments or reviews.
- 412 - 2** Employee training on human rights policies or procedures.
- EPM - 30** Human Rights Management.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

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Colombia - Antioquia

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Sewerage

Electricity

Gas





Security and Human Rights



Security and Human Rights

The Grupo EPM is aware of the importance of the preventive approach to Human Rights as part of the development of its security strategies. For this reason, and as a business principle, the steps to ensure the protection of operations, employees and assets are carefully taken, both in the actions developed by private security agencies, and those derived from the compliance of agreements with the public forces (in the cases in which these are established), accepting and applying the regulations of the country in which the operation is carried out.

From its institutional Human Rights policy, the Organization establishes: “to include in the contracts and agreements for surveillance and security services with private firms and State security agencies, explicit commitments to respect and promote Human Rights. In no case will the provision of these services by social actors outside the constitutional and legal framework be accepted”.

In the development of its security operations, the Group follows the recommendations contained in the Voluntary Principles, which propose action guidelines for companies in their relationship with the security forces, private security agencies and civil society. It also incorporates the guidelines of the Security Guide, developed by the Guías Colombia initiative, which provides guidelines on Human Rights and International Humanitarian Law when carrying out security activities in companies.

In order to continuously monitor operations in its areas of influence, the Organization has established means to address complaints and claims from the communities. These means are used to monitor, among other issues, the management of security contractors.



Results in 2021



EPM's agreement with the Army and the National Police remained in force, which aims to act in coordination with the state security systems and within the current legal framework, in order to strengthen the protection and security conditions required in the facilities, infrastructure and activities associated with the operations.

As a general principle, all agreements that Grupo EPM signs with the Public Force include the obligation to "Be respectful of international treaties on Human Rights and International Humanitarian Law signed by the Colombian State, promoting their preservation and defense".

The nature of these agreements is one of cooperation, and it is not the Grupo EPM's authority, nor is it within its competence, to give operating instructions to members of the Police or the Army. However, taking into account national and international recommendations on the subject, the Organization has placed an explicit emphasis within these agreements on the permanent respect for human rights in all operations derived from these agreements. To this end, in addition to including specific recommendations in the agreements, it provides permanent opportunities for follow-up and analysis with security personnel and commanders of police districts and battalion commanders in the areas where the operation is present. The structure of the agreements also establishes the agreement for the personnel assigned to the Army and the National Police to receive training in human rights in permanent and on-site training with instructors and training from each of the institutions.

For the operations of private security companies, Grupo EPM requires the service providers to strictly comply with the legal provisions in force in Colombia, especially the regulations issued by the Superintendence of Surveillance and Private Security, including the review of the background of the personnel employed by the contractor firms. For the formalization of these contracts, the Group's companies in Colombia are required to ensure that their personnel are trained in human rights, international humanitarian law, the appropriate use of force and the application of the Voluntary Principles.

During 2021, EPM contracted the companies Andiseg and Sevicol to provide security and surveillance services. A total of 1,505 guards were employed in these contracts, of which 92.6% received training in these topics.

A relevant decision in security matters has to do with the disarmament of security contractor personnel. As a matter of organizational policy, the optimal scheme is determined according to the identified threat to physical and facility security. This analysis defines which facilities should have armed guards. Today, 90% of EPM's security guards do not use firearms in their operations. For Grupo EPM companies such as CHEC in Colombia and ADASA in Chile, this percentage is 100%. In the other companies, this issue is currently under analysis.

During 2021, EPM formalized the business rules of the Security process, which are binding provisions for the Company's personnel in the tactical and operational deployment of security activities. These rules include respect for Human Rights and International Humanitarian Law. This document includes issues such as training in Human Rights and IHL, both for EPM personnel as well as for private security and surveillance companies and for personnel who are part of the agreements signed with the security forces. It also formally establishes the operation of the human rights complaints and claims mechanism to address possible risk situations involving security personnel.

In the reported period, the Protocol for attention to social protest events with de facto means was maintained in application, which establishes an internal procedure for institutional response actions in the face of social protest events involving de facto means. In this way, it seeks to provide an action protocol that is extensive to all national companies of the Grupo EPM for the comprehensive and timely attention of these situations, articulating the responses from the different levels of the Organization, within a framework of respect for Human Rights.

In order to continuously monitor operations in its areas of influence, the Grupo EPM has established mechanisms for complaints and grievances regarding Human Rights. Through these mechanisms, the management of employees of security contractors is monitored. During the reported period there was one complaint in the subsidiary CENS, while in the other companies there were no complaints of this nature.

EPM's Human Rights Training - Contracted Security Personnel

Concept	2019	2020	2021
Total security personnel - Contractors	1,331	1,505	1,547
Security personnel trained in human rights - Contractors	1,289	1,436	1,434
Hours of human rights training for security personnel - Contractors	2,464	2,513	2,868
Average duration of training (Hours)	1.9	1.8	2.0
Percentage of security personnel trained	97%	95%	93%

Source: Risk Management Business Unit

Grupo EPM's Human Rights Training - Contracted Security Personnel

Concept	2019	2020	2021
Total security personnel - Contractors	1,911	2,101	2,429
Security personnel trained in human rights - Contractors	1,566	1,887	2,288
Hours of human rights training for security personnel - Contractors	3,294	5,010	8,338
Average duration of training (Hours)	2.1	2.7	3.6
Percentage of security personnel trained	82%	90%	94%

Source: Risk Management Business Unit

Unarmed security personnel EPM

Concept	2019	2020	2021
Security personnel working for the Company	2,095	1,505	1,547
Security personnel working for the Company who do NOT use weapons.	1,634	1,205	1,389
Percentage of personnel working for the Company that do use weapons	78%	80%	90%

Source: Risk Management Business Unit

Contents for GRI standards and internal metrics

- 410 - 1** Security personnel trained in human rights policies or procedures.
- 412 - 1** Operations subject to human rights impact assessments or reviews.
- 412 - 2** Training of employees in human rights policies or procedures.
- EPM - 11** Unarmed security personnel.
- EPM - 30** Human Rights Management.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

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Colombia - Antioquia

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Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

Panamá

Business

Water

Sewerage

Electricity

Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Renewable Energies

SUSTAINABLE DEVELOPMENT GOALS

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



Renewable Energies



It is the offer of efficient, clean and reliable solutions based on energy obtained from virtually inexhaustible natural sources or that can be regenerated by natural means, which contribute to ensure full and timely energy supply, maintain productivity and environmental protection, and ensure the efficient use of energy and the preservation of renewable natural resources.

Renewable energies, considered as clean sources, are alternative solutions to traditional energy production with fossil fuels and can contribute to the economic and social development of the region. This type of technology includes solar, wind, hydro, geothermal, tidal, biomass, biogas, among others.

The increase and use of these clean technologies allows us to guarantee a complete and appropriate energy supply, contribute to productivity, environmental protection, conservation of renewable natural resources and efficient use of energy.

Importance

The supply of energy from renewable, efficient and sustainable sources generates an important value for the Grupo EPM and its stakeholders because it has a positive impact on the cost of energy for the end customer, meets new market needs, diversifies the energy matrix, contributes to the decarbonization of the economy and the electricity sector, increases coverage for the unserved population and contributes to the reduction of greenhouse gas emissions. For all these reasons, its social and environmental value is high.

The Colombian State legislated on the promotion, encouragement and incentive to the development of activities for the production and use of renewable energy sources. Its use was declared a matter of public utility and social interest and of national convenience, fundamental to ensure energy supply and environmental protection.

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Biogas	Renewable energy supply	Maintain the generation of energy from biogas at EPM's San Fernando and Aguas Claras wastewater treatment plants, to self-supply part of the internal demand of each plant.	EPM and Aguas Regionales	The percentage of self-generated energy consumed through December in Aguas Claras was 56.58%, exceeding the expected value. In San Fernando it was 29%, the projected goal.	Total
Geothermal	Renewable energy supply	Explore options for leveraging the Geothermal project through new execution models and/or strategic allies, and the definition of milestones.	CHEC	We investigated the use of modular plants and the use of cascading thermal resources from geothermal wells and signed confidentiality agreements with potential strategic partners to advance the project.	Total
Small Hydroelectric Power Plants (SHP)	Renewable energy supply	Optimize the competitiveness of the generation SHPs in their operation.	EPM	Competitiveness and opportunities report prepared on improving and operating small and medium-sized plants and the environmental license was obtained for a new HCP. The analysis of basins with potential for the development of HCPs, because they do not have the personnel to execute it.	Partial
			CHEC	A hearing was held with Corpocaldas to finalize the requirements of the environmental impact assessment of the PGU5 project. Despite the of the difficulties by COVID-19, the following were attended to requirements requested by the Corporation. For the PGU6 project, the study was completed for the environmental impact to be filed with Corpocaldas, in 2022.	Total

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Wind	Renewable energy supply	Advance in the feasibility stages of a wind project.	EPM	An environmental impact study was filed for a project, the environmental diagnosis of alternatives for the study of the connection line was exempted, and there is a database of equipment manufacturers and specialized firms. The study for the connection line was not completed.	Partial
Solar Photovoltaic	Renewable energy supply	Launch the new commercial portfolio of electric energy service with solar panel technology for regulated market customers.	ESSA	The launch was held on May 1, 2021. In addition to managing the linking of two commercial allies, 84 customer and user requests were addressed and marketing and communication strategies were implemented.	Total
		Execute the Rural Electrification project with photovoltaic energies.	CENS	The total number of beneficiaries (282) in the seven municipalities in the project's area of influence was validated. The company that supplies and installs the 282 photovoltaic solutions was contracted.	Total
		Advance in the feasibility stages of a solar project.	EPM	We obtained the environmental license for a solar project and were awarded energy obligations in the third long-term auction of the National Government. The project was approved by the Board of Directors for execution.	Total
		Develop a pilot project for solar panels with floating membranes.	EPM	The project was canceled because the required budget was not available.	Not met
		Install solar panels at three sites for self-generation of energy.	ENSA	Three photovoltaic installations were put into operation: Santa María B.D., 24 de diciembre and Calle 2 Colón.	Total

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Solar Photovoltaic	Renewable energy supply	Develop a business case to enable the supply of smaller plants.	EDEQ	The process was adjusted to evaluate as many options as possible and to have a higher probability of the global optimum. Project costs and revenues were estimated based on the empirical location of photovoltaic generators. Improvements in the reduction of system losses were obtained and the implementation of a pilot was found to be feasible. The study to evaluate implementation alternatives has not been completed.	Partial

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Year of compliance	Scope and coverage		
				Company	Business	Geography
Geothermal		Explore options for leveraging the Geothermal project through new execution models and/or strategic allies, and the definition of milestones.	2022	CHEC	Energy - Generation	Colombia - Caldas
Small Hydroelectric Power Plants		Advance in the HCP feasibility stages.	2022	EPM		Colombia - Antioquia
				CHEC		Colombia - Caldas

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Year of compliance	Scope and coverage		
				Company	Business	Geography
Solar Photovoltaic		Design and implement the new strategy to link EPM and the Group to the energy basket with solar and wind technologies.	2030	EPM	Energy - Generation	Colombia
		Advance in the feasibility stages of solar projects.	2022			Panamá
		Develop nanostructured solar cells with materials available in Antioquia.	2024			Colombia
		Construct the connection line connecting an 83 MW Solar Photovoltaic park of EPM to the Purnio substation.	2022	CHEC	Energy - T&D	Colombia - Caldas
		Advance in the execution and operation of an 83 MW photovoltaic solar park in La Dorada-Caldas.	2023	EPM	Energy - Generation	Colombia - Caldas
		80% completion of a project under construction that will allow the connection of a large 80 MW solar farm in Santander starting in 2023.	2022	ESSA	Energy - T&D	Colombia - Santander
		Execute 3 solar panel projects at 3 ENSA substations.	2022	ENSA	Energy - T&D	Panamá
Hybrids (solar + wind)		Advance in the feasibility stages of hybrid projects.	2022	EPM	Energy - Generation	Colombia - Guajira
Wind		Advance in the feasibility stages of a wind project.	2022			
Biogas (energy consumption)		Optimize the operating processes of the Aguas Claras plant through the self-generation of 80% of the energy required.	2022	Aguas Nacionales	Water and sanitation	Colombia - Antioquia

Sustainable Development Goals



Associated stakeholders

Customers and users
State

Colleagues
Suppliers and contractors

Community
Investors

Owner
Partners

GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- EPM - 14** Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Central Hidroeléctrica de Caldas - CHEC
Empresa de Energía del Quindío - EDEQ
Electrificadora de Santander - ESSA
Centrales Eléctricas del Norte de Santander - CENS
Aguas Nacionales EPM
Elektra Noreste - ENSA

Geography

Colombia – Antioquia
Colombia – Caldas
Colombia – Quindío
Colombia – Santander
Colombia – Norte de Santander
Panamá

Business

Electricity
Sanitation



Small Hydroelectric Power Plants



Small Hydroelectric Power Plants

The electric energy produced through Small Hydroelectric Power Plants (SHP) is considered clean and classified as renewable, and its development has little impact on the environment. Energy expansion in this technology would take advantage of Colombia's high potential.

The **Grupo EPM**, which owns the largest number of SHPs in the Colombian market, has undertaken an initiative to increase its competitiveness with the implementation of improvements applied to the planning, construction and operation processes for both operating plants and new projects in this technology.

Management in 2021



Among the initiatives approved for the growth of the Grupo EPM with vision 2025, there is the evaluation of competitiveness strategies for SHPs and their implementation both in the mini power plants in operation and in future projects of this technology to be carried out within the Grupo EPM.

An optimization proposal for the planning, construction and operation processes was structured and will be applied in future PCH developments.



In 2021 **EPM and the subsidiary CHEC**, met the schedule established to advance the activities formulated and the studies required for the development of future small hydroelectric power plant projects.

Progress was also made in defining competitive strategies for the development of SHPs, with the identification of improvements in their operating phase and the analysis of the regulatory impact on their economic and financial viability.

In addition, a document was prepared on the importance of SHPs in the Colombian electricity system and the impact that the regulatory adjustment of requiring them to return the energy equivalent reliability charge (CERE) would have on them.

EPM obtained the environmental license for a project under study and the acceptance of the modification of the environmental management measures for the Guadalupe complex and a small power plant.

The subsidiary **CHEC**, despite the difficulties encountered by COVID-19, carried out the participatory construction workshop on impacts and successfully completed the socialization with the community of the PGU6 project, located in the department of Caldas. It expects to file the environmental impact study in 2022. For the PGU5 project, the requirements hearing was held with Corpocaldas and the project evaluation and monitoring visit was conducted by this corporation. By 2022 it is expected to obtain the environmental license and make the request for the connection point.

Also, during the year 2021, the analysis of the Group's subsidiaries' SHPs in operation continued, in order to make decisions about them.



Budget for studies of SHP projects (million COP)

Concept / Indicator	2019	2020	2021
EPM - Small Hydroelectric Power Plants Study	826	0	449
Subsidiaries - Study of Small Hydroelectric Power Plants	0	1,103	912
Total budget	826	1,103	1,361

Source: Operational Management Business Unit



The budget allocated for each year corresponds to the projected costs and expenses for the execution of the activities associated with the studies.

GRI standards content and internal metrics

EPM- 14 Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Central Hidroeléctrica de Caldas - CHEC

Geography

Colombia - Antioquia
Colombia - Caldas

Business

Electricity



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Wind

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Wind

Wind energy is one of the most mature, efficient and highly developed renewable energy sources in the world. Aware of the quality and potential of Colombia's wind resource and the fact that there are more and more projects of this type in Latin America, the **Grupo EPM**, which already has a wind project in operation, wants to continue betting on this energy source as a viable alternative to generate electricity, contribute to climate change and mitigate global warming.

Management in 2021



In order to strengthen and grow the energy generation portfolio with renewable energy solutions, there is a work plan whose goal is to define the new scope and horizon (2030) for the Grupo EPM (National and International) of business schemes and financial structuring of projects, including wind farms to complement and diversify the portfolio and the energy basket of the business.

During the year 2021, we obtained the exemption of the environmental diagnosis of alternatives for the 500 KV connection line of a 200 MW wind project in La Guajira, the environmental impact study was filed before the ANLA for the request of the environmental license of such wind farm. The Company is making progress in the studies of future wind projects in the northern part of Colombia for their subsequent construction.

In order to continue with the diversification of its energy mix, Grupo EPM incorporates to its portfolio of projects for the growth of energy generation, large-scale wind farm initiatives to be developed in the short, medium and long term.

In 2021, EPM participated in the "Guajira" working groups of the National Government, sponsoring companies, institutions and territorial entities with interests and wind projects in La Guajira, with the purpose of enabling joint solutions on issues such as water, roads, ports, security, electrification, employment, permits and others, for the entry of equipment, assembly and environmental and social viability of future wind farms and connection lines in the area.

For the prioritized project, the environmental diagnosis of alternatives for the connection line was exempted and the environmental impact study for the project was filed with the ANLA in December and declared compliant. Progress was made in contracting studies for an integral water solution for human consumption and for the construction of the projects and in an agreement between various institutions for adequate management of environmental and social impacts, especially on biodiversity.

Budget for wind projects (million COP)

Concept / Indicator	2019	2020	2021
Large-scale wind farm development - Studies	2,800	2,859	1,907
Source: Operational Management Business Unit			



The budget allocated for each year corresponds to the projected costs and expenses for the execution of the activities associated with the studies.

GRI standards content and internal metrics

EPM - 14 Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Guajira

Business

Electricity

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Geothermal

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Geothermal

Geothermal energy is produced by natural heat within the earth's interior. It manifests itself as thermal water springs, steam emissions and mud volcanoes. It is harnessed to generate electricity when pressurized steam is brought to the surface to a geothermal power plant.

This energy, in addition to coming from a renewable source, does not require large extensions of land, has a low environmental impact, supplies firm energy, is environmentally friendly and is of low risk to nearby communities, as its operation is very safe and clean.

The Colombian subsidiary **CHEC** is making progress in the studies, maintenance of the environmental license and evaluations that will allow it to make the decision to develop a geothermal power plant in west-central Colombia.

Management in 2021



Various execution and leverage options for the future project were explored and all aspects related to environmental authorities were addressed.

CHEC made progress in the agreement with the Ministry of Science, Technology and Innovation related to the postdoctoral internship program "Study of the use of energy from the wells programmed in the Macizo Volcán Nevado del Ruiz Geothermal Project - CHEC Grupo EPM".



The subsidiary **CHEC** completed the research sponsored by Minciencias on the use of modular plants and the use of thermal resources in cascades from geothermal wells. It obtained tax benefits in fiscal year 2020 in excess of COP 69 million pesos. And signed confidentiality agreements with two companies in the oil and energy sector, potential strategic partners, to advance in the development of the project (harnessing technologies, drilling, construction and operation costs, and financial evaluation).

In addition, it actively participated with the Colombian government in the proposal and review of policies and regulations that allow the development of this technology in the country.

In the future, it is expected to strengthen the relationship with potential strategic partners to develop the drilling stage in the medium term and improve the information of the business case, in the execution of the financial and technical study to evaluate the project, as well as the technology to be used in the deep drilling stage and in the development of the geothermal production field.

Budget for geothermal project studies (million COP)

Concept / Indicator	2019	2020	2021
Exploitation of the geothermal resource to generate electricity in exploration phase - feasibility - studies	31	48	0

Source: Operational Management Business Unit



The budget allocated for each year corresponds to the projected costs and expenses for the execution of the activities associated with the studies.

GRI standards content and internal metrics

EPM - 14 Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Central Hidroeléctrica de Caldas - CHEC

Geography

Colombia - Antioquia

Colombia - Caldas

Business

Electricity



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Solar Photovoltaic

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Solar Photovoltaic

The installed capacity of photovoltaic solar energy generation is increasing in the world and in Colombia, because the costs associated with its production are increasingly lower and make it an attractive, competitive technology with high projection for future energy supply.

The development of large-scale projects, the installation of small-scale photovoltaic systems, and the formulation of initiatives and projects in non-interconnected and difficult-to-access areas is a permanent feature of the different markets.

For the **Grupo EPM**, photovoltaic solar technology is of great interest and the implementation of projects that allow taking advantage of the available solar resource has gained strength. In the specific case of Colombia, where the Organization has a large participation in the electricity market, the Group wishes to complement, in a decisive manner, the energy basket with such technology, for which reason it has undertaken different studies and the development of projects that allow taking advantage of the solar resource available in the country.

Management in 2021



In order to strengthen and grow the energy generation portfolio with renewable energy solutions, there is a work plan that aims to define the new scope and horizon (2030) for the **Grupo EPM** in business schemes and financial structuring of solar projects to complement and diversify the portfolio and the energy basket of the business. In 2021, progress was made in the studies of several solar farm projects in different Colombian regions.

On the other hand, the different companies of the EPM Group undertook solar photovoltaic projects in their facilities and are moving forward in the consolidation of different business models for the implementation of self-generation and distributed generation offers in the different markets in which they participate.

In order to consolidate photovoltaic solar energy in the services' portfolio, in 2021 the **Grupo EPM** carried out activities related to this technology, such as: technical and environmental studies for the development of future solar parks, launching of a new commercial portfolio for regulated market customers, installation of solar panels in its own offices and those of market customers, attention to connection requests for generation and self-generation projects, contracts for rural electrification in non-interconnected areas, among others.

Among the main efforts, **EPM** achieved with the 83 MW Tepuy Solar Photovoltaic project, located in the department of Caldas, the award of long-term energy sales contracts for 15 years in the third auction held by the Colombian government. This is the first large-scale solar project of the Grupo EPM to move to the construction stage.

CHEC made progress in the construction of the connection line for the park.

EPM installed an accumulated 2.72 MWp in six solar systems of self-generation solutions that include their administration, operation and maintenance. In addition, the year ended with 34 additional projects accepted, which will add a cumulative installed capacity of 21.08 MWp. For its part, the Panamanian subsidiary **ENSA** installed solar panels in three of its headquarters for self-generation of energy.

The Colombian subsidiary **ESSA** launched the commercial portfolio of the electric energy service with solar panels for customers in the regulated market, arranged for two commercial partners, attended 84 customer and user requests, and implemented marketing and communication strategies in organic and mass media.

While **EDEQ** adjusted the process to evaluate the greatest number of smaller plant options and have a higher probability of the global optimum, estimated project costs and revenues based on empirical PV generator locations, obtained significant improvements in system loss reduction, and found the implementation of a pilot project feasible, for which it advanced the market study to evaluate its implementation alternatives.

Through the contract between the subsidiary **CENS** and the Ministry of Mines and Energy of Colombia for the energization with solar solutions in non-interconnected rural areas in the department of Norte de Santander, the total number of beneficiaries (282) in the seven municipalities of the project's area of influence was validated as a requirement for the evaluation of the audit and approval to continue with the contracting of labor. The company that supplies and installs the 282 photovoltaic solutions was contracted.

Budget for solar projects (million COP)

Concept / Indicator	2019	2020	2021
Project execution at EPM	1,101	582	3,139
Execution of projects in the Group's subsidiaries	31	312	1,544
Total budget	1,132	894	4,683

Source: Operational Management Business Unit



The values in the table correspond to the annual budget allocated for the execution of the activities associated with the studies and initiatives.

GRI standards content and internal metrics

EPM - 14 Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Electrificadora de Santander - ESSA
 Centrales Eléctricas del Norte de Santander - CENS
 Empresa de Energía del Quindío - EDEQ
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Quindío
 Panamá

Business

Electricity

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Biogas

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Biogas

Biogas is a gas produced from the decomposition of organic matter or waste where there is no oxygen. Biogas is commonly generated in wastewater treatment plants and landfills.

For the **Grupo EPM**, it is an energy source of interest; therefore, analyses have been conducted to define the best use of the biogas generated in the La Pradera landfill, located in the north of the department of Antioquia, and in the wastewater treatment plants San Fernando, in Itagüí; and Aguas Claras, in Bello, either to enter the markets of emission reduction certificates, electricity and heat generation, or its purification and injection to the grid. The latter is possible in Colombia as of Resolution 240 of 2016, which regulates that the biogas currently produced and used for self-generation in these plants can be converted through chemical processes into biomethane and injected into the natural gas grid.

Management in 2021



We continued operating the biogas flaring plant at the La Pradera sanitary landfill (Vaso Música). With the production of this gas, we intend to enter the market for the sale of emission reduction certificates in the future, or use it for self-generation at the plant or for injection of biomethane into the natural gas network.

The self-generation of energy from biogas to meet the internal demand of the San Fernando treatment plant remained within the expected percentage. In the case of the Aguas Claras plant, it was 56.5%, which was higher than the previous year due to favorable conditions due to stabilization.

With an investment of COP 124 million, the subsidiary **Emvarias** brought forward the operation of the biogas flaring plant at the La Pradera landfill to 2021.

At **EPM**, the initiative of self-generation of energy from biogas exceeded the expected goal at the Aguas Claras plant, with 56.5% of its energy demand in 2021. For the San Fernando plant, the percentage in the same year was 29%, the expected value.

For a biogas project, the Gas business invested COP 2,943 million in the execution of the activities programmed for phase 1 (modification of the environmental license, studies and designs). Since the environmental license was not modified, which is a requirement to continue, the activities formulated for phase 2 (assembly, installation and start-up of the plant) were not executed.

Biogas production (m³) San Fernando Wastewater Treatment Plant

Month	2019	2020	2021
January	401,950	470,078	462,077
February	341,307	391,488	471,416
March	366,057	401,464	486,616
April	376,771	404,892	460,978
May	393,363	421,850	487,289
June	396,830	414,189	519,313
July	408,165	433,785	569,077
August	408,928	553,471	573,488
September	415,602	535,992	690,155
October	468,060	545,428	553,769
November	544,129	474,069	481,548
December	465,997	506,702	473,771
Total	4,987,159	5,553,408	6,229,497

Source: Water and Sanitation Vice-Presidency

Biogas production (m³) Aguas Claras Wastewater Treatment Plant

Month	2019	2020	2021
January	0	749,124	1,007,404
February	0	911,543	850,459
March	152,972	956,903	883,618
April	871,196	880,591	1,000,901
May	236,384	863,112	1,008,389
June	284,383	956,360	960,957
July	152,664	894,972	1,021,801
August	426,754	941,904	976,834
September	427,737	817,200	967,453
October	617,036	775,620	1,024,318
November	705,173	775,603	979,228
December	827,435	986,544	1,094,571
Total	4,701,735	10,509,476	11,775,933

Source: Water and Sanitation Business Unit



Budget for biogas projects (million COP)

Concept / Indicator	2020	2021
Phase 1 project activities	0	2,943
Operation of the biogas flaring plant at the La Pradera landfill site	88	124
Total budget	88	3,067

Source: Operational Management Business Unit

GRI standards content and internal metrics

EPM - 14 Resources allocated to renewable energies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Empresas Varias de Medellín - Emvarias

Geography

Colombia - Antioquia

Business

Sanitation
Electricity





Climate Strategy





Climate Strategy

The purpose of the Grupo EPM's Climate Strategy is to achieve resilient and carbon-efficient businesses for the Grupo EPM, by integrating the climate variable in the different analyses and business decision-making, thus contributing to its sustainability and competitiveness, minimizing vulnerability to climate risks, and developing operations low in GHG emissions (greenhouse gases) in each of the regions where it offers services, under the principles of comprehensiveness, competitiveness, flexibility, and innovation. With this purpose, Grupo EPM seeks to respond to the "Precautionary Principle", enshrined in national and international law, as a guiding and protectionist principle that aims to guide the conduct of all agents to prevent or avoid serious and irreversible damage to the environment, even when such damage is not at the stage of consummation or threat, but at a different stage before the latter, considered as risk or danger of damage, and there is no absolute scientific certainty about its occurrence.

Importance

The bidirectional relationship between climate events and Grupo EPM's business makes it necessary to maintain a business development that considers the analysis of climate variables in decision making.

Climate variability and change and its influence on ecosystems, territories and the availability of natural resources, make it necessary for the Grupo EPM to have strategies for the provision of its services, restructuring or design of its products, as well as the use of its competitive advantages and the establishment of risk management schemes that enable both its adaptation and that of its surroundings, thus favoring stronger economies in harmony with society and the environment.

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Climate Strategy Management	Adaptation	To complement the climate scenarios for areas of interest of the Water and Energy businesses for the period 2030 - 2060.	EPM	Modeling for the periods 2030 to 2060 was completed as of the third quarter.	Total
		Conduct a vulnerability and climate change study in an area of interest to the Company.	DELSUR	During 2021, progress was made in the preparation of the terms of reference for the study, which in addition to climate variability, seeks to identify risks of forest fires, landslides and possible volcanic eruption in the area of interest.	Partial
		Renew the policy covering weather risk for 85 substations.	EPM Guatemala	The policy was renewed until April 4, 2023. The policy covers 86 substations since a new one was added.	Total
	Mitigation	Calculate methane emissions at wastewater treatment plants.	Aguas Regionales	Gas emissions were measured with the Universidad Pontificia Bolivariana. As a preventive measure at the treatment plants, these emissions are permanently monitored.	Total
		Prepare the project design document for the Aguas Claras wastewater treatment plant.	Aguas Nacionales	A draft PDD document was obtained.	Total
		Have 53 facilities monitored in the energy management platform.	VP Agua y Saneamiento EPM	All facilities were monitored. A contract is in place to continue with the energy management platform.	Total
		Have 53 facilities monitored in the energy management platform.	VP Gas	The loss ratio ended at 5% for the year. The target was adjusted by the Business during the second quarter. 2021: 5.0; 2022: 4.8; 2023: 4.4; 2024: 4.1; 2025: 3.8.	Total
		Install two electric gas stations in the city of Cúcuta.	CENS	Two electric vehicle recharging units were purchased for two shopping centers. Civil works and electrical adaptations were carried out.	Total

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Climate Strategy Management	Mitigation	Adapt or remodel facilities under sustainable construction criteria.	CHEC	Work began on one facility during 2021 (warehouse). There were delays in the schedule due to economic impacts on the cost of materials or material shortages. The work will be completed during 2022.	Total
		Follow-up and monitoring of SF6 leaks and emissions generated in EPM's electric system substations.	VP T&D EPM	Total leakage 2021: 22.80 kg CO₂ equivalent emissions 2 year 2021: 574.56 tCO ₂ e.	Total
		Estimate GHG Scope 3 emissions for EPM 2020.	EPM	The GHG emissions inventory was calculated (scope 3 EPM 2020). It was published in the BPI 2020.	Total
		Estimate GHG emissions inventory (scopes 1 and 2) Grupo EPM 2020 and prepare the corresponding reports.	EPM	The GHG emissions inventory of the Grupo EPM 2020 was calculated and published in the BPI 2020. Likewise, the final report was prepared for EPM and its subsidiaries.	Total
		Establish the costs of the project for the installation of solar panels for the supply of 100 kW lights (El Tesoro Plant).	Aguas de Malambo	The project will be carried out with EPM; meetings were held to define execution.	Total



Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Scope and coverage		
			Company	Business	Geography
Climate Strategy Management	Mitigation	Build a biogas plant.	EPM	Energy - Gas	Colombia - Antioquia
		Implementation and operation of a third public charging point for electric vehicles in the Bucaramanga Metropolitan Area.	ESSA		Colombia - Santander
		Gap closure, version ISO 14064-1 (2018) - Greenhouse gases. Guidance, at the Organization level, for the quantification and reporting of greenhouse gas emissions and reductions.	EDEQ	Energy - T&D	Colombia - Quindío
		Estimation of the 2021 GHG emissions inventory Grupo EPM (scopes 1 and 2) and preparation of the annual GHG emissions report.	All Companies	All Businesses	All geographies
		Estimated GHG Scope 3 emissions for EPM 2021.	EPM	Energy - Generation	Colombia - Antioquia
		Verification of emission reductions from the Porce III project (2019 and 2020).			
		Registration of the Porce III hydroelectric project in the second accreditation period at Cercarbon Certifier, Cercarbono.			
		Obtain the final project description document to register the Aguas Claras WWTP in a carbon standard.	Aguas Nacionales	Water - Treatment	

Sustainable Development Goals



Associated stakeholders

Colleagues

Community

State

GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 201 - 2** Financial implications and other risks and opportunities arising from climate change.
- 305 - 1** Direct GHG emissions (Scope 1).
- 305 - 2** Se debe ajustar por: Energy indirect (Scope 2) GHG emissions.
- 305 - 3** Other indirect GHG emissions (Scope 3).
- 305 - 4** Intensity of GHG emissions.
- 305 - 5** Reduction of GHG emissions.
- 305 - 6** Emissions of ozone-depleting substances (ODS).
- 305 - 7** Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Hidroecológica del Teribe - HET
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 El Salvador
 Guatemala
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas





Climate Strategy Management



Climate Strategy Management

Climate change generates important challenges for humanity and the world economy. It is considered one of the main challenges to sustainable human development, making it a key aspect of integral study and analysis from environmental, social, political, economic, technological, regulatory, and cultural perspectives to define business positions.

Setting strategies under the aforementioned approaches allows companies to face the challenge of business growth and development considering climate impact.

Management in 2021



- The Grupo EPM is preparing to achieve its carbon neutrality commitment by 2025 while contributing to the construction of sectoral and regional plans within the framework of the NDC and the 2050 Colombia climate action plan.
- EPM is the main marketer of I-REC, the international standard for renewable energy certificates, in Colombia.
- All the companies and businesses of the Grupo EPM have managed to integrate the climate variable into their business or company plans, thus strengthening their decision-making.
- 110 people from all companies and businesses participated in the 8 socialization workshops on climate change issues of interest to the Grupo EPM, conducted with external facilitators and EPM professionals.

Greenhouse gas inventory

Annually, the Group determines the carbon footprint or inventory of greenhouse gas emissions - GHG - (scopes 1 and 2), according to the reference "Greenhouse Gas Protocol. Corporate Accounting and Reporting Standard", known as the GHG Protocol. **The 2021 inventory for the Group was 2,740,352.83 tCO₂e and that of EPM was 974,292.88 tCO₂e, showing a decrease with respect to 2020**, where the Group's inventory was 2,846,932.47 tCO₂e and that of EPM was 1,154,683.78 tCO₂e. The main variations were mainly due to a decrease in the generation of thermal energy La Sierra that went from 744,057.49 tCO₂e in 2020 to 662,961.40 tCO₂e in 2021.

Likewise, the emission factor of the National Interconnected System in Colombia decreased from 0.2034 tCO₂e/MWh (2020) to 0.1320 tCO₂e/MWh (2021). This factor directly affects emissions derived from electricity consumption in the SIN, as well as electricity losses in transmission and distribution networks.

The inclusion of Afinia in the inventory (344,925.88 tCO₂e) and the calculation of the emissions inventory for the second time for the La Pradera landfill are highlighted.



For more details, go to the action "[Climate Change Mitigation](#)".

Emissions factor

EPM committed since 2012 to keep its emission factor below the National Interconnected System (SIN) factor, a commitment it has fulfilled since then. For 2021, EPM's emission factor was 0.0650 tCO₂e/MWh, while that of the national electricity factor was 0.1320 tCO₂e/MWh; this indicates that EPM's emissions remain below the SIN. The highest energy consumption of the Grupo EPM was in thermal generation (90.41%), its vehicle fleet (2.71%), and wastewater management (2.30%) respectively.



Source of information. <http://www.fundacionecsim.org/factor-del-mix-residual-de-la-matriz-energetica-colombiana-para-el-ano-2021/> Factor of the residual mix of the Colombian energy matrix for 2021. February 16, 2022.

Emissions offset and low carbon products

- 490 customers of EPM's energy MNR (Non-Regulated Market) (66%) are supplied with energy generated from 100% renewable sources and 53% of the energy destined for the MNR is green.
- EPM sold 2.36 million green energy certificates (I-REC), which represent revenues of COP 4,058 million per year that will be reinvested in the development of new projects.
- Three million emission reduction certificates (CERs) were traded to offset the carbon footprint or to cover obligations derived from the carbon tax in Colombia, for companies and customers.
- Colombia is the fourth country in the world in the commercialization of I-REC, the international standard for renewable energy certificates, and EPM is the main marketer.
- In order to learn about new sources of emission reductions in the Group, the analysis of new initiatives for the portfolio of emission reduction projects continued, with progress associated with the Aguas Claras wastewater treatment plant.
- The goal of achieving a carbon-neutral operation in the Grupo EPM as of 2025, the base year 2016, is maintained.



Climate risk

- Updating of climate scenarios 2030 - 2060 using the WRF (Weather research forecast) model, for areas of interest of EPM's Energy, Water and Sanitation businesses.
- Conducting climate risk analysis exercises in different companies and businesses of the Grupo EPM and progress in the development of improvement plans and methodological adjustments.
- Preparation of actions for the coordination and integration of methodological concepts of climate risk to operational safety and risk and disaster management activities, through integrated enterprise risk management.
- Participation in best practices and business cases at the local and regional levels.



See action ["Adaptation to climate change and variability"](#).

Inter-institutional management

In pursuit of the carbon neutral operation of the Grupo EPM, EPM continued to participate in the electricity sector roundtables of the Carbon Neutral Alliance, in the Regional Climate Change Node of Antioquia, and the Interinstitutional Thematic Committee on Climate Change of the Municipality of Medellin; likewise, it joined the Association of Carbon Market Actors in Colombia - Asocarbono, and the Carbon Neutral Colombia Program.

In these spaces, knowledge and capacity building was achieved, as well as the identification of business actions to contribute to the goals and objectives of the sectors, regions, unions, and the country, in relation to the Nationally Determined Contribution (NDC), the 2050 climate action plan and the achievement of the Group's carbon-neutral operation.

EPM and Colombia 2021 emission factor

EPM Emission Factor/ SIN Emission Factor			
Indicator tCO ₂ e/ MWh year	2019	2020	2021
EPM emission factor	0.0278	0.0797	0.065
SIN emission factor	0.1643	0.2034	0.1320
Source: EPM			



EPM's emission factor remains below the national emission factor.

The main variations were due to a decrease in thermal power generation from 744,057.49 tCO₂e in 2020 to 662,961.40 tCO₂e in 2021.

The values for the Residual Mix Factor of the Colombian energy matrix for 2021 were taken from: <http://www.fundacionecsim.org/factor-del-mix-residual-de-la-matriz-energetica-colombiana-para-el-ano-2021/> Febrero 16 de 2022.



Emission reduction projects to 2021

Emission reduction projects registered under carbon standards

Project	Standard	Credit period	Estimated reduced tCO ₂ e	tCO ₂ e reduced verified					tCO ₂ e estimated
				2016	2017	2018	2019	2020	2021
Jepirachi wind farm	Clean Development Mechanism -MDL-	2004-2025	25,631	22,590	1,358	24,604	0	0	0
La Vuelta and La Herradura mini-hydroelectric power plants		2005-2025	77,149	72,908	85,559	73,285	74,233	76,580	81,596
REDD+ EPM Project	Climate Community and Biodiversity -CCB-	2014-2033	5,462	63,636 between 2014 - 2017		ND	ND	ND	ND
Porce III hydroelectric project	Cercarbon	2011 - 2020	1,139,242	1,038,409	1,246,901	1,328,608	1,191,087	1,126,661	1,555,912
Hidroituango	Verified Carbon Standard -VCS-	2018-2027	4,383,088	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Sustainable Development Management



- The estimated reduced tCO₂e correspond to those recorded in the project design document.
- Jepirachi's tCO₂e, starting in 2019, were pledged in green energy certificates (I-RECs).
- The 2019 and 2020 tCO₂e of Porce III will be verified in 2022.
- Emission reductions are verified on a yearly basis.

GRI standards content and internal metrics

- 201 - 2** Financial implications and other risks and opportunities arising from climate change.
- 305 - 1** Direct GHG emissions (Scope 1).
- 305 - 2** Energy indirect (Scope 2) GHG emissions.
- 305 - 3** Other indirect GHG emissions (Scope 3).
- 305 - 4** Intensity of GHG emissions.
- 305 - 5** Reduction of GHG emissions.
- 305 - 6** Emissions of ozone-depleting substances (ODS).
- 305 - 7** Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala - EEGSA

Elektra Noreste - ENSA

Geography

Colombia – Antioquia

Colombia – Caldas

Colombia – Quindío

Colombia – Risaralda

Colombia – Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Colombia - El Caribe

El Salvador

Guatemala

Panamá

Business

Water

Sanitation

Electricity

Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Climate Change Mitigation

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Climate Change Mitigation

Set of actions, initiatives, projects, and programs developed by the Company to avoid and reduce the emission of greenhouse gases in its processes and operations.

Management in 2021



- Grupo EPM's commitment to energy transformation as a path towards decarbonization, digitalization, development of new business models, promotion of non-conventional renewable energy sources, and use of new technologies to address the environmental, climatic, and social consequences of dependence and excessive use of fossil fuels, as well as the inadequate use and demand of energy for the sustainability of natural resources and the planet.
- Agua y Saneamiento EPM met the goal of monitoring 53 facilities in the energy management platform. Obtained savings of 1,436,945 kWh derived from operational recommendations.
- The subsidiaries of the Energy Transmission and Distribution business met their objectives in the development of initiatives to reduce energy losses and control SF6 (sulfur hexafluoride) leaks.
- All the companies advanced sustainable mobility actions that contribute to the improvement of air quality and the reduction of CO₂ emissions, in their own and regional fleets. The rational use of energy is encouraged and opportunities are opened for the optimization of the clean energy matrix. In natural gas vehicles, a supply of 40.6 million m³ was achieved during 2021.

During 2021, relevant progress was achieved related to the different thematic axes that make up the mitigation component of the Grupo EPM's Climate Strategy.

Energy efficiency

In EPM's Power Generation business, studies were carried out for the implementation of self-consumption solutions with non-conventional energy in its generation plants. Some facilities were prioritized.

The La Alpujarra Thermal District remained in operation, implementing energy self-supply initiatives in the wastewater treatment plants (WWTP) and drinking water treatment plants (DWTP).

The Ayurá and Manantiales mini-power plants produced 86,192 GWh of energy.

The San Fernando WWTP cogenerated, from biogas, 34.13% of the energy required for its operation, equivalent to 7,887,677 kWh/year, and at the Aguas Claras WWTP, of a total of 33,592,043 kWh generated, representing 73.10% of the energy required at the plant, 51% was generated from biogas.

Studies of thermal hydrolysis technology were initiated for some projects. Benefits related to increased biogas production and optimization of the sludge management process, a process that requires a large amount of energy, have been observed.

Emvarias structured the energy savings plan for the La Pradera landfill, which includes measures to obtain energy savings indicators. Emvarias made progress in the development of initiatives to reduce methane emissions and in sustainable mobility strategies; it also participated in the formulation of strategic plans for climate action in areas of interest, considering the use of waste as one of the key mitigation issues.

The companies in the Energy Transmission and Distribution business continued to develop initiatives to reduce energy losses and SF₆ (sulfur hexafluoride) leaks, meeting their objectives.

At EPM, the program to change the lighting fixtures to LED technology for strategic projects in the city of Medellín continued. The goal is to change 151,000 units by 2023. There are 3,370 by 2021, representing energy savings of 105,608 kWh/year.

The Aburrá Valley line repowering project progressed and the study to change the insulation, which seeks, among other things, to replace SF6 with air and reduce its global warming potential to zero, was completed.

CHEC conducted an energy audit at one of the Uribe Station headquarters and invested in electric panels, metering changes, and installation of solar panels. It expects to reduce emissions by 188.92 tCO₂e by 2025.

It also advanced energy efficiency actions and sustainable construction practices. In self-supplied energy, consumption of 45,158 kWh in 2021 was recorded, while in 2020 it was 35,102 kWh.

It also continued with its Web billing program, in which it obtained, as of the last quarter of 2021, a total of 14,088 registered customers, representing an 18% growth compared to 2020.

For its part, DELSUR reduced energy consumption by 1.33% at the San Vicente headquarters in 2021 and applied sustainable construction criteria in its new power distribution substation.

CENS made progress in the implementation of energy efficiency plans in eight companies in the industrial sector.

ENSA achieved a 51% progress in its public lighting project and replaced 9,386 luminaires with LED technology, which means a reduction in emissions of 63t of CO₂e. It implemented savings measures for internal consumption in administrative and operating processes and continued with the electronic billing initiative, where it registers more than 250,000 customers by 2021.

Renewable energy

The Grupo EPM has a portfolio of projects under study for its future expansion in energy generation, with conventional and non-conventional renewable technology (wind, solar, geothermal and waste).

It is currently advancing in the implementation of the strategy to integrate solar photovoltaic, wind and hydroelectric projects into the Group's and EPM's energy mix.

During 2021, EPM was awarded the contract for the photovoltaic power generation of the Tepuy project (83 MW), through the long-term auction of non-conventional renewable energies programmed by the Colombian Government. It is also making progress in defining strategies for the development of small hydroelectric power plants (SHP) and is analyzing solar self-generation options.

CHEC continued with the studies of the Valle Nereidas geothermal project, PGU5 and PGU6.

EPM Guatemala published the terms of reference for contracting the supply of renewable energy starting in 2026. This energy will be used to meet the demand needs of its distribution companies for 15 years.

CENS installed 55 solar PV solutions, representing the consumption of 740 kWp of clean energy among its customers, and expects to cover a total of 282 during 2022.

The solar panel system in the EPM Building and the ENSA and EPM Guatemala facilities remained in operation.

ENSA reports the generation of 142,796 kWh, EPM Guatemala 242,283 kWh and EPM Building 30,229,296 kWh.

Carbon footprint management

Aguas Nacionales made progress in the preparation of the project design document (PDD) for the Aguas Claras WWTP, based on the PDD submitted to the CDM in 2012, the CDM methodologies and the Cercarbon Protocol.

La Vuelta and Herradura mini power plants continue as an emission reduction project in the CDM. Verification was obtained for 150,813 tCO₂ reduced by this project between 2019 - 2020.

An estimate of 76,372 tCO₂ was made for the period 2026 - 2046 for the Mina Vieja and Cocohondo HCPs.

EDEQ received the updated certification of its carbon-neutral initiative and acquired 8,800 tCO₂e for its 2020 emissions offset.

ENSA made progress in its follow-up for reporting equipment with PCB content, and carried out the tests for their respective storage and final disposal, in accordance with the Basel Convention.

As part of its emission control measures, Aguas Regionales maintained two capture devices at its wastewater treatment plants and achieved, through specialized software, periodic monitoring of sulfur, methane, and ammonia.

Envarias made the 2021 emissions estimate considering the 2020 baseline. The estimate yielded a total of 923,483.96 tons of CO₂ equivalent.

Conducted monthly measurements of gas emissions from the Altair Vessel.

EPM Guatemala signed a municipal agreement for the calculation of the emissions inventory of Guatemala City.

Afinia performed internal calculations for its GHG emissions targets scopes 1 and 2 in its operations.

Seeking greater understanding and knowledge transfer in the Grupo EPM, talks and workshops were held related to the methodology for calculating the emissions inventory, specifically with officials of Regional Water, Energy Generation, and national and international subsidiaries of the Energy business. Likewise, the results of the 2020 inventory were socialized with all the Group's liaisons.

The monitoring report for 2019 and 2020 of the Porce III project was prepared, and verification was performed during the first quarter of 2022.

Sustainable mobility

Emvarias made progress in the implementation of its sustainable business mobility plan. At year-end, it reported the entry into operation of 5 compactor vehicles dedicated to natural gas and 3 electric vehicles and decommissioned 9 vehicles that were operating on diesel fuel. Forty-one percent of the total fleet remained on NGVs (65) and electricity (3) and the remaining 59% continue to operate on diesel (99).

CHEC was able to install 2 fast-charging stations in Manizales, began work on 2 eco-stations and advanced the projection of GHG emissions reduction for the acquisition of electric vehicles (bus, forklift and automobile compared to combustion vehicles), quantifying the level of emissions due to their routes. A 91% reduction is calculated for electric vehicles, 98.3% for forklifts, 92.7% for buses, and 93.7% for minibuses. It projects an emissions reduction by 2025 of 51 tCO₂e for vehicles, 40.25 tCO₂e for forklifts, 35.09 tCO₂e for buses, and 41.39 tCO₂e for minibuses.

DELSUR trained 179 employees in eco-efficient driving techniques and continued with the analysis of combustion gases from its vehicle fleet.

EPM Guatemala installed seven charging points for customers and users.

CENS acquired 3 electric vehicles for internal use and intends to reduce 20.13 tCO₂e from their operation. Installed 2 electric carts in shopping malls in the city of Cúcuta and fostered interinstitutional alliances in the metropolitan region to promote sustainable mobility.

EPM continued with the consolidation of alliances for the implementation of measures and the strengthening of sustainable mobility plans.

In electric mobility:

- Maintained 20 public charging eco-stations in operation in the Aburrá Valley.
- Achieved the circulation of 2,600 vehicles (electric and plug-in hybrids) in the Metropolitan Area. 1,189 of them are users of its public charging offer.
- Advanced in the electric cab program for the city. It aspires to have 50 units in addition to the 7 that are currently rolling, in the agreement for the financing of electric vehicles for EPM employees and participated in the definitions of public policy, regulation and technology of charging systems for electric mobility in Colombia.



In natural gas mobility:

- Participated in campaigns for the post-pandemic economic reactivation of the city by COVID-19.
- Developed 18 projects for the importation of 109 gas-powered vehicles.
- Continued with its incentive scheme for the installation of equipment and purchase of vehicles dedicated to natural gas. Delivered 1,083 bonds for COP 1,053 million and financed COP 993 million.
- Achieved 1,345 conversions, for a total of 23,500 vehicles with NGVs installed and active.
- Increased the fleet of vehicles dedicated to natural gas by 9%, from 606 units in 2020 to 659 in 2021.

It is estimated that the use of gas has reduced particulate matter by 91.87%, volatile organic compounds by 45.54% and carbon dioxide by 21.14% (estimates obtained by comparing the reduction in emissions when using gas as a substitute for diesel with Euro IV technology; for electric vehicles the reduction is 100% in these pollutants) (source: EPM Natural Gas Business Unit).



In the Sustainable Business Mobility Plan - MES Plan:

- 2,985 employees (64.47%) maintained the alternation mode.
- The flexible schedule was maintained.
- 2021 closed with 1,232 teleworkers, 103% of the target (1,200 teleworkers).
- 923 workers enrolled in the EnBici program, for a 162% compliance with the goal.

The strategy of charging by the hour and differential payment for vehicles with clean consumption in parking lots was implemented. It seeks to discourage the use of vehicles and reduce polluting emissions.

GHG Emissions Inventory (scopes 1 and 2), Group and EPM

GHG emissions inventory (tCO ₂ e)			
Grupo EPM	2019	2020	2021
Scope 1	267,862	2,093,724.27	1,952,083.43
Scope 2	644,157	753,208.20	788,269.41
Total	912,020	2,846,932.47	2,740,352.83

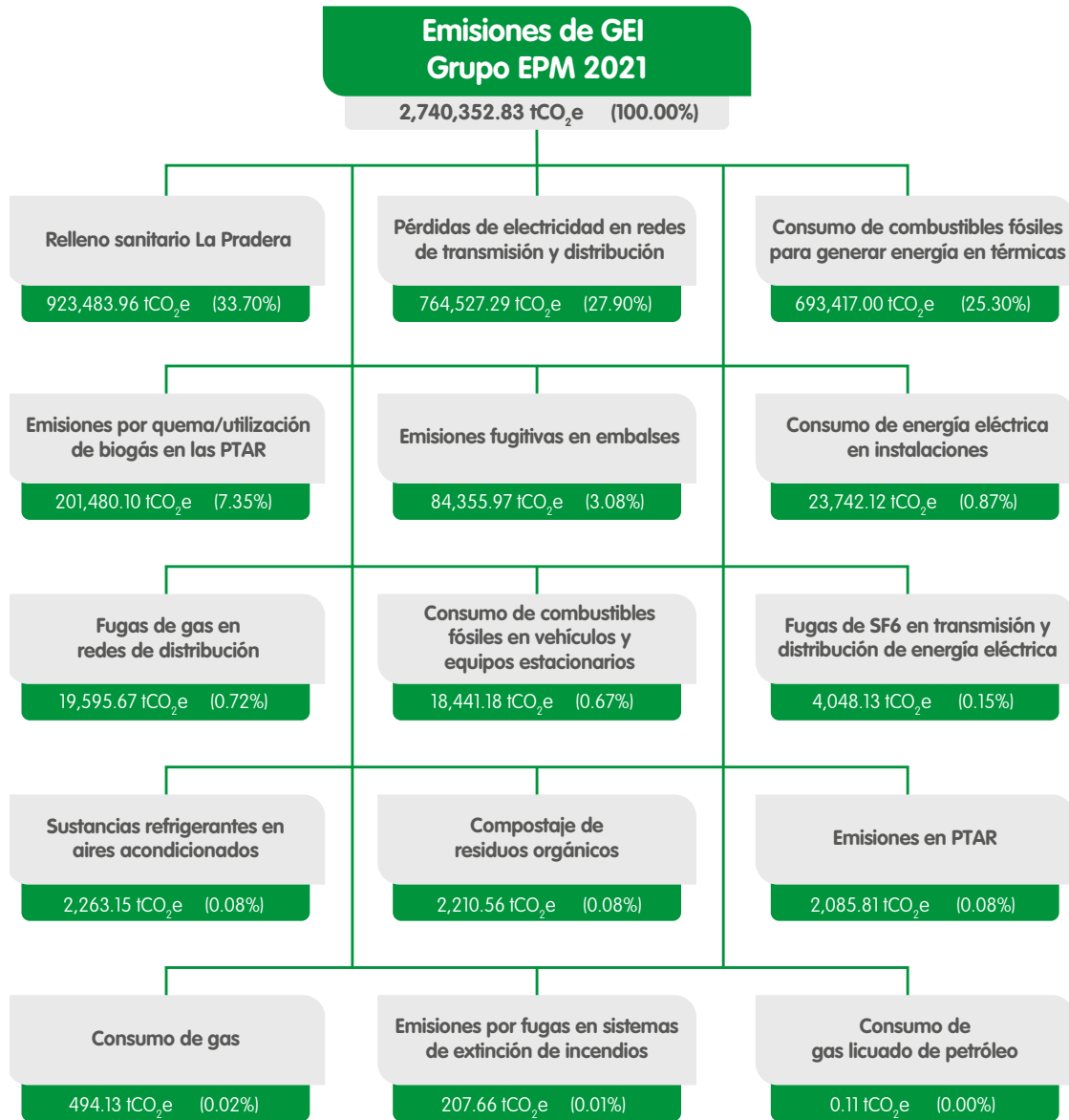
EPM	2019	2020	2021
Scope 1	236,298	933,787.30	825,989.94
Scope 2	162,298	220,896.48	148,302.94
Total	398,596	1,154,683.78	974,292.88

Source: Idsos application



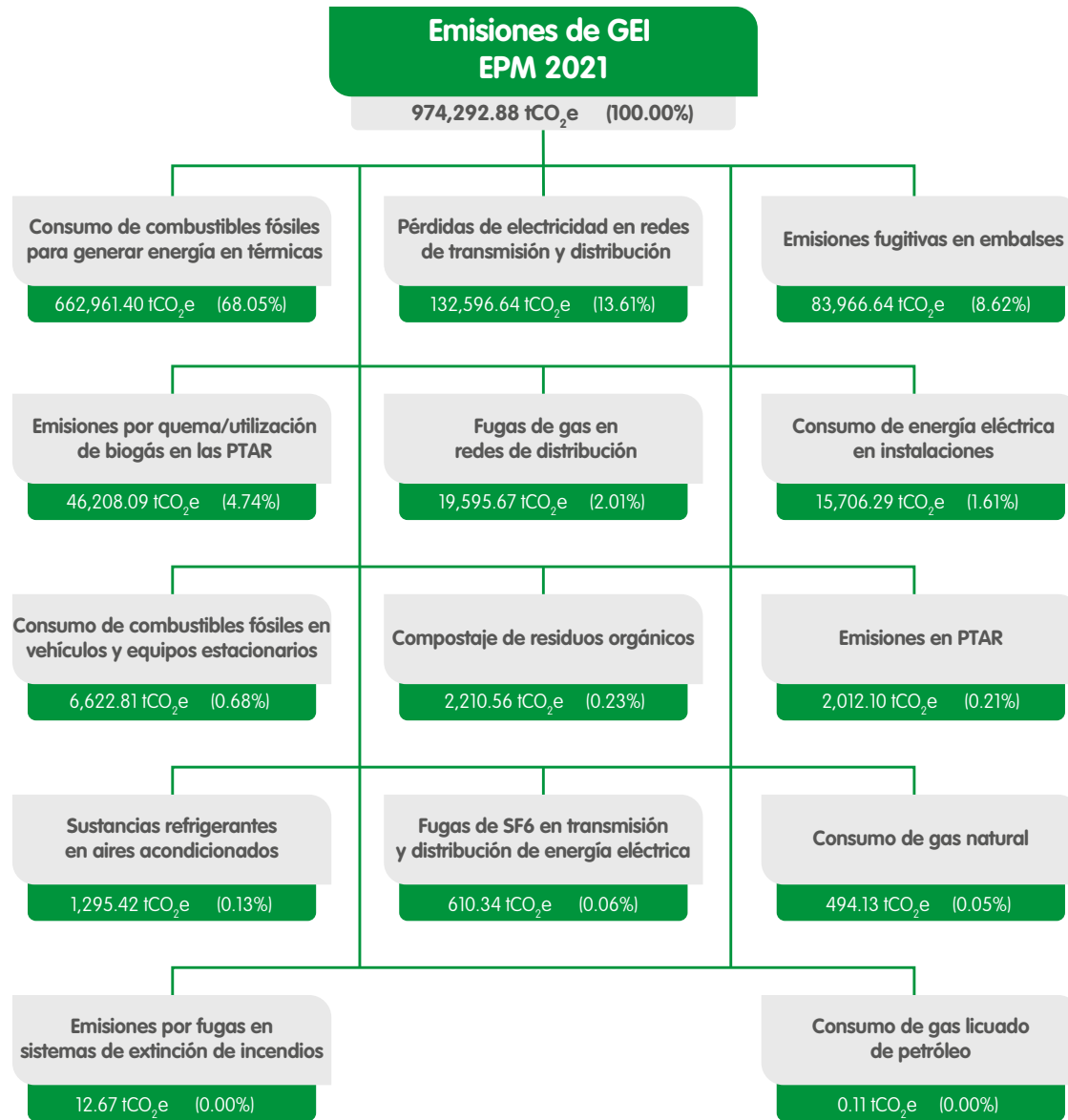
- Source: Sustainable Development Management
- The Group's 2021 inventory includes GHG emissions from: EPM, ESSA, CHEC, EDEQ, CENS, ENSA, DELSUR, EPM Guatemala, HET, Aguas de Malambo, Aguas Regionales EPM, Aguas Nacionales, Aguas de Oriente, Emvarias, ADASA and Afinia. The GHG Protocol methodology is followed, the consolidation approach for emissions is operational control and the following gases are taken into account: CO₂, CH₄, N₂O, SF₆ and HFC.
- The main variations were due to a decrease in thermal energy generation from 744,057.49 tCO₂e in 2020 to 662,961.40 tCO₂e in 2021. Likewise, the emission factor decreased, which mainly affects emissions associated with transmission and distribution losses.
- Note: The annual inventory is calculated year in arrears (includes biogenic emissions).
- Scope 1 emissions (direct emissions). Includes emissions from own sources owned or controlled by the Company. As well as emissions from own fleet vehicles, emissions from steam or boilers, and fugitive emissions from air conditioners, ducts or own systems.
- Scope 2 emissions (indirect emissions). Includes emissions derived from electricity consumption and those from the consumption of heat, steam and refrigeration that are acquired externally, as well as those associated with electricity losses in the transmission and distribution networks.
- **The following sources of information were used to estimate the Grupo EPM 2021 GHG emissions inventory:**
 - CO₂ emission factor in reservoirs: 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Appendix 2. Table 2A2.
 - Reservoir CH₄ Emission Factor: 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Appendix 3. Table 3A.2.
 - Gaseous emission factors for refrigeration and air-conditioning systems: Table 7.9. Volume 3. Chapter 7 Emissions from fluorinated substitutes for ozone-depleting substances. 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- **Emission factors of each country's power grid:**
 - **Colombia:** <http://www.fundacionecsim.org/factor-del-mix-residual-de-la-matriz-energetica-colombiana-para-el-ano-2021/>
 - **Panamá:** <https://www.energia.gob.pa/mdocs-posts/reporte-factor-de-emision-del-sin-panama-2020/>
 - **Guatemala:** <https://mem.gob.gt/wp-content/uploads/2021/09/BALANCE-ENERGETICO-2020-3.pdf>
 - **El Salvador:** : (see attached file "[El Salvador 2020 emission factor](#)").
 - **Chile:** <http://datos.energiaabierta.cl/dataviews/255509/factor-de-emision-promedio-anual/>
 - **Fuel emission factors:** FECOC 2016. Unidad de Planeación Minero Energética (UPME), Ministry of Mines and Energy of Colombia.
 -
 - **Global Warming Potentials:** https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf

Detail of scope 1 and 2 emissions Grupo EPM, by activity



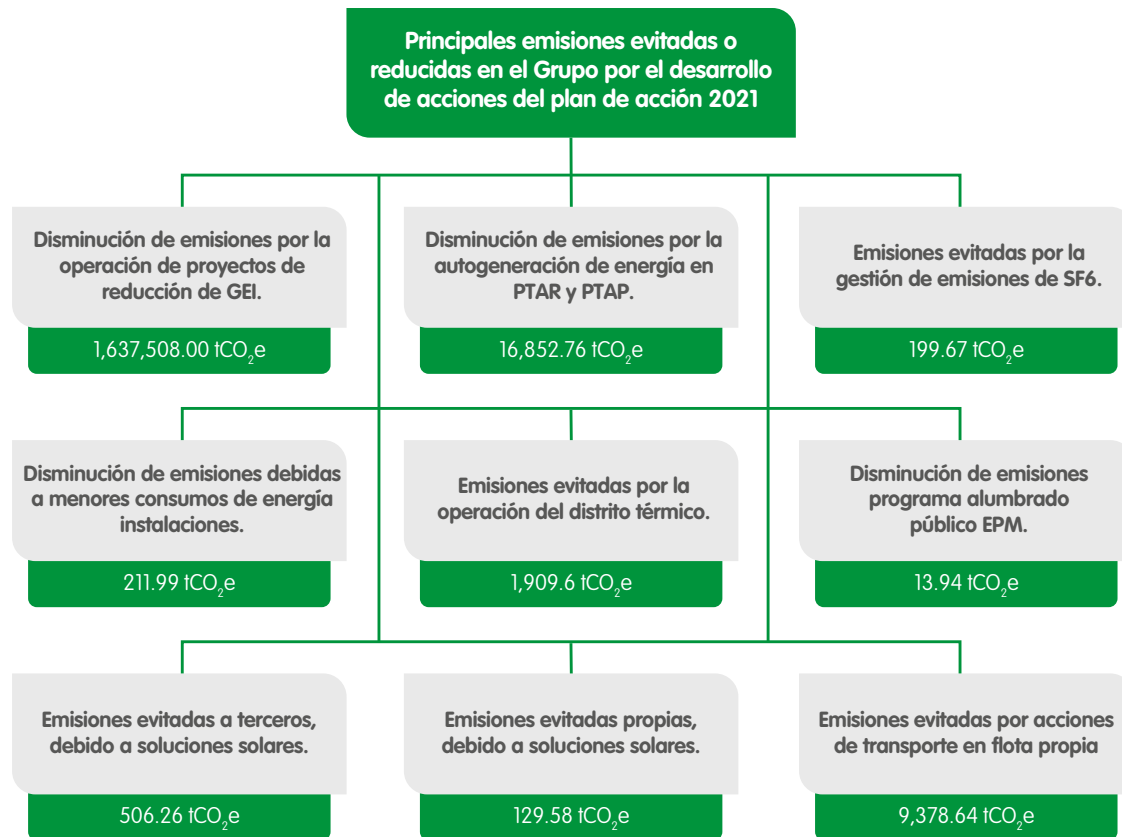
Fuente: Aplicativo Idsos

Detail of EPM's scope 1 and 2 emissions, by activity



Fuente: Aplicativo Idsos

Detail of the impact of the implementation of the 2021 action plan



Fuente: Aplicativo Idsos



Scope 3 EPM Emissions Inventory

Concept / Indicator	2019		2020		2021	
	tCO ₂ e	%	tCO ₂ e	%	tCO ₂ e	%
Goods and services	* 16,118	0.64%	* 16,118	0.49%	* 16,118	0.65%
Capital assets	* 525	0.02%	* 525	0.02%	* 525	0.02%
Fuels	10,369	0.41%	64,510	1.97%	57,269	2.30%
Waste	*** 68,051	18.07%	17,448	0.53%	17,603	0.71%
Ground transportation + Air transportation	3,685	0.15%	4,228	0.13%	2,726	0.11%
Displacement of employees	3,938	0.16%	**** 3,938	0.12%	**** 3,938	0.16%
Use of products sold	2,023,557	80.55%	3,163,785	96.74%	2,395,661	96.06%
Total	2,512,087	100.00%	3,270,552	100.00%	2,493,840	100.00%

Source: Sustainable Development Management



- * 2012 values are used
- *** Excluding 157,002 tons of wood generated due to the filling of the Ituango project reservoir. It is estimated that this waste would generate around 385,841 tCO₂e. (biogenic emissions).
- **** 2019 values are used
- The emission factor used for electric energy, in products sold, is the Colombia 2021 factor: Colombia: <http://www.fundacionecsim.org/factor-del-mix-residual-de-la-matriz-energetica-colombiana-para-el-ano-2021/>.
- The factors provided by the GHG protocol for global warming potential, which were updated in 2021, are also used. For the factors corresponding to fossil fuels, UPME factors are used, and for other factors, some IPCC factors are used.
- For Scope 3 emissions, the 2012 calculation base was used. The GHG Protocol and Corporate Value Chain (Scope 3) accounting and reporting standard, published by WRI and WBCSD, was followed.
- In the categories of goods and services and capital goods, the same 2012 values are maintained.
- The highest emissions continue to be associated with the consumption of products sold by the Company.
- In 2021, there was a decrease in the "fuels" category mainly due to the use of natural gas for the operation of the La Sierra thermoelectric plant throughout the year.
- In the category "Displacement of employees", the contribution has always been less than 1% of total scope 3 emissions. For the 2021 calculation, the 2019 value is used due to difficulties in data capture; however, this value could show similar conditions to 2020 due to the pandemic (COVID-19).



NOTE: Scope 3 (other indirect emissions). Includes the rest of the indirect emissions as a consequence of the Company's activities that do not come from its own or controlled sources (production of purchased materials, work trips, transportation of raw materials, fuels and products, and emissions derived from the consumption of products or services offered by the Company).

SOx and NOx Emissions - Grupo EPM

Concept / Indicator (Tons/year)	2019 ⁽¹⁾		2020 ⁽²⁾		2021 ⁽³⁾	
	NOx	SOx	NOx	SOx	NOx	SOx
La Sierra Thermoelectric (isokinetic sampling).	21.74	0.11	0.00	194.87	0.00	116.28
Transportation of personnel, supplies and products in the Group's own vehicles.*	149.27	1.00	85.44	0.51	58.42	0.35
ADASA	28.32	1.50	4.11	0.22	16.60	0.88
Total	199.34	2.61	89.55	195.60	75.02	117.51

Source: EPM calculations (emission factors taken from EPA AP-42).



- ⁽¹⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, ENSA, ESSA.
- ⁽²⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, Emvarias, ENSA and ESSA.
- ⁽³⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, Emvarias, ESSA and TICSA.
- The main SOx variations were due to the generation of the La Sierra thermoelectric plant.
- SOx: sulfur oxides
- NOx: nitrogen oxides



- The calculations are based on the consumption of compounds and emission factors obtained from the U.S. Environmental Protection Agency (EPA). The different emissions considered are: VOC (g/km), CO(g/km), CO2 (g/km), NOx (g/km), SO2 (g/km), PM (g/km) and benzene (g/km). These are calculated according to the type of vehicle, equipment and fuel used in the Company.

SOx and NOx Emissions - EPM

Concept / Indicator (Ton/year)	2019 ⁽¹⁾		2020 ⁽²⁾		2021 ⁽³⁾	
	NOx	SOx	NOx	SOx	NOx	SOx
La Sierra Thermoelectric (isokinetic sampling).	21.74	0.11	0.00	194.87	0.00	116.28
Transportation of personnel, supplies and products in the Group's own vehicles.	14.70	0.17	0.41	0.01	5.75	0.05
Total	36.44	0.28	0.41	194.88	5.75	116.33

Source: EPM



- ⁽¹⁾ 266 cars and vans, 278 motorcycles, 76 trucks and buses.
- ⁽²⁾ 243 cars and vans, 280 motorcycles, 62 trucks and buses.
- ⁽³⁾ 254 automobiles and vans, 278 motorcycles, 87 trucks and buses.
- The main SOx variations are due to the generation of the La Sierra thermoelectric plant.



Other emissions - Grupo EPM

Concept / Indicator (Ton)	Benzene	Particulate matter	CO	VOC
2019 ⁽¹⁾	0.24	5.70	169.51	27.14
2020 ⁽²⁾	0.15	4.52	75.34	14.32
2021 ⁽³⁾	0.10	2.70	49.09	9.77

Source: EPM



- ⁽¹⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, Emvarias and ESSA.
(596 cars and vans, 302 motorcycles, * 378 trucks and buses).
- ⁽²⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, Emvarias and ESSA.
(541 cars and vans, 309 motorcycles, 365 trucks and buses).
- ⁽³⁾ Includes EPM, ADASA, Aguas de Malambo, Aguas del Oriente, Aguas Regionales, CENS, CHEC, DELSUR, Emvarias, ESSA and TICSA.
(552 cars and vans, 309 motorcycles, 472 trucks and buses)
- Although there was an increase in the number of the fleet by 2021, emissions show a reduction, mainly due to fewer trips.

Other emissions - EPM

Concept / Indicator (Ton)	Benzene	Particulate matter	CO	VOC
2019 ⁽¹⁾	0.06	0.56	32.76	4.17
2020 ⁽²⁾	0.00	0.04	1.87	0.42
2021 ⁽³⁾	0.01	0.31	7.60	1.57

Source: EPM



- ⁽¹⁾ 266 cars and vans, 278 motorcycles, 76 trucks and buses.
- ⁽²⁾ 243 cars and vans, 280 motorcycles, 62 trucks and buses.
- ⁽³⁾ 254 cars and vans, 278 motorcycles, 87 trucks and buses.
- The variations in emissions are explained by the increase in the company's own vehicle fleet in 2021.

GRI standards content and internal metrics

- 305 - 1** Direct GHG emissions (Scope 1).
- 305 - 2** Energy indirect (Scope 2) GHG emissions.
- 305 - 3** Other indirect GHG emissions (Scope 3).
- 305 - 4** Intensity of GHG emissions.
- 305 - 5** Reduction of GHG emissions.
- 305 - 6** Emissions of ozone-depleting substances (ODS).
- 305 - 7** Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 El Salvador
 Guatemala
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas



Adaptation to natural variability and climate change



Adaptation to natural variability and climate change

Set of strategies, measures and projects duly identified, evaluated and prioritized over time, according to the scale of risks associated with climate events, to strengthen the response capacity of businesses, services, environments and communities, and contribute to the permanence of the Company in the face of changing climate conditions.

Management in 2021



- CHEC, CENS, EPM Guatemala and the Gas Business Unit applied the climate risk analysis methodology in exercises applied to their companies and businesses.
- The companies of the Grupo EPM participated at the national, sectorial, trade union and territorial levels in matters of climate interest, adaptation measures, development of regulatory projects, and territorial and municipal development plans.
- Grupo EPM companies carried out community awareness and training activities related to climate change adaptation measures.

Knowledge and infrastructure

CHEC made internal and external publications with testimonial videos from different fronts that mobilize initiatives of its Plan, both mitigation and comprehensive management of climate risks. Developed environmental education programs with the community, and supported the development of practices that strengthen the adaptive capacity to climate change in the territory. Updated its Climate Strategy Management Manual, including the Group's Integrated Climate Risk Management Methodology.

Its participation in inter-institutional spaces stands out, such as: the Mission of Wise Men for Caldas (Water and Climate Change node), where it was recognized for its work; the Chinchiná and Campoalegre River Basin Councils, and the Regional Climate Change Node of the Coffee Axis. It is currently working on joint actions with the Caldas Hydrological Monitoring Committee and Early Warning Systems.

EPM Guatemala updated its climate risk matrix, obtained risk maps for EEGSA and TRELEC and established the highest priority scenarios for each (11 and 7 respectively). It also renewed the all-risk policy, which includes climate risk, for 86 substations.

DELSUR prepared the terms of reference for climate vulnerability studies in areas of interest to the Company.

CENS installed 6 weather stations to monitor climate variables in areas of interest and conducted climate risk analysis exercises for 20 prioritized processes in the Company. The risks associated with windstorms, forest fires, thunderstorms, landslides, floods and heat waves are the most significant.

Like other companies in the Group, it held training and knowledge transfer workshops for personnel in charge of the prioritized processes, and made progress in studies on early environmental alerts and restrictions.

ENSA implemented controls to the climate risks identified and included climate adaptation issues in the environmental education programs carried out with its communities.

In its organizational climate strategy, Emvarias has been incorporating labor welfare and human rights, as well as actions to strengthen the capacity to adapt to climate change in its projects, through the development of education and awareness workshops.

EPM performed the comprehensive risk analysis for the Niquia - Manantiales infrastructure, the climate control analysis for the electrical substations and the evaluations for the dam safety project.

The integrated risk and disaster management plans of the Energy Transmission and Distribution business continued, with progress in the climate risk analysis for substations, updating of 94 emergency plans and follow-up on erosion and soil degradation processes.

The climatic scenarios for the periods 2030 - 2060 were updated using the WRF (Weather Research Forecast), in areas of interest in the Department of Antioquia, especially for the Power Generation business.

In the Water business, progress was only made in some modeling, due to internal difficulties in the allocation of resources.

Communities and ecosystems

Actions for the conservation and protection of forests, plantations, protected areas and ecosystems continue. Alliances, agreements and participation in territorial and community programs continue.



For details of the most relevant milestones go to the [Water Conservation and Biodiversity chapter](#).

GRI standards content and internal metrics

201 - 2 Financial implications and other risks and opportunities arising from climate change.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
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 Guatemala
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas





Financial strength





Financial strength



Management of the financial health of the Grupo EPM, with a vision of competitiveness and permanence of the Organization in the long term, considering growth limits and corporate governance practices to generate economic value and contribute to sustainable human development and increase value for stakeholders.

Financial soundness is essential for the competitiveness and permanence of the Organization.

The definition of financial and growth goals must take into account organizational, natural and market conditions, since the achievement of results depends on them.

Proper management of financial resources requires a forward-looking vision for the corporate group, a focus on preventing risks associated with undue political interference and the application of controls that prevent the detour of resources to initiatives that are not aligned with its corporate purpose or the making of decisions that are contrary to long-term permanence.

Financial soundness is the basis for responding to the commitment to generate economic value, which has a direct impact on the contribution to sustainable human development and the increase in value for stakeholders, including the return on owners' investment.



The relationship with the Municipality of Medellín, in its capacity as owner, is regulated by Law, in the autonomy granted by the administrative decentralization and in the internal regulations; in addition, in 2007 the Framework Agreement of Relations between the Municipality of Medellín and EPM was subscribed, a document that establishes the owner-company relationship. Detailed information on the ownership structure of EPM, including the monitoring of the framework agreement and transfers, can be found in [the Corporate Governance Report](#).

Importance

It allows meeting working capital requirements, investment needs, obligations with the owner and the muscle to grow. It is fundamental to contribute to the sustainability of its environment by generating shared value and distributing the value generated, considering social, natural and market limits.



Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Liquidity strategies	Financial health	Save COP 300,000 million in effective costs and expenses, excluding commercial operations	Grupo EPM	Savings of COP 538 thousand million were achieved in the Grupo EPM.	Total
		Obtain sources of financing that allow maintaining adequate liquidity levels in the companies of the Grupo EPM.		<ul style="list-style-type: none"> The credit agreement was signed with JPMorgan and Bank of Tokyo -MUFG- for USD 250 million as part of the Debt Management Operation of the HSBC loan. Resources of COP 111 thousand million were disbursed through commercial banks and local development banks. Treasury contracts for USD 315 million were signed with Banco Santander and BNP. A resolution was received from the MHCP authorizing the initiation of procedures for up to USD 890 million. 	Total
		Manage disbursements for COP 441 thousand million and an additional USD 80 million for the insurance claim for the Hidroituango incident.		A settlement agreement was reached with Mapfre Insurance for USD 633.8 million, which added to the advances made for USD 350 million, corresponding to the total indemnification of the claim for damages to the project's works and equipment. Total: USD 983.8 million.	Total

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Financial results	Financial health	Obtain an EBITDA margin = 57%.	ADASA	EBITDA margin as of December 2021: 58%.	Total
		To obtain a net margin = 32%.		Net margin as of December 2021: 27%.	Not met
		Obtain an EBITDA margin = 2%.	Aguas de Malambo	EBITDA margin as of December = 16%.	Total
		To obtain a net margin = -7.7%.		Net margin as of December = -48%.	Total
		To obtain an EBITDA margin = 39%.	Aguas del Oriente	EBITDA margin as of December = 41%.	Total
		Obtain an EBITDA margin = 70%.	Aguas Nacionales	EBITDA margin as of December 2021 = 78%.	Total
		To obtain a net margin = 48%.		Net margin as of December 2021 = 43%.	Total
		Obtain an EBITDA margin = 33%.	Aguas Regionales	EBITDA margin as of December 2021 = 42%.	Total
		To obtain a net margin = 11%.		Net margin as of December 2021 = 19%.	Total
		Obtain an EBITDA margin = 24%.	TICSA	EBITDA margin as of December 2021 = 32%.	Total
Obtain a net margin = 6%.	Net margin as of December 2021 = 15%.	Total			

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Financial results	Financial health	To obtain an EBITDA margin = 63%.	HET	EBITDA margin as of December 2021 = 56%.	Total
		To obtain a net margin = 11%.		Net margin as of December 2021 = 36%.	Total
		To obtain a net margin = 3%.	Emvarias	Net margin as of December 2021 = 6%.	Total
		To obtain an EBITDA margin = 38%.	EPM	EBITDA margin as of December 2021 = 41%.	Total
		To obtain a net margin = 29%.		Net margin as of December 2021 = 30%.	Partial

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Company	Business	Geography
Liquidity strategies	Financial health	Obtain sources of financing that allow maintaining adequate liquidity levels in the companies of the Grupo EPM.	Grupo EPM	All businesses	All geographies
		Implementation of a program to optimize costs and expenses other than commercial operations.	EPM		



Commercial operation: resources necessary for the provision of residential public utilities.

Sustainable Development Goals



Associated stakeholders

Customers and users

Community

Owner

State

Investors

Suppliers and contractors

Partners

GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- EPM - 21** Resources generated by liquidity strategies.
- EPM - 22** EBITDA EPM.
- EPM - 23** EBITDA Grupo EPM.
- EPM - 24** EPM EBITDA margin.
- EPM- 25** EBITDA margin Grupo EPM.
- EPM - 26** EPM Net Margin.
- EPM - 27** Grupo EPM Net Margin.
- EPM - 32** Covenant Grupo EPM (Debt / EBITDA).

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

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Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

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Guatemala

México

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Business

Water

Sewerage

Electricity

Gas





Macroeconomic performance



Macroeconomic performance

During 2021, the Gross Domestic Product -GDP- of the economies where Grupo EPM is present continued to recover at rates higher than its potential growth. In Colombia, where the expansion was driven, as in the other countries, by a base effect, GDP grew 10.6% due to the improved performance of domestic demand, mainly in the household and government consumption component, thanks to the reduced restrictions due to COVID-19 and the progress in the vaccination scheme. In addition to the above, there were good dynamics in exports and remittances, as well as the gradual recovery of employment. In contrast, investment and the construction and mining sectors performed more weakly. The economies were also affected by global inflation and the shock to the industrial sector associated with disruptions in global supply chains.

With respect to inflation, an upward trend above central bank targets was observed in Colombia, Mexico, Chile and El Salvador, and to a lesser extent in Guatemala and Panama. Upward pressures on prices were caused by factors such as the imbalance between global supply and demand, higher food and energy prices, the persistence of shocks derived from the pandemic such as bottlenecks in production, implying higher transportation and distribution costs, and pressures from the pass-through of currency depreciation and large increases in the money supply in some countries.

In terms of exchange rates, Mexico, Colombia and Chile recorded depreciation of their currencies at the end of the year, with a much more pronounced depreciation in the latter two countries as a result of the domestic social and political situation; Guatemala, on the other hand, showed a moderate appreciation of the quetzal. During the year, the movements of all currencies were explained by less favorable external financial conditions, in a context of increased perception of country risk and the prospect of an early withdrawal of monetary stimulus in the United States in the face of greater inflationary pressures and the possibility of interest rates increase by the FED; also, due to the difficulties in the real estate sector in China, the increase in the flow of remittances, the increase in reference interest rates and the appearance of the Omicron variant of the Covid-19 virus.

Results in 2021



The economies where the Grupo EPM is present continued on a recovery path 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 on, the Gross Domestic Product (GDP) grew 10.6%, an expansion driven, as in the other countries, by a base effect and by the improved performance of domestic demand, mainly in the component of household and government consumption, as an effect of the reduced restrictions due to COVID-19 and the progress in the vaccination scheme.

Variable	Colombia	México	Panamá	Chile	El Salvador	Guatemala
GDP (Annual change)	10.60%	4.80%	15.30%	11.70%	N.D	N.D
CPI (Annual change)	5.62%	7.36%	2.62%	7.17%	6.11%	3.07%
IPP/IPM (Annual change)	18.71%	9.30%	N.A	31.53%	4.82%	N.A
Exchange Rate (year-end)	3,981.16	20.47	N.A	850.25	N.A	7.72
Devaluation / Revaluation (annual)	15.98%	2.81%	N.A	19.54%	N.A	-0.96%

Source: Corporate Finance Business Unit

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

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Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas



Liquidity Strategy



Liquidity Strategy

The liquidity strategy of EPM, and in general of the corporate group, is aimed at guaranteeing the sources of resources that allow covering the needs derived from the normal operation of the businesses and the execution of the infrastructure investment plan, in order to continue providing public services in conditions of coverage, reliability and quality.

The establishment of an optimal source structure is a principle that guarantees the necessary resources in the short and medium-term, and the financial stability of Grupo EPM companies in the long term.

Results in 2021



The liquidity strategy of the Grupo EPM focused on managing the claim of the Hidroituango project policy, the optimization of costs and expenses, the management to obtain financing resources that allow the Company to cover the needs derived from the normal operation of the businesses and guarantee the execution of the infrastructure investment plan.

Actions aimed at obtaining additional sources of liquidity for the Grupo EPM:

Financing:

Through a debt management operation executed with JPMorgan and Bank of Tokyo -MUFG, a credit agreement was signed for an amount of USD 250 million, as an operation with currency indexation to Colombian pesos, which allowed mitigating the foreign currency exposure of the debt incurred and, on the other hand, the Company obtained short-term

funds with Santander and BNP Paribas banks, in the amount of USD 315 million.

At the local level, resources for COP 111,000 million were disbursed from credit operations with BBVA, corresponding to Findeter rediscount rate lines of credit.

In connection with the credit agreement signed with IDB Invest on December 29, 2017, intended for the partial financing of Hidroituango, on December 1, 2021, EPM and this bank agreed on the voluntary and early prepayment of the total outstanding balance of this credit. Therefore, on December 22, 2021 EPM paid the principal balance of the loan for USD 450 million, in compliance with the agreement.

Policy claims:

As part of the Hidroituango contingency, an advance payment was received for the claims of affected third parties and repair of community infrastructure in the Extracontractual Civil Liability policy for COP 2 billion.

As for the All Risks Construction and Erection policy, a third advance payment of USD 100 million was made in August, which added to the payments made between 2019 and 2020, totaled USD 350 million.

Cost and expense optimization:

The Grupo EPM continued with the goal of saving costs and expenses, excluding the commercial operation component, thus guaranteeing the continuity in the provision of services in a timely manner and with the quality that characterizes EPM.

In 2021, the Grupo EPM obtained an Internal Cash Flow Generation (ICG) of COP 7.8 billion and EPM of COP 4.7 billion, resources coming from the dynamics of its operation and from other sources that have allowed financing the investment plan and other obligations.

GRI standards content and internal metrics

EPM - 21 Resources generated by liquidity strategies.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

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Centrales Eléctricas del Norte de Santander - CENS

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Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas



Financial results



Financial results

EPM, as a decentralized entity of the Municipality of Medellín, has the obligation to periodically disclose its financial results. In turn, as an international issuer of bonds, it has the commitment to keep its investors informed about the results of EPM, the Grupo EPM and about different situations that may impact them positively or negatively.

In order to guarantee the transparency of the financial information, it is reviewed by an external entity that validates its quality and veracity.

Results in 2021



In 2021, EPM and its companies faced great challenges ranging from being an active part of the economic reactivation processes in its areas of influence, to the need to guarantee the liquidity required to finance the different plans and programs, all in an environment of modernization and technological transformation that seeks to optimize financial processes, supply of goods and services and asset maintenance, as well as adopting the best practices in the industry and leveraging digital transformation and the development of new capabilities in the corporate group.

In this way, the Grupo EPM has assumed important challenges and has continued with its strategy aimed at guaranteeing financial soundness in the midst of an economic environment characterized by the uncertainty derived from the pandemic and by a devaluation that reached 15.98%.

Financial results

Indicator	2021		2020		Variations	
	Grupo EPM	EPM	Grupo EPM	EPM	Grupo EPM	EPM
Revenues	25,257	11,267	19,799	9,898	28%	14%
Total costs and expenses	19,545	7,705	15,669	7,044	25%	9%
EBITDA	7,417	4,566	5,761	3,607	29%	27%
Net income	3,282	3,365	3,741	2,540	-12%	32%

Source: Finance and Investments Business Unit



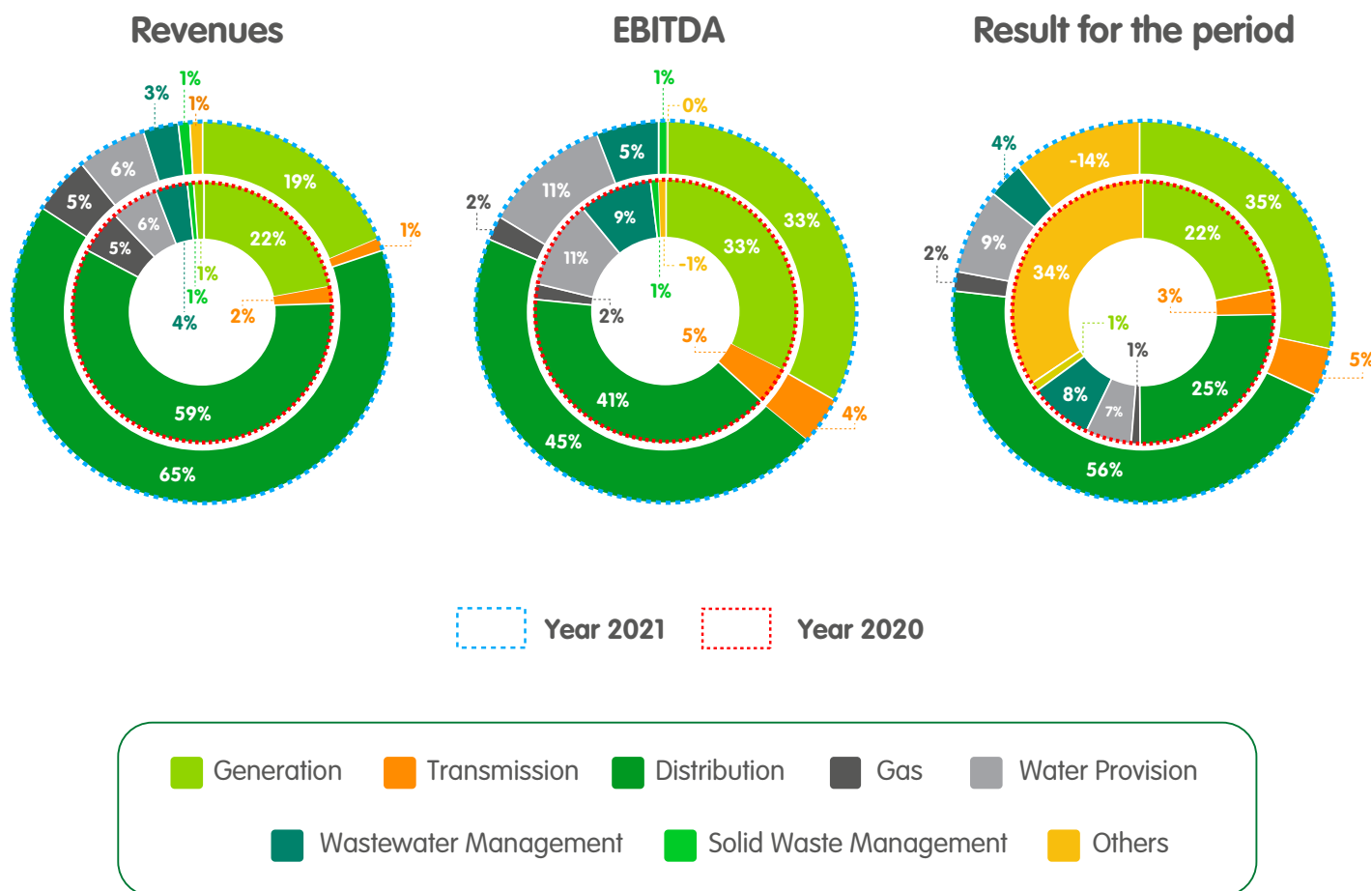
Figures in COP thousand million.

In the midst of a changing environment, the Grupo EPM reached consolidated assets for COP 67.8 billion, for a 6% growth explained by a combined effect between a 19% growth in current assets, mainly due to the causation of the account receivable resulting from the Hidroituango indemnification, and a 3% growth in 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, domestic subsidiaries COP 875,184 and international subsidiaries COP 606,671 million.

On the other hand, the liabilities of the Grupo EPM grew 6%, 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.

The EBITDA of the Grupo EPM presented a growth of 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 options, as well as by costs and expenses that grew in lower proportion to revenues; and in the Generation business, by the increase in energy sales in the stock exchange due to the high generation and lower units purchased due to the higher generation.

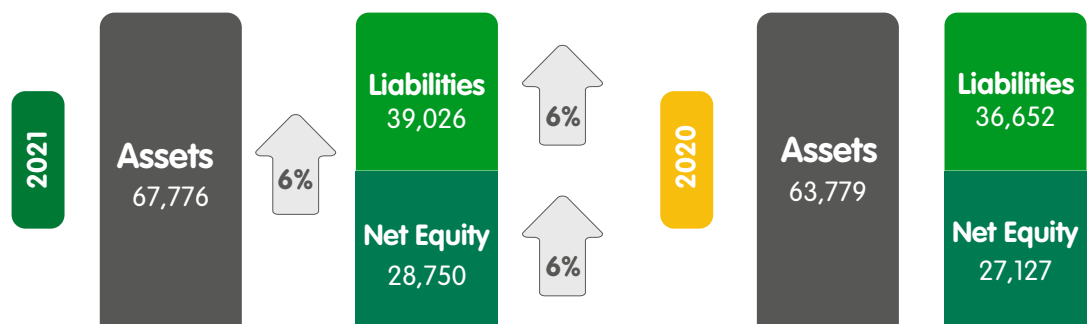
The net income of the Grupo EPM was COP 3.3 billion, with a decrease of 12%, mainly generated by the registration in 2020 of the Afinia operation, which generated recognition for the difference between the book value of the assets and the real potential of generating market value and its associated risk.



EBITDA margin and return on equity reached 30% and 12%, respectively.

The Long-Term Debt/EBITDA indicator of the Grupo EPM as of December 2021 amounted to 3.36, complying with contractual agreements by remaining below the established limit of 3.5; this indicator improved with respect to the value obtained in 2020 (4.37), mainly due to the 29% growth in EBITDA from COP 5.8 billion to COP 7.4 billion and the prepayment of the IDB Invest loans for USD 450 million and Bancolombia for COP 450,000 million.

Grupo EPM

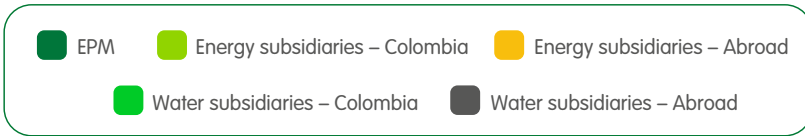


The subsidiaries contribute COP 3.1 billion to the EBITDA of the Grupo EPM, with a 47% participation of the international subsidiaries and 53% of the domestic subsidiaries. The structure by business shows a contribution of 84% from the energy companies and 16% from the water and solid waste companies.

In 2021 EPM received dividends for COP 767,974 million, of which 80% comes from subsidiaries and the rest from non-controlled companies.

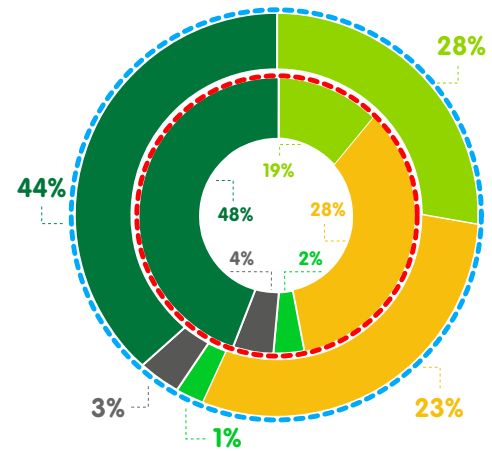


Year 2021 Year 2020

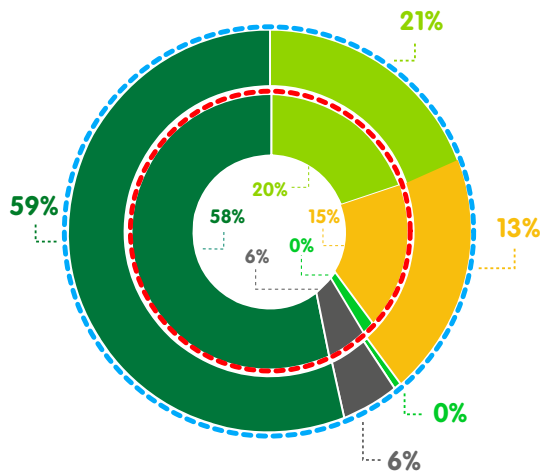


Source: Finance and Investments Business Unit

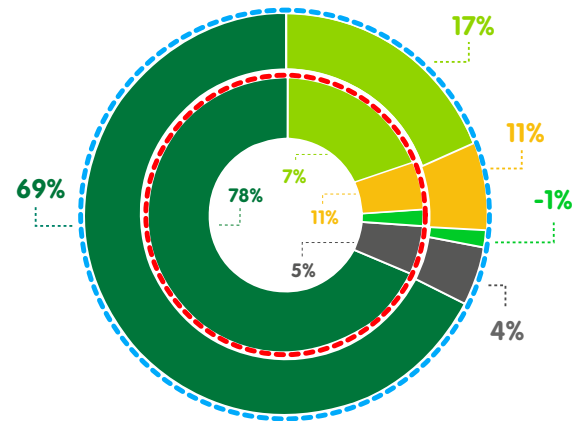
Revenues



EBITDA



Result for the period



In turn, at the end of 2021, EPM reached revenues of COP 11.3 billion, an EBITDA of COP 4.6 billion and a result for the year of COP 3.4 billion. Total assets amounted to COP 55.9 billion, equity to COP 28.1 billion and liabilities to COP 27.9 billion. These figures presented, compared to December of the previous year, growth of 5% for total assets, as well as for liabilities and equity. The EBITDA margin and return on equity reached results of 41% and 13%, respectively, compared to those obtained in the previous year, which were 37% and 10%.

Last year EPM delivered to the Municipality of Medellín transfers equivalent to COP 1.4 billion, COP 761,974 million as ordinary transfers corresponding to 30% of the 2020 profits, and COP 634,979 million as extraordinary transfers, corresponding to 25% of the profits.

GRI standards content and internal metrics

- EPM-22** EBITDA EPM.
- EPM-23** EBITDA Grupo EPM.
- EPM-24** EBITDA margin EPM.
- EPM-25** EBITDA margin Grupo EPM.
- EPM-26** EPM Net Margin.
- EPM-27** Grupo EPM Net Margin.
- EPM-32** Covenant Grupo EPM (Debt / EBITDA).

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Empresas Públicas de Rionegro - EP Rio

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

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Gas



Rates and prices





Rates and prices



Working with the Colombian National Government and regulatory entities for the application of tariff methodologies that are fair and efficient for customers, accompanied by education and communication activities for customers and users to facilitate the understanding of the utility bill and the factors that affect the tariff.

The rates for residential public utilities provided by Grupo EPM are regulated. For this reason, the Organization is permanently working with the Colombian Government and the regulatory entities so that the tariff methodologies defined are fair and efficient for the users of these services. The competitive tariff is a purpose of the Grupo EPM, and for this reason, additionally, it works in a scheme of business efficiency in its costs and processes.

In the case of large consumers of electricity and/or natural gas, Grupo EPM offers tariffs to be negotiated with its customers concerning the marketing and supply value components. In this case, the other components of the tariff formula are regulated (transportation, distribution, and others) and the regulated values approved by the Regulator are fully applied.

Importance

It enables the recovery of costs and expenses and the achievement of the Company's strategic objectives. Impacts stakeholder confidence in the Organization by influencing their perception of the fairness of tariffs, contrasting the Company's surpluses with people's income and the proportion in which both increase over time.

Main achievements 2021

Program, project, initiative, or action	Challenges	Company	Achievements in 2021	Progress to target
Water and sewage rates	Request before the CRA the tariff modification (components: POIR, demand, and/or losses) of the water and sewage services.	Grupo EPM	The subsidiaries Aguas Regionales and Aguas de Malambo of the Grupo EPM, which provide water and sewage services, initiated the tariff modification process before the Comisión de Regulación de Agua Potable y Saneamiento Básico - CRA (Drinking Water and Basic Cleaning Regulation Commission) in 2021.	Total
	Respond on time to requests made by the CRA regarding the process of issuing the next tariff framework for large water, sewage, and cleaning providers.	EPM	EPM participated in two working groups convened by the CRA and Andesco.	Total
	Implement the regional tariff for water and sewage services in the municipalities of the interconnected system, Caldas and Rionegro.	EPM	The regional tariff was approved by EPM's Board of Directors through Decree 557 of March 23, 2021. This tariff began to be applied in May.	Total
Cleaning fees	Request before the CRA the modification of the tariff modification of the cost of final disposal of the cleaning service.	Emvarias	In August 2021, a request was filed for a rate modification for the cost of the final disposal of the La Pradera landfill.	Total
Electricity rates	Implement and lead in EPM the technical, regulatory, financial, and administrative implementation of the rules issued by the CREG related to Resolution CREG 015 of 2018 and follow up and homologation of procedures in Colombian energy subsidiaries.	EPM	55 of the 58 deliverables were completed, with an advance of 98% concerning the planned goal of 99%. Asset management certification is pending and will be completed in the first half of 2022.	Partial
Gas rates	Manage the approval of natural gas distribution and retail marketing charges.	EPM	The technical and accounting information requirements for the approval of natural gas distribution charges through pipeline networks for the relevant distribution market served by EPM were answered to the CREG. It is expected to obtain the approval of charges in the first half of 2022. The proposed resolution to establish the remuneration methodology for the retail commercialization of natural gas was analyzed and comments were made. Said methodology and the respective commercialization charges are expected to be approved in 2022.	Partial
Business outreach events	Communicate the tariff increases for the year 2021, with a pedagogical approach that facilitates the understanding by the business community of the relevance of public utilities as a fundamental input in the production chain and the economic reactivation of the commercial and industrial sectors under the current scenario of the region.	EPM	The rate increase was communicated to large customers through Línea Directa, an electronic newsletter aimed at managed customers.	Total

Challenges 2022

Program, project, initiative, or action	Challenges	Scope and coverage		
		Company	Business	Geography
Water and sewage rates	Process before the CRA the modification of tariffs for water and sewage services.	Grupo EPM	Water and treatment	Colombia
	Respond in a timely manner to the requests made by the CRA regarding the process of issuing the next tariff framework for large water and sewerage service providers.	EPM	Water and treatment	Colombia
Cleaning fees	Respond in a timely manner to requests made by the CRA regarding the process of issuing the next tariff framework for large wastewater service providers.	Emvarias	Water and treatment	Colombia - Antioquia
Electricity rates	Implement and lead in EPM the technical, regulatory, financial and administrative implementation of the rules issued by the CREG related to the Resolution CREG 015 of 2018, and to follow up and homologate procedures in Colombian energy subsidiaries, specifically to achieve certification in electrical asset management.	EPM	Energy - T&D	Colombia - Antioquia
Education and communication to customers, users and community	Train 400 people, including leaders, members of JACs, citizen watchdogs and control members in ESSA's area of influence, on tariff issues (formula, composition, CREG's competence, application, subsidies, contributions, etc).	ESSA	Energy - T&D	Colombia - Santander

Sustainable Development Goals



Related stakeholders

Customers and users

Colleagues

Owner

State

Investors

Partners

Contents for GRI standards and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- EPM - 13** Rates by type of service.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Colombia - El Caribe

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sanitation

Electricity

Gas





Invoice



Invoice

The invoice is the Company's means to collect payment for the services it provides and to inform customers and users. With a personalized format, close and easy to interpret, it seeks to facilitate the understanding of the invoiced values and keep the community updated on different topics related to business management, the legal, safe, and efficient use of public services, and environmental care tips.

Management in 2021



In 2021, the proposal for the redesign of the invoice was advanced, for which activities were carried out, such as: a study with customers and a worldwide referencing of invoices in public utilities companies.

Elements were adjusted to facilitate the understanding of the summary of values to be paid, leaving in single line values that are common to the services with consumption reading.

Billing for new services such as EPM at your door began.

The elements, concepts, and messages to be included in the invoice are adjusted to guarantee the normative requirements of the emerging regulation.

The measures associated with the declaration of economic, social, and ecological emergency by COVID-19, which were in force and impacted the production and marketing of goods and services, were continued.

When interpreting the invoice, it is important to be clear about the concepts that influence the amounts to be paid by customers. The main elements that should be considered are

the consumption units and the rates for each of the services. In addition, concepts such as credits, days of consumption, and work performed, among others, must be taken into account.

The consumption of each of the services depends mainly on the usage habits of each one; in addition, variables such as the number of people occupying the property, the technical conditions of the installations and the characteristics of the consumption devices, and the equipment of the home or business also have an influence. The days of consumption that are taken into account for billing purposes also have an influence, since they may vary in some months of the year due to factors such as the number of days of the month and holidays, among others.

The tariffs for each of the services are defined by the respective regulatory commissions by means of tariff formulas which, depending on their application and the different variables defined for each of the services, may imply increases or decreases in the tariffs.

There are other items that should be taken into account when reviewing the invoice values: interest on arrears for outstanding accounts or accounts paid after the due date, financing of consumption, work performed, new services, or purchases made with Somos credit, charges for service suspensions or reconnections. Additionally, in some municipalities, EPM has agreements to invoice services rendered by other entities, such as: cleaning fees, public lighting, and other products such as vital insurance and home network.

To facilitate understanding of the invoice, education and communication activities were carried out:

Tailor-made reading: conversations were held with close to 188,000 people through home visits and virtual and face-to-face conversations.

We also held 48 “For you, we are there” events, awareness-raising activities with the Cuidamundos program for 16,000 people from 50 educational institutions, and with the Red de Líderes Amigos, activities for 936 community leaders.

Massive communication and educational campaigns were developed to promote the legal, safe and efficient use of public services during the pandemic.

In total, these activities benefited approximately 400,000 people.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Antioquia

Business

Water

Sanitation

Electricity

Gas



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Water and sewage rates

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
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- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Water and sewage rates

The domiciliary public utilities of water and sewage are regulated, reason for which the Grupo EPM makes permanent efforts before the National Government and the decentralized regulatory and control entities, to contribute to the welfare of the population, through market conditions that allow providing these services with quality, continuity, reliability and coverage at competitive rates, which also guarantee the financial sufficiency of the Organization.

Management in 2021



EPM formed a Regional Market for the provision of water and sewage services, in compliance with Resolution CRA 934 of 2020.

Additionally, in Colombia, the water subsidiaries of Grupo EPM participated in regulatory spaces established by the Drinking Water and Water Treatment Authority (Comisión de Regulación de Agua Potable y Saneamiento Básico—CRA), the Utilities Authority (Superintendencia de Servicios Públicos Domiciliarios—SSPD) and the Ministry of Housing, Cities and Territory (Ministerio de Vivienda, Ciudad y Territorio). Among the important issues developed are: modification of the Regulated Works and Investment Plan (POIR) due to causes attributable to the sanitary emergency caused by COVID-19 and the evaluation of the risk level in the provision of water and sewage services carried out by the SSPD.

The predominant theme this year was all the regulatory development within the framework of the Sanitary Emergency and the State of Economic, Social and Ecological Emergency. The national government, through the Ministry of Housing, City and Territory, and the Drinking Water and Basic Treatment Regulatory Commission, implemented a series of measures regarding the domiciliary public utilities of aqueduct and sewerage: immediate reinstatement and reconnection of the aqueduct service, temporary suspensions of tariff increases, deferred payment of domiciliary public utilities, direct transfer of resources from the general participation system (SGP), increase in the subsidy ceiling, among others. Additionally, important sectorial definitions were presented, such as the provision of resources for differences between planned and executed investments and the basis for the next tariff framework.

In October 2020, the CRA issued Resolution 934, which approved the request made by the Company for the declaration of the Regional Market for the provision of water and sewage services in the service provision areas (APS) of Medellín, Bello, Copacabana, Girardota, Envigado, Itagüí, La Estrella, Sabaneta, Caldas and Rionegro.

Consequently, in March 2021, through Board of Directors Decree No. 557, the maximum reference costs for the Regional Market and the tariff path for their application were approved. It is important to highlight that the Regional Market enables a territorial development approach and social, economic, and administrative interaction among the systems that comprise it, to make the provision of drinking water and basic treatment services viable through the integration of operating processes, the expansion of coverage under efficient conditions and the optimization of costs.

In accordance with Resolution CRA 939 of 2021, the modification of the POIR of EPM (both for the Regional Market and for the provision of services in the municipality of Barbosa), Aguas Regionales, and Aguas de Malambo was managed in order to adjust the investment projections due to the unforeseen events caused by the sanitary emergency caused by COVID-19.

Finally, the SSPD, in compliance with Resolution CRA 906 of 2020 and its amendments, issued the result of the calculation of the Single Sectoral Indicator (IUS) and the risk level for the water and/or sewerage service providers for the year 2020. EPM obtained a low-risk rating for all its APS, except for Envigado and Medellín, where the result was a medium-low risk. Aguas Regionales had a medium-low risk rating for its PHCs, except for Santa Fe de Antioquia, Olaya, and Turbo, where the result was a medium risk.

Aguas de Malambo obtained a medium risk result, and Aguas del Oriente was rated as medium-low risk. This means that all the water and treatment companies of the Grupo EPM in Colombia had a score above 60 points in the IUS and most of the PSAs exceeded the score by more than 80 points out of a possible 100.

EPM Aqueduct - Full Rate (Stratum 4)

Fixed charge (COP/User)	2019	2020	2021
Metropolitan	6,359	6,551	N.A.
Regional Market (Interconnected System, Caldas and Rionegro)	N.A.	N.A.	7,047
Barbosa	N.A.	N.A.	7,021
Variable charge (COP/m ³)	2019	2020	2021
Interconnected System	2,596	2,843	N.A.
Caldas	1,925	2,091	N.A.
Regional market (interconnected system, Caldas and Rionegro)	N.A.	N.A.	3,400
Barbosa	1,996	2,305	2,671

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality. Due to the conformation of the Regional Market, no values are presented for December 2021 for the Interconnected System, Caldas and the general APS called Metropolitan.

EPM Sewerage - Full rate (Stratum 4)

Fixed charge (COP/User)	2019	2020	2021
Metropolitan	3,760	3,760	N.A.
Regional Market (Interconnected System, Caldas and Rionegro)	N.A.	N.A.	4,053
Barbosa	N.A.	N.A.	4,026
Variable charge (COP/m ³)	2019	2020	2021
Interconnected	2,407	2,407	N.A.
Caldas	1,236	1,236	N.A.
Regional Market (Interconnected System, Caldas and Rionegro)	N.A.	N.A.	1,681
Barbosa	1,445	1,445	1,557

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality. Due to the conformation of the Regional Market, no values are presented for December 2021 for the Interconnected System, Caldas and the general APS called Metropolitan.

Aguas Regionales

Aguas Regionales Aqueduct - Full rate (Stratum 4)

Fixed charge (COP/User)	2019	2020	2021
West	8,407	8,661	6,397
Urabá	7,224	7,443	6,094
Variable charge (COP/m ³) - West	2019	2020	2021
Santa Fé de Antioquia	1,859	1,885	2,131
San Jerónimo	1,788	1,919	2,105
Sopetrán	1,487	1,717	2,455
Olaya	1,052	1,240	2,234
Variable charge (COP/m ³) - Urabá	2019	2020	2021
Apartadó	1,539	1,559	1,781
Carepa	1,004	1,197	1,776
Chigorodó	1,667	1,613	1,854
Mutatá	1,902	1,943	1,709
Turbo	2,024	2,087	2,289
Bajirá	1,902	1,943	1,709
El Reposo	1,539	1,559	1,781

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. The variations correspond mainly to the indexation of the value of the tariffs with respect to the CPI, thus allowing the recovery of costs and the provision of a quality service. These values correspond to the full tariff, that is, without the inclusion of subsidies or contributions determined by each municipality. Decreases in the fixed charge were presented by the application of efficient projected costs based on Resolution CRA 688 of 2014.

Aguas Regionales Sewerage - Full Rate (Stratum 4)

Fixed charge (COP/User)	2019	2020	2021
West	4,864	5,011	3,604
Urabá	4,172	4,298	3,463
Variable charge (COP/m ³) - West	2019	2020	2021
Santa Fé de Antioquia	1,353	1,402	1,650
San Jerónimo	2,412	2,805	3,757
Sopetrán	1,138	1,565	2,476
Olaya	600	775	2,079
Variable charge (COP/m ³) - Urabá	2019	2020	2021
Apartadó	2,074	2,224	2,367
Carepa	1,332	1,577	2,170
Chigorodó	1,831	1,963	2,136
Mutatá	1,243	1,516	2,257
Turbo	1,189	1,427	1,818

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. The variations correspond mainly to the indexation of the value of the tariffs with respect to the CPI, thus allowing the recovery of costs and the provision of quality service. These values correspond to the full tariff, that is, without the inclusion of subsidies or contributions determined by each municipality. Decreases in the fixed charge were presented by the application of efficient projected costs based on Resolution CRA 688 of 2014.



Aguas de Malambo

Aguas de Malambo Aqueduct - Full rate (Stratum 4)

Concept	2019	2020	2021
Fixed charge (COP/User)	7,118	7,118	6,404
Variable charge (COP/m ³)	1,696	1,618	1,725

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. The variations correspond to the indexation of the value of the tariffs with respect to the CPI, thus allowing the recovery of costs and the provision of high-quality service. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality. Decreases in the fixed charge were presented by the application of efficient projected costs based on Resolution CRA 688 of 2014.

Aguas de Malambo Sewerage - Full rate (Stratum 4)

Concept	2019	2020	2021
Fixed charge (COP/User)	3,636	3,636	3,456
Variable charge (COP/m ³)	852	850	886

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. The variations correspond to the indexation of the value of the tariffs with respect to the CPI, thus allowing the recovery of costs and the provision of a quality service. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality. Decreases in the fixed charge were presented by the application of efficient projected costs based on Resolution CRA 688 of 2014.

Aguas del Oriente

Aguas del Oriente - El Retiro - Aqueduct - Full Rate (Stratum 4)

Concept	2019	2020	2021
Fixed charge (COP/User)	8,468	8,468	8,998
Variable charge (COP/m ³)	2,779	2,779	2,953

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, where the evolution of the charges collected from users is shown. The significant tariff variation from 2018 to 2019 corresponds to the application of the tariff methodology CRA 844 of 2018. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality.

Aguas del Oriente - El Retiro - Sewage system - Full rate (Stratum 4)

Concept	2019	2020	2021
Fixed charge (COP/User)	4,811	4,811	5,112
Variable charge (COP/m ³)	1,182	1,182	1,261

Source: Water & Treatment Commercial Unit



Values as of December of each year in current prices, showing the evolution of the charges collected from users. The variations correspond to the indexation of the value of the tariffs with respect to the CPI, thus allowing the recovery of costs and the provision of a quality service. These values correspond to the full tariff, i.e., without the inclusion of subsidies or contributions determined by each municipality.

Contents for GRI standards and internal metrics

EPM - 13 Rates by type of service.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Aguas Regionales EPM
Aguas del Oriente
Aguas de Malambo

Geography

Colombia - Antioquia
Colombia - Malambo, Atlántico

Business

Water
Sanitation





Cleaning fees



Cleaning fees

The public cleaning service is regulated, which is why the Grupo EPM makes permanent efforts before the Colombian National Government and the decentralized regulatory and control entities, to contribute to the welfare of the population, through market conditions that allow providing the service with quality, continuity, and coverage at competitive rates, which also guarantee the financial sufficiency of the Organization.

Management in 2021



The Grupo EPM worked on the development of sector regulations with the Drinking Water and Basic Cleaning Regulatory Commission (CRA), the Superintendence of Household Public Utilities (SSPD) and the Ministry of Housing, City and Territory (MVCT). This process resulted in the issuance of the following CRA Resolutions: in April Resolution CRA 942 of 2021 was issued because it establishes the productivity factor for the cleaning service; In June Resolution CRA 947 of 2021 was issued, which included in the tariff calculation the tons of use of large generators; during the same month the methodology for differential schemes for the cleaning service in the urban area was established through Resolution CRA 949 of 2021; and in September Resolution CRA 955 of 2021 was issued, which established the lifting of the measures issued during COVID-19.

Regulatory management in 2021 consisted of accompanying the regulatory development of the sector to face the economic and social effects generated in 2020 by the pandemic. Thus, in April it was determined that the productivity factor with which the costs of service provision would be affected as of March would be 0%, because for the year 2020 the Total Factor Productivity (TFP), calculated by the National Administrative Department of Statistics (DANE), in the activities of "electricity, gas, and water" was -1.45%.

In June, the tariff calculation included the tons of waste from users known as large generators of non-usable waste, through the modification of Resolution CRA 720 of 2015. During the same month, Resolution CRA 949 of 2021 was issued, which established the tariff methodology for the implementation of differential schemes for the provision of the cleaning service in areas of difficult management, areas of provision with particular conditions and areas of difficult access. In September, the CRA determined the lifting of the measures issued during 2020 as part of the sanitary emergency caused by COVID-19; among others, for the cleaning service, the recovery of the costs incurred in the additional frequencies of washing and disinfection of public areas in a period of 6 to 18 months was defined.

Rates per user of the regular cleaning service in Medellín

Concept	2019	2020	2021
Stratum 1	8,064	8,315	9,095
Stratum 2	11,173	11,482	12,551
Stratum 3	16,170	16,587	18,125
Stratum 4	20,027	20,456	22,334
Stratum 5	41,134	41,678	45,430
Stratum 6	50,088	50,332	54,773
Small commercial generators	51,713	51,033	55,328
Variable charge m³ large generators	55,634	58,612	59,638

Source: Emvarias



The values in the table correspond to the rate settled in the month of December, which contains the consumption of the month of November of each year. Its variation is due to the service activities performed, the growth of users and the application of the tariff update factors, in accordance with the provisions of Resolution 720 of 2015, with indexes such as: the CPI, the SMMLV, the Fuel Oil and Diesel Oil ACPM (ICFO), and the Explanation Works Index (IOExp), thus allowing the recovery of costs and the provision of a quality service.

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Scope and coverage

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Geography

Colombia - Antioquia

Business

Solid waste



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Electricity rates

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Electricity rates

By their nature, residential public utilities are regulated in prices. This means that the rates that EPM charges to its users are not freely chosen, but are subject to the provisions determined by the Regulator and supported by the Law; in this case it is the Energy and Gas Regulatory Commission (CREG). This entity issues norms that establish the methodologies for the calculation of tariffs and these are based on efficiency criteria so that efficient costs are transferred to the consumer. In all the regions where it provides its services, Grupo EPM seeks to ensure that tariffs are competitive so that they allow cost recovery and sustainability of the companies.

In 2021, EPM continued its proactive management before the Regulator and the Government so that the rules issued for the next tariff period reflect fair and efficient tariffs; during the sanitary emergency it followed the guidelines of the national order in Colombia.

The costs covered by the tariff are the assets required to provide the service through the production chain (Generation, Transmission, Distribution, Commercialization), as well as the costs of managing, operating and maintaining them, in order to deliver electric energy from the energy sources to the end user's home; additionally, the tariff also covers the costs associated with the customer service support process.

Management in 2021



Following the guidelines of the Ministry of Energy and the CREG in the context of the national state of emergency, in Colombia, the Organization effectively followed the application of the tariff option, which is a deferral of service costs to users, as a result, a balance of COP 248 billion was accumulated as of December 2021; largely because the tariff components are impacted with the growth of macroeconomic factors such as the producer price index and the consumer price index (high growth in the year 2021 in Colombia).

In hedging with bilateral contracts, the Company continued with its policy of minimizing exposure to stock market prices with a hedge of 87% on average per month, thus ratifying that its tariff remains competitive in its commercialization market, where its unit cost ended among the 4 lowest in Colombia.

Evolution of energy tariffs - EPM (COP / kWh)

Companies	2019	2020	2021	
Residential	Stratum 1	223	228	246
	Stratum 2	278	285	308
	Stratum 3	441	485	524
	Stratum 4	519	570	617
	Stratum 5	623	684	740
	Stratum 6			
Commercial				
Industrial				

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.



Evolution of energy prices - EDEQ (COP / kWh)

Companies		2019	2020	2021
Residential	Stratum 1	234	240	253
	Stratum 2	296	300	316
	Stratum 3	453	501	538
	Stratum 4	533	589	633
	Stratum 5	640	707	759
	Stratum 6			
Commercial				
Industrial				

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.

Evolution of energy tariffs - ESSA (COP / kWh)

Companies		2019	2020	2021
Residential	Stratum 1	223	235	252
	Stratum 2	279	293	315
	Stratum 3	450	499	535
	Stratum 4	530	587	629
	Stratum 5	623	704	756
	Stratum 6			
Commercial				
Industrial				

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.

Evolution of energy tariffs - CENS (COP / kWh)

Companies		2019	2020	2021
Residential	Stratum 1	225	240	255
	Stratum 2	282	300	319
	Stratum 3	453	508	543
	Stratum 4	533	597	638
	Stratum 5	640	716	766
	Stratum 6			
Commercial				
Industrial				

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.

Evolution of energy tariffs - CHEC (COP / kWh)

Companies		2019	2020	2021
Residential	Stratum 1	243	245	260
	Stratum 2	296	303	325
	Stratum 3	472	515	553
	Stratum 4	556	606	650
	Stratum 5	667	727	780
	Stratum 6			
Commercial				
Industrial				

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.

Evolution of energy tariffs - AFINIA (COP / kWh)

Companies		2020	2021
Residential	Stratum 1	218	236
	Stratum 2	272	295
	Stratum 3	463	501
	Stratum 4	545	590
	Stratum 5	654	708
	Stratum 6		
Commercial			
Industrial			

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The amounts correspond to the tariff in December 2021.

Evolution of energy tariffs - ENSA (USD / kWh)

Concept	2019	2020	2021
Residential	0.2	0.17	0.15
Commercial	0.24	0.22	0.19
Industrial	0.21	0.19	0.16

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The values correspond to the tariff in December 2021.

Evolution of Energy tariffs - DELSUR (USD / kWh)

Concept	2019	2020	2021
Residential	0.228	0.19	0.204
Commercial	0.206	0.167	0.182
Industrial	0.169	0.134	0.147

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The amounts correspond to the tariff in December 2021.

Evolution of energy tariffs - EPM Guatemala (USD / kWh)

Concept	2019	2020	2021
Simple low voltage	0.17	0.19	0.20

Source: Transmission and Distribution Business Unit / Energy Commercialization Transactions Unit



The amounts correspond to the tariff in December 2021.



Contents for GRI standards and internal metrics

EPM - 13 Rates by type of service.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Elektra Noreste - ENSA

Geography

Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 El Salvador
 Guatemala
 Panamá

Business

Electricity



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
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- 10 REDUCED INEQUALITIES

Gas rates

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Gas rates

The domestic public utility of natural gas through pipeline networks is regulated in prices, by the Energy and Gas Regulatory Commission (Comisión de Regulación de energía y Gas, or CREG). Under the definition of specific remuneration methodologies for each activity in the natural gas value chain (production, transportation, distribution and commercialization), this regulator seeks to guarantee the transfer of efficient investment, administration, operation, and maintenance costs to users.

It is understood that all tariffs have an integral character in that they imply coverage and a level of quality of service. EPM seeks, in all the regions where it provides this service, that the tariffs are competitive and allow the recovery of costs and the sustainability of the Company.

The marketing cost, which is now charged through a fixed fee, remunerates the entire user support process.

Management in 2021

Evolution of gas tariffs - EPM Integrated (COP / m³)

Concept	2019	2020	2021	
Residential	Stratum 1	928	1,004	1,004
	Stratum 2	1,026	1,144	1,178
	Stratum 3	1,884	2,168	1,981
	Stratum 4	1,884	2,168	1,974
	Stratum 5	2,201	2,552	2,316
	Stratum 6	2,099	2,456	2,216
Non-residential sector (Commercial + Industrial)		1,491	1,780	1,858
Commercial		1,500	1,793	1,869
Industrial		1,482	1,767	1,847
Gas vehicles		1,024	1,025	1,114

Source: Gas Business Unit, Commercial Area



Average of the municipalities of Antioquia: Medellín, Barbosa, Girardota, Copacabana, Bello, Envigado, Itagüí, Sabaneta, La Estrella, Caldas, La Ceja, La Unión, El Retiro, Sonsón, Apartadó, Turbo, Chigorodó, Carepa, Necoclí, Arboletes, Frontino, Cañasgordas, Fredonia, Santa Bárbara, Jardín, Jericó, San Juan de Urabá, Abejorral, Angelópolis, Belmira, Betania, Betulia, Caramanta, Carolina del Príncipe, Cocorná, Concordia, Gómez Plata, Granada, Guadalupe, Hispania, Montebello, Mutatá, Pueblorico, Puerto Nare, Salgar, San Carlos, San Luis, San Pedro de Urabá, San Rafael, Támesis, Tarso, Titiribí, Urrao, Valparaíso, Venecia, Maceo, Amalfi, Santo Domingo, Caracolí, Yolombó, San Vicente, Ituango, Liborina, Olaya, Sabanalarga, San Andrés de Cuerquia, Valdivia, Concepción, Dabeiba, Remedios, San José de la Montaña, San Roque (urban), Toledo, Vegachí and Yalí.

Evolution of gas tariffs - EPM - Markets with investment resources (COP / m³)

Concept	2019	2020	2021	
Residential	Stratum 1	727	749	724
	Stratum 2	952	975	905
	Stratum 3	3,141	3,367	3,413
	Stratum 4	3,156	3,378	3,418
	Stratum 5	4,679	5,293	4,851
	Stratum 6	3,955	4,175	3,958
Commercial	3,318	3,591	3,665	
Industrial	3,032	3,355	3,458	

Source: Gas Business Unit, Commercial Area



Average for the municipalities: Guatapé, El Peñol, Yarumal, San Pedro de los Milagros, Santa Rosa de Osos, Entreríos, Don Matías, Santa Fe de Antioquia, San Jerónimo and Sopetrán, Amagá, Puerto Berrío, San José del Nus and Cisneros.

Evolution of gas tariffs - EPM Suroriente (COP / m³)

Concept		2019	2020	2021
Residential	Stratum 1	1,387	1,301	1,263
	Stratum 2	953	921	932
	Stratum 3	3,531	3,666	3,891
	Stratum 4			
	Stratum 5	4,238	4,399	4,669
	Stratum 6			
Commercial		4,129	3,992	4,237
Industrial				
Gas vehicles		1,195	1,196	1,362

Source: Gas Business Unit, Commercial Area



Applies to Guarne, Marinilla Rionegro and Santuario.

As of the March 2018 billing, the CREG approved new markets and transitory distribution charges for the municipalities served by EPM. It defined an integrated market and 8 submarkets that correspond to the municipalities that were approved investment resources from the Nation. Also began to apply the new regulatory framework defined in Resolution CREG 202/2013. For the municipalities in the southeast, the previous regulatory framework (CREG 011/2003) and its approved charges continued to be applied. As of May 2020 billing, tariff paths defined in CREG 048/2020 are applied. The variation of the tariff in stratum 1 and stratum 2 corresponds to the first 20 m³, the variation is not comparable, since the calculation depends on the behavior of the CPI and the maximum % of subsidies allowed. The average tariffs are obtained from the average consumption of each market. Changes in tariffs for the year 2021 are due to variations in the TRM -1.4%, an update of supply contracts at the beginning of the year, and the application of tariff option CREG Resolution 048 of 2020.

Subsidies and contributions - EPM Gas (COP millions)

Concept	2020	2021
Subsidy	77,924	87,015
Contribution	17,494	20,513
Deficit	60,430	66,502
Surplus		

Source: Gas Business Unit, Commercial Management



Since 2010, the result between subsidies and contributions has been a deficit. In 2021, the increase in the deficit is due to the application of the tariff paths of Resolution CREG 048/2020.

Contents for GRI standards and internal metrics

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Transparency

SUSTAINABLE DEVELOPMENT GOALS

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Transparency

The companies of the Grupo EPM develop communication, education and relationship strategies, supported by truthful, sufficient, pertinent, timely and clear information on business management, with the purpose of contributing to generate and maintain the trust of the stakeholders in the actions of the Organization.



Minimizes corruption, cost overruns and reputational risks.

It strengthens the confidence of stakeholders by giving them the possibility of exercising social control and making decisions for their social, environmental and economic benefit.

Achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Transparency practices	Opening of information	Ensure compliance with Law 1712 and Decree 103 of 2014, by publishing on the website the required information regarding transparency and access to public information.	EPM	The provisions of Decree 1519 of 2020 and Law 1712 were complied with. The information was published on EPM's website.	Total
		Implement the Declaration of Transparency and Declaration of Conflict of Interest.	ADASA	This challenge was rescheduled for implementation in 2022.	Not met
			Aguas de Malambo	Implemented	Total
			DELSUR	Induction talks were given to employees on the concepts and elements of the Declaration of Transparency and the Declaration of Conflict of Interest. It will be fully implemented in the first half of 2022.	Not met
			EPM Guatemala	Implemented	Total
		Activate the Network of Promoters of Ethical Practices.	EPM	The action focused on the promoters of ethical practices (managers of the organization) was 100% completed to use the "Ethical Capsules" to promote conversations in their primary groups on this topic.	Total
		Measure the ethical perception of EPM in at least two stakeholders other than Gente EPM.	EPM	The measurement was carried out with three interest groups: Suppliers and Contractors, Community and the special group of Journalists and Opinion Leaders.	Total
		Make available to the international operating subsidiaries the mechanisms that EPM parent company has so that they can carry out their Ethical Climate measurement.	Grupo EPM	This measurement was carried out in all international operating subsidiaries of the EPM Group, except for ENSA, which will carry it out in 2022.	Total

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Year of fulfillment	Company
Transparency practices	Opening of information	Implement the Climate Measurement Ethics in EPM and the Group companies EPM in Colombia.	2022	Grupo EPM
		Fill out the Conflict of Interest Statement in all companies Group's operational EPM in Colombia		Grupo EPM
		Implement the Statement of Transparency and the Declaration of Conflict of Interest.		ADASA DELSUR

Associated stakeholders

Customers and users | Community | Design | State | Colleagues
 Grupo EPM People | Investors | Suppliers and contractors | Partners

Sustainable Development Goals



GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 205 - 2** Communication and training on anti-corruption policies and procedures.

Scope and coverage

Companies

Aguas Regionales EPM

Aguas Nacionales EPM

Empresa de Aguas del Oriente Antioqueño

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Afinia

Electrificadora de Santander - ESSA

Central Hidroeléctrica de Caldas - CHEC

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Hidroecológica del Teribe - HET

Tecnología Intercontinental -TICSA

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - El Caribe

Chile

El Salvador

Guatemala

Panamá

Business

Water

Sanitation

Electricity

Gas



Stakeholder Information



Stakeholder Information

The Grupo EPM shares its business management, directly and through the media, with its stakeholders, as one of the mechanisms to strengthen and transcend the informative function and strengthen relations with them.

The main mechanisms to achieve this are:

- **Press management:** informative work and relations with mass, alternative and independent social communication media, based on respect, equity, transparency, opportunity, truthfulness, openness and service vocation, in accordance with EPM's Communication Policy and EPM's Relationship Manual with opinion leaders.
- **External media:** management of own communication media aimed at external audiences and stakeholders in the areas of influence of each of the companies of the Grupo EPM, with relevant information on the interaction with the territory, issues related to public services and as a participation mechanism for communities, customers and users.
- **Social networks:** permanent attention to virtual communities and enabling conversations with stakeholders, aimed at strengthening relationships and transparency, as well as citizen participation, building sustainability and protecting reputation.
- **Sustainability Report:** balanced report on the economic, social and environmental management of the last year, and its positive or negative impact on society. It becomes a management tool for corporate sustainability, which allows identifying gaps, risks and opportunities, as well as prioritizing actions and having the traceability of the initiatives reported.



- **Public accountability:** is a mechanism to strengthen the role of citizens in the evolution of the State and transparency in the management of public resources. It is carried out annually to disclose the main achievements and challenges of corporate management and its articulation with stakeholders.

Management in 2021

Socialization of EPM's initiatives, projects, programs and current issues before different audiences.



EPM, as a relevant actor in the development of the territories where it is present, maintains continuous communication on its management with government entities at local, regional, national and international levels, as well as with unions and business leaders, territorial entities, among others, in order to generate trust and greater rapprochement.

During 2021, meetings and activities were held with representatives of different stakeholders to address issues associated with the provision of public services and to leverage the development of Grupo EPM projects.

In this regard, events such as the visits of the President of the Republic and the Swedish ambassador to Hidroituango; a tour of the Esfuerzos de Paz 1 neighborhood with the Minister of Housing, to show the progress of the Conexiones por la vida program and its benefits for this community; and meetings with the ambassadors of Israel, Australia, Japan, the United Kingdom and El Salvador.

EPM supported the meeting of Asocapitales, held in Medellín at the end of May, which was attended by mayors of the capital cities of Colombia and the President of the Republic. Working meetings were also held with congressmen from Antioquia, Medellín councilmen, and deputies from Antioquia.

The general manager, Jorge Andrés Carrillo Cardoso, was a speaker at the Andesco congress with the theme “Hidroituango will be the energy that moves Colombia”; and at the Naturgas congress he presented the advances in the supply strategies with different fuel sources.

Regarding the relationship with territorial entities, inter-institutional cooperation agreements were signed with 9 of the 10 municipalities of the Aburrá Valley, to achieve an “Articulated management and inter-institutional cooperation to minimize the impacts on public space caused by interventions in the infrastructure of public services of EPM”. These agreements are based on seven lines of action focused on the management of aspects related to public services. In addition, two meetings were held as part of the strategy Alliances for Development with the mayors of the areas of influence of the power generation plants in the eastern, northern and northeastern sub-regions of Antioquia.

As for entities interested in learning about EPM’s business management and some topics associated with its lines of business, delegations were received from mayors from Peru and Ecatepec (Mexico), delegates from Empresas Públicas de Rivera - Huila, youth councilors from the district of Turbo, and from the municipality of Duitama, among others.

Due to the importance for EPM of its relationship with the Council of Medellín, the interest has been to maintain a close relationship with the councilmen of Medellín, which allows them to have access to public information on corporate management. The requirements, summons to political control debates, and invitations to present relevant issues of the Company.

In this regard, during the year 2021, representatives of the Company participated in one invitation to a plenary session to report on business management in the year 2020, and in seven sessions of political control debate; likewise, there was participation in 37 accidental commissions and a response was given to 133 rights-of-petition.



Meetings were held with councilors to discuss topics of interest and representatives of the Council were invited to learn about the management of the TICSA subsidiaries in the United States of Mexico and Afinia, on the Colombian Caribbean Coast, in September and October.

Another important topic on the relationship agenda was draft agreement 65 of 2021, which seeks to authorize the sale of the shareholding in UNE EPM Telecomunicaciones. In this regard, we accompanied the socialization process, which included: 13 meetings with councilmen and their work teams, participation in 7 plenary sessions of the Council, and forums with experts who illustrated the telecommunications sector. This draft agreement is still in the process of approval by the Council of Medellín.

Relationship actions of the Group's companies with the State and other stakeholders:

Afinia

In 2021, more than 200 spaces for stakeholder engagement were led by the general manager, the management team and the regional managers.

Emvarias

Participation in public debates held by the Municipal Council, which focused on solid waste management in Medellín and Emvarias' services. Emvarias was articulated in working groups with the Environment and Infrastructure Secretaries of the Medellín City Hall, as well as with the Metropolitan Area, among others. Working groups were created to manage and discuss problems associated with the management of the solid waste management, recycling and sustainability, environmental education, among others.

Emvarias continued to participate in Medellín's Integrated Solid Waste Management Plan (Plan de Gestión Integral de Residuos Sólidos de Medellín -PGRIS-), which favors decision-making, project definition and the establishment of goals for solid waste management in Medellín.

The Company also made relationship management with the municipalities of Donmatías, Barbosa and Santo Domingo, municipalities in the area of influence of La Pradera sanitary landfill, which were also included in the work plans, events, fairs and other activities. The Company annually transfers economic resources to these municipalities, as a result of the environmental compensation for housing the landfill. In 2021 it transferred more than COP 7,000 million.

EDEQ

During 2021, meetings were held with authorities of the department of Quindío, including congressmen, the governor and mayors, municipal finance secretaries, as well as interested publics, such as ombudsmen and the media. In this way, proximity was promoted, information was provided and concerns were addressed.

DELSUR

In June 2021, DELSUR held three meetings with the mayors of the 79 municipalities of intervention of the Company that were elected for the period 2021-2024. In this space, information was also shared about the Company's services, investment plans, customer service mechanisms and rural electrification projects. The mayors' concerns and suggestions were taken into account for the work plans with each municipality.

Aguas de Antofagasta

In partnership with the Seremi Agricultura and the Fundación de Innovación Agraria, a discussion was held on the contributions of the seawater desalination process to agricultural activity in Antofagasta, which facilitated the development and scaling up of hydroponics and its supply at the local level.

Considering that in 2021 there were elections for the new regional governor and mayoral elections, meetings were held with both authorities to present the Company and its projects. In addition, periodic meetings were established to inform and follow up on local and regional development projects, such as access to water, camps, service improvements, expansions of operational territory, among others. 57 people participated in these activities.

CENS

The fourth Sustainability Meeting was held with the objective of mobilizing the business sector, unions, the state, universities and the community to participate in reflections on environmental, social and economic issues of great relevance for Norte de Santander and the business dynamics.

The event included the participation of nationally recognized speakers such as Brigitte Baptiste -Director of Universidad EAN-, María Fernanda Suárez -Ex-Minister of Mines and Energy-, Juliana Meneses -Sustainability Leader of Grupo Nutresa-, among others.

TICSA

As part of its outreach and growth activities, TICSA received visits from representatives of its stakeholders: personnel from Aguakán, concessionaire of drinking water, sewage and sanitation services in Benito Juárez, Isla Mujeres, Puerto Morelos and Solidaridad; personnel from the operating agency (OOAPAS) and JUANMPA, operator of the wastewater treatment plant in Celaya; the companies DEACERO and PEMEX to learn about the operation; and students from the University of Colima to learn about the wastewater treatment process.

Aguas Nacionales

In 2021, the open-door communication strategy continued, which aims to disseminate the Aburrá - Medellín river sanitation plan and the social and environmental benefits of the Aguas Claras wastewater treatment plant.

200 activities were carried out, including meetings with community leaders, one-on-one meetings, experiential visits, tours, festivals, healthy afternoons and environmental days, with the participation of 4,429 people in the direct area of influence of the Aguas Claras plant. At the Aguas Claras UVA, 1,505 educational processes were developed, benefiting 45,531 people.



Aguas Regionales

Water Fair: between September 6 and October 28, 2021, the second Water Fair was held in the municipalities of Carepa and Santa Fe de Antioquia: "I Take Care of the Water and You?", whose purpose was to promote citizen awareness and appropriate social practices for the use of water services.

Family Challenges: participating families recorded a video in which they promoted the care of sewage systems. This was published on the Facebook page of Aguas Regionales EPM, and the three families that obtained the highest number of positive reactions were awarded prizes. Seven families participated, and the videos reached more than 5,000 reproductions and 2,000 interactions.



Press management



Press management channels EPM's official voice to its stakeholders.

The relationship with Clients and the Community is more fluid, thanks to the timely flow of information. A very important part of reputation management in times of crisis falls on its shoulders.

It is also responsible for helping to build public opinion by providing visions, arguments and points of view that serve as input for the media and citizens to value the Company, the public sector, and promote debate and social dialogue, the soul of the construction of citizenship. 2021 was another demanding year for press management. Topics such as the evolution of Hidroituango and the progress of its works, the visits of various stakeholders to this mega-project, information to the community on details of the provision of public services, the development of infrastructure projects, the future of the Company, as well as its social, environmental and commercial processes, were brought together thanks to the work done.

In 2021 EPM developed an intense informative agenda, with the generation of daily multimedia content aimed at the media and opinion leaders, in order to keep their opinion informed and through them reach the different audiences of the Company.

EPM has a constant dynamic of multimedia content generation and media attention, in two ways, in real-time, in which interaction and service vocation prevail with criteria of timeliness, timeliness, truthfulness and fairness.

From the transactional side, this relationship includes:

- On-demand attention to media requests for information.
- Liaison with spokespersons on specialized topics.

- Distribution of informative content (press releases).
- Corporate positions (press releases).
- Comprehensive documents on specialized topics (documentation).
- Multimedia content for journalistic reports (audios with statements from executives, photographs, videos and unedited audiovisual material).

In this informative agenda, the results were:

- **Newsletters published:** 231.
- **Utility outage information bulletins:** 288.
- **Communications issued to the public:** 34.
- **Press conferences:** 24.
- **Attention to the media and solution to journalistic requirements:** 784.
- **Discussions with the media:** 6.
- **Media visits to Hidroituango:** 3.



During 2021, EPM complied with a special relationship plan with opinion leaders, columnists and journalists, which is based on four pillars:

- **Experiential:** immersion in EPM infrastructure projects.
- **Training:** training in energy-related topics (generation, transmission and distribution); drinking water supply and wastewater management; gas and household utilities.
- **Social:** presence and recognition on dates that are representative for the media and journalists.
- **Transactional:** generation of multimedia content.

EPM's press management and relations with opinion leaders were also led from Bogota. It included meetings with directors of the main media, generic and specialized, of the national order and of the regions where EPM operates; with journalistic associations, visits and media rounds, attention and relations with international media and the provision of permanent information about the Company, its results and projects to more than a thousand contacts with an influential profile in decision-making and in the construction of public opinion.



Press actions carried out by the
Group's companies

Company	Action	Description
Aguas de Antofagasta	General manager's media round and press management.	Three rounds or visits were made to the main regional print media, the Antofagasta television channel and local radio stations. Periodically, key information on the Company's business plan and projects was sent to the media.
Emvarias	Press management.	In 2021, 21 press releases were published on the Entity's main achievements. Represented a free press of more than COP 4,537,000 million, with presence in print, television, radio and digital media. A strategy was established for relations with the media and journalists through press conferences, campaigns, media rounds, telephone and WhatsApp relations, among others. And strategic campaigns were carried out with significant amplification in the media.
Afinia	Press management. Space for networking "Charlas con energía" (Talks with energy).	Thanks to the information and media relations work, more than 850 contents were disseminated to position the Company as a company that invests in the Caribbean region and seeks to optimize service with the highest quality standards. These contents were replicated 2,831 times in traditional media, with the following qualitative evaluation: 31% positive, 59% neutral and 10% negative. We also disseminated 374 weekly news summaries, one per department, consolidating the technical, commercial, social and environmental actions carried out in each territory where we are present. This information was delivered to authorities, unions, the media and other stakeholders to make Afinia's management and the progress of its investment plan visible. The permanent monitoring of information related to Afinia and the electric power sector made it possible to proactively manage environmental signals and information gaps expressed by some stakeholders. In November 2021, the "Energy Talks" began, a space for interaction where the general manager meets with journalists to discuss issues of interest to the community, users and other stakeholders.

Press actions carried out by the
Group's companies

Company	Action	Description
Aguas Nacionales	Media relations.	<p>Relations with the alternative media in the municipality of Bello, Antioquia, were strengthened.</p> <p>Local and regional media journalists were contacted and interviews and specialized programs on the treatment plant were arranged; these activities were attended by expert spokespersons and leaders of the areas of Aguas Nacionales.</p>
EDEQ	Information management.	<p>During 2021, 164 news items were recorded in media portals, with special emphasis on the coverage project that the Company is executing with the Quindío Governor's Office and the Ministry of Mines and Energy.</p> <p>Other events with good media coverage were:</p> <ul style="list-style-type: none"> • The events associated with power service disruptions as a result of windstorms. • Those associated with electric mobility, thanks to the start-up of the first electric vehicle fast-charging station in Quindío. • EDEQ's Christmas strategy and the presentation of the solar offer. <p>17 press releases were published. We responded to 60 requests from the media regarding 2021 management, requests for interviews on issues related to service provision, Christmas and windstorm damage.</p>

External Media

EPM Radio is an institutional radio experience that educates, guides and informs customers and the community, mainly about the provision of public services, business development and infrastructure projects developed by EPM, social and environmental management, as well as community initiatives related to these issues, their leadership, artistic and cultural manifestations, etc.

EPM Radio promotes interaction and conversation with its listeners through various strategies, one of which is to turn neighborhoods, sidewalks or community centers into broadcast booths. Also, to facilitate this permanent dialogue and links with listeners, it has WhatsApp groups through which it exchanges ideas on the topic of the day.

In 2021, the production and broadcasting of content with a territorial focus was consolidated through the daily radio program, with coverage in other sub-regions of Antioquia, and weekly productions and broadcasts for the sub-regions of Bajo Cauca, Urabá and municipalities in the area of influence of Hidroituango.

A total of 214 Aló EPM programs were produced and broadcast daily, 44 Aló EPM Urabá programs and 44 Aló EPM Bajo Cauca programs. For the municipalities in the area of influence of Hidroituango, 49 "Sobre La Mesa" programs were produced and broadcast, 49 "Con Vos" programs and 75 "De Camino en Camino" chronicles.

As a complement to the segmented radio production, podcasts and radio spots related to the efficient, legal and safe use of public utilities, public lighting, energy sector transfers, EPM digital channels for customer and user service, utility bills and meter reading were produced and distributed through WhatsApp groups.



These are some of the actions of the Group's companies in radio format :

Aguas Regionales

Video Clips "En el Corazón de Tu Hogar" and podcast "Súmate al Parche".

Six video clips were made and published on the official Facebook page of Aguas Regionales, with topics such as care of sewage systems, knowledge of the bill, culture of public services, care of the meter, among others.

The purpose of the podcast "Súmate al Parche" is to transmit to the community informative and educational topics related to the provision of public water and sewage services.

In 2021, 20 podcasts were broadcast, reaching more than ten thousand people. These podcasts were broadcast on the following radio stations: Apartadó Estéreo (Apartadó), Litoral Estéreo (Turbo), Urabá Estéreo (Carepa), Banana Estéreo (Chigorodó), Hondas del Tonusco (Santa Fe de Antioquia), Ecofans (San Jerónimo), Sopetrán Estéreo (Sopetrán). It was also published live on the Company's Facebook page.

CENS

One of the most important communication channels was the institutional radio program Aló CENS, which broadcast educational messages related to the provision of energy services. This program has a universe of 100,000 listeners in 35 municipalities in the area of influence of CENS.

In 2021, 93 live programs were broadcast.

Buenas Energías Digital, the institutional space of CENS on digital platforms, was consolidated in 2021. It presented through the social network Facebook all the Company's progress, plans and projects that benefit users. The program also highlighted the tourist, natural and gastronomic qualities of the towns in the Company's area of influence. A total of 46 programs were broadcast during the year.

EPM Magazine

It is a space where the knowledge generated in EPM in terms of its economic, technical, social and environmental activities converges. The provision of public services requires the permanent study of the different subjects that compose it, a dynamic of research and deepening to improve the service to the community and offer solutions in favor of sustainability. It is an effort of EPM University to document and transfer knowledge to the different stakeholders, especially the academia and the community.

The EPM Magazine is published every six months. In the year 2021 editions number 17 and 18 were published, the latter issue had a special emphasis on Human Talent in EPM. They were distributed to more than 100 institutions in the country. The magazine is published on EPM's website.



You can view it [here](#).

Content management in alternative, independent, community and citizen media.

The purpose of this strategy is to plan, produce and publish, in alternative, independent, community and citizen media, useful information for the communities, related to EPM's activities in territories where the Company has a presence.

Between May and December 2021, 12 contents were developed related to the efficient, legal, and safe use of public utilities; 9 on EPM's alliances with other entities; 8 on basic sanitation; 6 on environment and conservation; 5 on science, technology and innovation, as well as general institutional topics and 4 on infrastructure and engineering works. These contents were published in 37 print, 38 digital and 19 radio media in 6 sub-regions of Antioquia and also in La Guajira. The investment was COP 744 million.

Occasional advertising was ordered in independent media, in accordance with EPM's advertising strategies, in 2 print media, 13 digital media, 66 radio programs and 3 television programs.

Social Networking



EPM maintained in 2021 a dynamic and constant agenda in the different digital platforms. The topics developed in multimedia, interactive and conversational formats were focused on the progress of the works of the future Ituango hydroelectric power plant; the development of the campaign EPM at your service, which sought to give the public a better understanding of how public services are provided and the digital transactions that the Company has made available to customers; In addition, visibility was given to infrastructure projects with a territorial approach, programs and initiatives in favor of environmental care, as well as those associated with the Innóvate program and the Company's management focuses. We also worked on a digital proposal so that people could enjoy the Christmas lights from their homes and experience the magic of Christmas as a family, without having to leave home.

The Company constantly monitored social networks and mentions related to EPM's management; this monitoring is input for the definition of the thematic agenda that materializes in news, stories and content for the different digital media that the Organization has.



Citizen participation strategy

EPM has been developing its citizen participation strategy for several years. It makes available to its stakeholders, a space on the website www.epm.com.co where they can provide feedback to the Company on different topics.

In 2021, citizens were consulted about the Medellín Christmas Lights, the EMA virtual advisor, the Innóvate EPM program, the use of transactions through digital channels, the content that the Company offers on its website on the topics of transparency and openness of information, the new commercial offer “EPM at your door” with which customers can perform maintenance and repair of their household appliances and gas appliances, and the public accountability event. During 2021, eight citizen participation consultations were held in which 812 people interacted and 114 comments were made. The responses provided by the stakeholders were received in order to incorporate them in the improvement of corporate processes. The results and analysis of these consultations are public.



They can be viewed [here](#).

This was the focus of the digital strategy in some of the Group’s subsidiaries:

CENS

CENS’ social networks were among the most active and used communication channels by Internet users. In 2021, the Company had a high impact in daily posts on Facebook, Twitter, Instagram, LinkedIn and YouTube.

More than 83,000 followers interact with and follow the Company’s official accounts.

A section was created on the CENS website called “Transparency and access to public information 2021”, the content structure of which is in accordance with Resolution 1712 of 2014 or Law on Transparency and the Right of Access to National Public Information. This

tool allows access to the sections of transparency and access to information, attention and services to citizens and citizen participation DELSUR.

DELSUR

During 2021, DELSUR used different channels to communicate business management to its various stakeholders. Content was published on the institutional social networks Facebook and Twitter; Publicity (information generated by the Company and disseminated by a media outlet, freely and free of charge), in print and digital media, with emphasis on issues such as gender equity, sustainability strategy and energy efficiency; and participated in webinars organized by unions and civil society organizations to publicize the Company's management in terms of sustainability.

Emvarias

Emvarias' social networks have established themselves as a means of quickly responding to citizens' concerns, complaints and requests.

From 28 thousand followers in January 2020, the number of followers rose to more than 38 thousand in 2021 in its different social media channels (Facebook, Twitter, Instagram, YouTube and TikTok). In 2021, a new social network, TikTok, was launched for brand activation and educational content management. 127 followers follow the publications on this social network.

The implementation of social networking strategies is highlighted, such as: citizen participation exercises in live transmissions in which citizens talked and asked questions to officials, guests and experts. In these spaces we interacted with allies, public and private entities, as well as with the Company's operational teams.

Aguas de Antofagasta

Creation of the LinkedIn ADASA social network, in 2021 this network was integrated into the digital ecosystem in order to reach segmented audiences with corporate content.

EDEQ

EDEQ made progress in implementing the resolution by complying with accessibility standards, technical conditions, open data and the participates menu. During 2021, this menu was implemented on the website, the structure of the site was developed and the initial contents were published.



To learn more about EDEQ, see [here](#).

Sustainability Report



Most of the Grupo EPM companies prepare their sustainability reports using the GRI methodology, which facilitates the preparation of sustainability reports by organizations, regardless of their size, sector or location. In the case of EPM, the GRI Standards are used for the preparation of the report, which is also aligned with the Framework of the International Integrated Reporting Council, IIRC.

The preparation of the Grupo EPM Report is a continuous organizational learning process, which evolves permanently. Grupo EPM's reports are presented at shareholders' meetings, workers and the community through different spaces for dialogue, such as meetings with community action boards and municipal councils, among others.

Global Reporting Initiative (GRI) is an organization that promotes the use of sustainability reporting to make organizations more sustainable and contribute to sustainable development.



To learn more about the Sustainability Report, see [Report Profile](#).



[See Global Reporting Initiative \(GRI\).](#)

The management and sustainability reports of the Grupo EPM's subsidiaries can be consulted on each company's website.

Public accountability



In order to contribute to transparency and openness of information, **EPM developed a public accountability strategy** focused on the continuous delivery of information on business management to the different stakeholders during the different months of the year. A relevant milestone of this proposal materialized in the central event of public accountability 2021, in which, through the transmission by Telemedellín and Canal Institucional channels, the general manager, Jorge Andrés Carrillo Cardoso, together with his management team, told the community in general about the initiatives implemented to provide better public utilities every day.



This space was accompanied by a press conference with the participation of local, regional and national media, and a meeting with investors, who, through a teleconference, learned first-hand about EPM's management in the previous year.

The focus of the accountability strategy is the delivery of official information, conversation and interaction to answer questions and concerns of stakeholders.

As deliverables, the Company shared the Management Report document, which allows access to EPM's facts and figures.

In other Group companies:

CENS

Three accountability events were held during the year, one for all stakeholders, another for suppliers and contractors, and a third for communities.

- The general accountability event (aimed at the community, the state, unions, suppliers and contractors, CENS people) was attended by 290 people, who joined the broadcast via Facebook Live and YouTube, and approximately one thousand radio listeners.
- The accountability space for suppliers and contractors, with a participation of 101 people, presented socioeconomic indicators, financial management, works and projects, contracting, human rights and contributions to the territories, among other topics.
- Two accountability meetings were held with 35 community leaders from the municipalities of Cúcuta and Villa del Rosario. The implementation of a methodology for citizen participation and communication allowed participants to recognize CENS' management and make suggestions for providing better service and contributing to the company's corporate purpose.

Emvarias

In May 2021, when the public health situation in Medellin was beginning to normalize, the entity's management results were presented in a mixed manner, with some stakeholder

representatives in person and with live transmission through institutional social networks. A total of seven accountability events were held, in which 1,409 people participated.

EDEQ

EDEQ developed the site www.sostenibilidadedeq.com.co where it presented the most relevant corporate management information, as well as a tool for managing metrics and online opinion, as well as the most relevant management data.

In 8 months of being active, it achieved 1,779 visits from 674 users, who in turn visited 1.8 pages per session. More than 30% of the visits were from Bogotá and Medellín, corresponding to 25.66%, and Quindío with 9.25%. To a lesser extent, users came from other regions of the country, such as Valle del Cauca, Risaralda, Tolima and Santander.

The site summarizes the Company's management; complete reports are available for download, as well as data management by year and the opinion survey.

Aguas Regionales

On May 26, through its Facebook social network, it presented its 2020 Management Report. This participation was made effective with the implementation of three components: quality information, clear language on management processes and results, and dialogue, through questions, with all stakeholders. During this meeting, the general manager of Aguas Regionales, Hernán Andrés Ramírez Ríos, accompanied by some of the Company's executives, presented the main achievements of the previous year.

DELSUR

On Thursday, April 22, 2021, the DELSUR Sustainability Report 2020 disclosure event was held. Due to the COVID-19 pandemic, the event was held virtually through Facebook Live and Microsoft Teams; more than 100 people participated: employees, customers and users, strategic allies in the implementation of CSR projects, representatives of the energy sector, media, among others.

Afinia

In 2021, the first management report was published, which evidenced the economic, technical, commercial, social and environmental management of the last quarter of 2020 (Afinia began operating in the Caribbean region in October of that year).

Meetings, working groups and other activities were held to provide information on the progress of its infrastructure projects, initiatives and programs. In addition, their concerns were addressed to define joint actions to work hand in hand for the development of the Company and the territories where it operates.

Scope and coverage

Companies

Aguas Nacionales EPM

Empresa de Aguas del Oriente Antioqueño

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Afinia

Central Hidroeléctrica de Caldas - CHEC

Empresa de Energía del Quindío - EDEQ

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Tecnología Intercontinental -TICSA

Hidroecológica del Teribe - HET

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - El Caribe

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sanitation

Electricity

Gas



Transparency Practices



Transparency Practices

Transparency is one of the values of the Grupo EPM; it is a voluntary action and goes beyond mere compliance with laws. It is fundamental for good governance and its serious, orderly and committed practice that has allowed the Company to increase trust among those who have a relationship with it, therefore, the Organization applies clear rules in its management processes and documents each of its actions, in order to allow the exercise of the right of all persons to access public documents, except in cases expressly established by law; likewise, it is accountable for the results of the management to all stakeholders and in general to all those with whom it directly or indirectly establishes a commercial or contractual relationship.

This practice facilitates the fulfillment of Grupo EPM's strategic objectives and is based on a culture based on values and ethical principles.

Current practices are:

- **Ethics and transparency mechanisms:** These are the practices and tools implemented to minimize the materialization of risk situations related to fraud, corruption, bribery, money laundering and financing of terrorism.
- **Transparency measurement:** Grupo EPM companies in Colombia voluntarily participate in the measurement of transparency practices of public utilities, in order to identify their degree of development and encourage the implementation of improvement plans and actions in their management, highlight companies committed to ethical and transparent relations with their stakeholders, and encourage compliance with international standards.



- **Digital government:** Strategy that seeks to improve efficiency, contribute to increased transparency, and promote citizen collaboration and participation. This strategy is based on strengthening management with stakeholders and the conditions for increasing the competitiveness of the institutions linked to the State, leveraged on the use of information and communications technologies.

Management in 2021

Ethics and transparency mechanisms



The Grupo EPM applies the initiatives, mechanisms and instruments of self-regulation for the prevention of fraud, corruption and bribery (FCS); maintains the operation in an environment of security, transparency and trust, provides all its stakeholders with general parameters of action, in order to minimize the materialization of risk situations; money laundering and financing of terrorism, among others.

World-class companies tend to manage their markets with the highest ethical and transparency standards, and the Grupo EPM is no stranger to this; therefore, in its business practice it cultivates and maintains transparency, it is concerned not only in creating wealth for its owners, but also in generating value for society and contributing to improve the conditions of equity and welfare of the communities, which thus begin to demand corporate values such as honesty in business, impartiality, professional objectivity and trust. Values that do not violate the rights of its stakeholders or the sustainability of the natural and social environment in which it operates.



Among the mechanisms and instruments established, it is worth mentioning: Grupo EPM Code of Ethics; Group Business Conduct Manual; Corporate Governance Manual; Code of Conduct for Suppliers and Contractors; Zero Tolerance Policy against Fraud, Corruption and Bribery; Transparency Statement; Declaration of Conflicts of Interest; **Ethics Line complaints channel: "Transparent Contact"** and other additional initiatives:

- Annual Ethical Climate Survey - USAID Methodology
- Money Laundering and Financing of Terrorism Risk Management System Manual (SARLAFT)
- Electricity Sector Ethics and Transparency Collective Action
- Real Sector Compliance Committee in Antioquia
- Risk scenarios

Ethical Line: "Transparent Contact".

Grupo EPM mechanism that provides the opportunity to all stakeholders to report, anonymously or not, possible improper acts that they consider have been committed by any person of the stakeholders: Customers and Users; Competitors and Colleagues; Community and Environment; Owner; State; Suppliers and Contractors; EPM People and Partners and Investors, which directly or indirectly affect Grupo EPM, impacting the fulfillment of the strategic objectives.



[See here.](#)

- **Enabled report channels:**
 - Website of EPM and of each national and international operating subsidiary.
 - **E-mail:** contactotransparente@epm.com.co.
 - **National toll-free telephone line:** 01 8000 522 955.
 - **Mobile App:** EPM estamos ahí (Android - iOS).

These channels, in addition to serving for the reception and reporting of incidents, have an interactive -infographic- development that trains and teaches in this regard. The most relevant cases, lessons learned and annual operating statistics for the last three years are also published.



As of December 31, **1,356** incidents were received, of which **173** corresponded to the scope of the channel; **152** to fluid fraud and the remaining **1,031** were referred as PQR or others.

Employee risk scenarios

Annually, risk scenarios are built to identify employees who are in situations prone to improper acts, and thus seek to mitigate the risks in which the Company may be immersed by the possible occurrence of events associated with fraud, corruption or bribery (FCS).

This information was shared with each Vice-Presidency of the Organization through a face-to-face meeting where the work carried out and the situation of the personnel assigned to each of them was detailed.

Transparency and Conflict of Interest Disclosures

It is a voluntary initiative that was implemented in 2015; at the close of 2021 it was accepted by **93.17%** of the collaborators.

During the year, several dissemination and training actions were carried out in some companies of the Grupo EPM: Guatemala. DELSUR, Aguas Nacionales, Aguas del Atrato project employees, and new Emvarias employees were included; on the objective and aspects included in the Transparency Statement and the reason for them, and on the definition of conflicts of interest, the types and types of conflicts and some examples for the understanding of the Conflict of Interest Statement. These statements strengthen trust in the company-employee and company-citizen relationship and transparency in the work of the Grupo EPM.

Zero Tolerance Policy for Fraud, Corruption and Bribery

It has been adopted for all Group companies since 2015.



[See here.](#)

Anti-corruption and Citizen Service Plan - PAAC

Preventive instrument and mechanism for the control of corruption. It consists of 6 autonomous and independent components, which contain parameters and their own regulatory support. Rated by the Vice-Presidency of Corporate Audit at 95% compliance. In accordance with its regulations, progress reports on implementation were made.

- The Corruption Risk Map was presented to the Management and Audit Committees.
- The PAAC is published on EPM's website and was disseminated to employees, community leaders, members of community action boards, suppliers and contractors.

Grupo EPM Business Conduct Manual

Approved in EPM as the parent company in April 2018. In the other companies of the Grupo EPM in 2019. In accordance with Resolution 080 of 2019 of the Energy and Gas Regulatory Commission -CREG-, in 2021 the manual was updated to include new behaviors that allow evidencing the implementation of said resolution. The update was approved both at the head office and in the other energy and water operating companies in Colombia and abroad.



[See manual here.](#)

Ethical Climate Survey

For the fifth year, the measurement was carried out to continue and maintain the diagnosis and review of the ethical management process in EPM and its impact on the evolution of the organizational culture. The perceptions of the collaborators were gathered based on the ethical framework of EPM's culture. The measurement instrument used was the one proposed by the **"USAID Model of Ethical Management for State Entities"**.

The survey was addressed to **7,684** employees with a response rate of **76.53%**. The **11** established categories were measured; a result scale of excellence was obtained in **8** of them; **2** in a stage of development, application and strengthening, and **1** of weakness. The results were socialized in the Ethics Committee.

All Colombian energy and water operating subsidiaries and most of the international subsidiaries carried out the **Ethical Climate** measurement in 2021.

- Exercise to measure **EPM's Ethical Perception** with the Community, Journalists and Opinion Leaders, and Suppliers and Contractors, to know the concept of these groups regarding the Company's ethical behaviors, and how they value the commitment demonstrated with respect to its values and ethical principles; this with the purpose of generating conversations, reflections and reasoning to guide the judgment and decision-making process.
- **International Anti-Corruption Day:** EPM committed to the value of transparency, hosted the fourth meeting to commemorate this date, which was held on December 14, in person; around 50 people participated, including academics, employees and compliance officers; professionals from the areas of ethics; auditing, internal control and those responsible for the subject in companies in Antioquia.
- Five of the six Colombian energy companies of the Grupo EPM are part of the **Collective Action on Ethics and Transparency in the Electricity Sector**, which is aimed at fighting corruption and promoting free competition, with the leadership of the National Operation Council (CNO) and XM S.A. E.S.P., the oversight of the Transparency Secretariat of the Presidency of the Republic of Colombia, Transparency for Colombia and UNODC.

- The LAFT, fraud and corruption risk matrices for the Colombian electricity sector were updated; a virtual course on healthy practices of free competition was proposed, and the commitments of this action were restated and included: **“to promote and ensure respect for human rights in the value chain of the electricity sector, through the identification and management of risks”**.
- **EPM**, aware of the co-responsibility of the electricity sector in the prevention and fight against corruption, adhered to the **Towards Integrity** initiative, and ratified its commitment to the internal and external promotion of its actions that allow aligning with the main objectives of this initiative. This adherence was made in coordination with the Technical Secretariat of the Collective Action of the Electricity Sector, led by XM S.A E.S.P. and the C.N.O.
- **Integrated Risk Management Model in the Grupo EPM**, progress was made in the formulation and development of this project. The GRC (Governance, Risk and Compliance) tool was acquired and the review and redesign of impacted processes was carried out.
- Progress was also made in the definition and scope of the **Comprehensive Compliance Management Model** and its implementation in EPM. The topics that were prioritized are: LA/FT/FPADM, FCS, PDP, Ethics, Transparency and Probity, Regulatory Management, and Free Economic Competition; in addition, the guidelines, Business Rules and LAFT risk groupers were updated.
- EPM continued leading the **LAFT Committee of subsidiaries** to share information, experiences and best practices, and thus align LAFT risk management in the Grupo EPM. In 2021, **11** meetings were held.
- Advice to subsidiaries in the implementation of the system and design of controls for the management of LAFT risks in Colombian subsidiaries, Emvarias, DELSUR, EEGSA, EPM Chile, TICSA and ENSA. Progress was also made in the construction of the LAFT Manual (Base) and the Due Diligence Manual (Base) for Group subsidiaries.



- The analysis and implementation of the obligations of Decree 830/2021 for the Declaration and Registration of Politically Exposed Persons of EPM was advanced.
- All mandatory reports to the UIAF were complied with: Suspicious Transactions Report and Cash Transactions Report (EPM and EPM Inversiones).
- The SAGRILAFI standard and system were implemented in the subsidiaries EPM Inversiones, Promobiliaria and TICS Colombia.
- EPM participated in the **Compliance Committee of the Real sector of Antioquia**. Grupo EPM was recognized within the real sector for its progress in the implementation of the LAFT risk management system with good practices at national level in Colombia.
- During the year, **7,758** extended LAFT risk consultations were made, **47,611** simple decentralized consultations were made and **82,241** third parties or counterparties of the Grupo EPM were monitored through massive consultations.

The Personal Data Protection work front accompanied the different areas that required it in EPM and Colombian subsidiaries. Also, authorization forms, privacy notices, contractual clauses, among others, were reviewed and updated. In addition, the following activities were carried out:

- Commemoration and sensitization of EPM personnel on **International Personal Data Protection Day**.
- **Updating of the National Registry of Databases RNBD** before the SIC, as an annual obligation by legal provision. EPM has registered 20 (twenty) databases with personal information.



- **Updating Privacy Policy** through Management Decree 1946 on EPM's website and in the ENTER application.
- **340** requests for advice, concepts and review of formats in the Habeas Data channel: protecciondedatos@epm.com.co
- Review of the **-Diagnostic Status-** of the operating subsidiaries in Colombia.
- **Video Surveillance Business Rule Update**, including biometrics and other devices.
- Update of the PDP **risk map**.
- Sensitization of La Tasajera plant personnel on legal and regulatory aspects associated with video surveillance and PDP.
- Review of terms in the **SAP and Adobe** privacy agreements.
- Support for the project Design and Implementation of the new Integrated Risk Management Model.
- Support in the attention of **3** (three) requirements of the Superintendence of Industry and Commerce for claims filed by clients/users related to Personal Habeas Data.
 - Diagnosis and recommendations for Afinia in the areas of FSC prevention, LAFT and PDP compliance.
 - Coordination of **4** Integration and Coordination Meetings (RIC) for analysis of reputational alerts.
 - Advice to EPM Guatemala on the Comprehensive Compliance Management Model.



- Advice and support to Promobiliaria, EPM Inversiones and TICS Colombia in the implementation of the Transparency and Business Ethics Program **PTEE**.
- Adjustment and definition of the procedure for filling out and signing the Declaration of Conflicts of Interest in the process of hiring employees.
- Participation in the review and adjustment of the Manual of Conduct for Suppliers and Contractors, FCS scope and Free Competition Practices.
- Preparation of a proposal for a “Typology - Corruption Risks” including the risks contemplated by the Corporate Transparency Measurement (MTE) of Transparency for Colombia (national chapter of Transparency International).

More information on this subject can be found on the website <https://www.epm.com.co/site/home/transparencia/transparencia-de-nuestra-gestion>.

In 2021, significant efforts were made to strengthen ethical management, through training and communication strategies, on virtual platforms and in the Company’s internal media, to raise awareness of the importance of living the principles and values. Some of these activities were:

- Virtual courses and corporate induction.
- Reflections on ethical dilemmas.
- Ethical knowledge capsules.
- Construction of ethical commitments.
- Celebration of Public Servant’s Day.
- Event: “Transfórmate” with Group outreach.
- Measurement of the ethical climate in the Group’s subsidiaries.
- Review of organizational competencies versus ethical competencies.
- Structuring of the Compliance Model proposal for EPM (Compliance).
- Adjustment of the composition and responsibilities of the Ethics Committee.

As for the **Ethics Committee**, during 2021, seven meetings of this collegiate body were held, which is attended by an external advisor, senior executives of the Organization and a member of the Board of Directors.

The following courses were given: "Ethics begins with you" with a participation of 7,585 people, "Leadership School" for 97 people, "Traveling to the Heart of EPM" with 399 people attending, and "Corporate Induction" with 874 participants.

Measuring Corporate Transparency



EPM participated in the **Corporate Transparency Measurement**, Public Services Chapter, promoted by Corporación Transparencia por Colombia.

The general objective of the measurement is to improve transparency and anti-corruption standards, through the identification of corruption risks to strengthen corporate management. This is a tool that identifies institutional designs and practices that generate corruption risks and promotes the formulation and implementation of improvement actions.

The **Corporate Transparency Measure** consists of four components:

- Clear Rules
- Openness
- Dialogue
- Control

The results obtained from the measurements carried out in EPM and the water and energy subsidiaries of the Grupo EPM in Colombia reflect the Group's commitment to this important practice and become a stimulus for continuous improvement and strengthening of the corporate integrity system.

Digital Government



In the area of Digital Government, and aligned with the Integrated Planning and Management Model (MIPG), the Company received the recognition of new seals of excellence in the categories:

- **Online Services - online procedures and services:** orders and requests, PQR (questions, complaints and claims) and Web Invoice.
- **Open Government - open data:** tariffs for gas, energy, water and sewage services.
- **Open Government - participation exercises:** intelligent territories.
- **IT management capabilities.**

This management, carried out since 2011, has allowed EPM to be the third entity in Colombia with more certified services after the Ministry of Foreign Affairs and the Ministry of Labor, which positions it among the Colombian public entities for the high quality of its products and digital services.

The Grupo EPM is committed to the Digital Government Policy, to promote the use and exploitation of information and communication technologies in order to consolidate a competitive, proactive and innovative State and citizens that generate public value in an environment of digital trust.

The Organization mobilizes this management through five purposes:

- Enabling and improving the provision of reliable and quality digital services.
- To achieve safe and efficient internal processes
- Making data-driven decisions
- Empowering citizens
- Promoting the development of smart territories and cities

To achieve this, we carry out actions aimed at:

- Adequate internal management leveraged by technological and business management architectures.
- The provision of quality digital services.
- The use of technologies to help solve real problems.
- Promotion, so that the State reaches where the market does not reach, enabling the creation of new markets.
- The generation of digital trust between the State, citizens, and other actors in the digital ecosystem.
- The generation of permanent dialogue in a simple, co-responsible, predictable and safe environment.

In 2021 the challenges were oriented to:

- Enable and improve the provision of reliable and quality digital services by advancing in the incorporation of new procedures and services and the development of digital citizen service pilots (DCS).
- To achieve secure and efficient internal processes by incorporating new transparency guidelines contemplated in Resolution 1519 of 2020.
- Make data-driven decisions through the provision of open data.
- Empower citizens through the evolution of the citizen participation strategy.
- Promote the development of smart territories and cities, including in business management the model defined by the Ministry of Information and Communications Technologies (MinTIC).



This allowed in 2021 to continuously mobilize the digital transformation and the development of EPM's digital ecosystem, as well as to incorporate best practices in its websites, online services, social networks, IT architecture and management, open data, citizen participation exercises, accountability, mobile application and blog, transparency and access to public information, to establish a better interaction with citizens, users and stakeholders.

During this period, efforts and organizational capacities were focused on mobilizing the implementation of the Digital Government policy aligned with the MIPG and its evaluation mechanism, the FURAG, based on the development of the challenges proposed by the competition for maximum digital speed and the application to obtain the seals of excellence in the existing categories.

Most relevant achievements in 2021:

- Activation of the "Digital Citizen Services" working group for Antioquia, with the support of MinTIC.
- EPM was the second Colombian entity to receive the seal of excellence in IT Management Capabilities in 2021.
- Progress in compliance with Resolution 1519 of the year 2020.
- Mobilization of the digital services project aligned with the IT strategy defined in the Institutional Planning instruments.
- Development of data openness challenges.
- Social media campaigns to encourage regulatory compliance.
- Definition of the Group's Digital Governance policy, aligned with the digital strategy.
- Expansion of the quantity and quality of open data (development of Digital Citizen Services, and its integration to Gov.co).
- Third place among 29 participants from Antioquia and 24th place, among 452 participants nationwide, in the Maximum Digital Speed 2021 Contest.
- Continuous exercises of citizen participation in the promotion of participation and democracy through digital media.

Contents GRI standards and proprietary indicators

205-2 Communication and training on anti-corruption policies and procedures.

Scope and coverage

Companies

Aguas Regionales EPM

Aguas Nacionales EPM

Empresa de Aguas del Oriente Antioqueño

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Afinia

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Tecnología Intercontinental -TICSA

Hidroecológica del Teribe - HET

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - El Caribe

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sanitation

Electricity

Gas





Complementary matters

SUSTAINABLE DEVELOPMENT GOALS





Corporate Citizenship

SUSTAINABLE
DEVELOPMENT
GOALS





Corporate citizenship

Grupo EPM's social responsibility model promotes actions directly related to its role as a public service provider. Likewise, directly or **through the EPM Foundation**, it carries out actions that respond to the needs of the communities that inhabit the areas in which it is immersed: social investment, programs and contributions to public policies aimed at strengthening corporate citizenship. In this way, the organization promotes sustainable development, inclusion and participation in the communities, as well as economic activities, access to information and cultural, educational, social, labor and economic opportunities.



Associated stakeholders

Community | Owner | State | Partners

GRI standards content and internal metrics

203-1 Investments in infrastructure and services supported.

203-2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Empresas Varias de Medellín - Emvarias
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas de Malambo
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 Chile
 Guatemala
 Panamá

Business

Water
 Sanitation
 Electricity
 Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Christmas Lighting

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Christmas Lighting

The Grupo EPM's commitment to beautifying Christmas in cities and towns with figures and colored lights has become one of the most important and symbolic cultural, social and economic activities in Colombia at the end of each year.

Medellín's 2021 Lighting of Medellín told the story of a magical world created in the imagination of a little boy, who longs for Christmas all year round. The inhabitants of this world are the Destellitos (beings made of flashes of light) because the little boy wished with all his heart that the stars would come down from the sky to give back to his planet the Christmas spirit.

The most important avenues and parks of Medellín and its districts were embellished with 26 thousand luminous figures. Also the parks of 14 municipalities in the subregions of Antioquia, 13 of which were winners of Encendamos la Alegría, a contest that promotes a culture of efficient, legal and safe use of public services.

Christmas lights are an important driver of the economy and tourism. Families gather around them to celebrate life, highlight values in society and share with loved ones.

They were also enjoyed throughout Colombia and abroad, through the application for mobile devices, which made it possible to see the Destellitos figures in 3D thanks to virtual reality.

The figures, which comprised 680 kilometers of LED luminous hose, were handmade by dozens of craftswomen, many of them mothers who are heads of households.



Management in 2021



The imagination of a child was the germ of a concept that made it possible to represent the spirit of Christmas in a different way. Some imaginative characters, the Destellitos, filled with light, colors and meaning this time of the year at a very important moment, because it was the month in which life began to recover its color when human beings met again, after months of restrictions due to COVID-19.

The experience of Christmas Lights in the companies of the Grupo EPM in Colombia:

- **Afinia:** for the first time, took the Christmas Lights to several municipalities in the Caribbean region. In this way, it lit up the joy and magic of Christmas in the homes of these territories, and through different spaces it brought together the families of Bolívar, Cesar, Córdoba, Sucre and southern Magdalena.

Christmas lights were installed in Valledupar, capital of Cesar; Sincé and San Marcos, Sucre; Ciénaga de Oro, Córdoba; El Banco, Magdalena; and the Camellón de los Mártires in Cartagena; colorful lights and figures in different shapes exalted the country's cultural traditions and turned these places into scenarios of integration for children, young people, adults and the family in general.

With an investment of COP 2,027 million, this project benefited more than 1,736,758 inhabitants in the municipalities where the lights were installed and generated 17 direct jobs and 19 indirect jobs.

- **CENS:** in order to preserve the joy of Christmas lighting, the Norte de Santander branch was present in the municipalities of Cáchira, La Playa, Salazar, Silos, Durania, El Tarra, Tibú, Aguachica, Pamplona, Ocaña, and Cúcuta, with an investment of COP 925 million. This initiative generated 55 direct jobs and benefited more than 762 thousand people.

- **EDEQ:** thanks to the contributions of the Mayor's Office of Armenia, the Government of Quindío, Empresas Públicas de Armenia (EPA), the municipal administrations of La Tebaida, Filandia, Salento, Génova, Córdoba, Buenavista and Pijao, as well as EDEQ, the Christmas Lights of Quindío had the largest investment in history in 2021, exceeding COP 2 billion. This investment promoted the economic reactivation of the region through tourism. Sixty people were employed in the construction of this Christmas decoration.

In Armenia, the investment was COP 1,380 million, which allowed for lighting in different sectors of the city: Plaza de Bolívar, Cielos abiertos, Parque Sucre, Parque Fundadores, 13 traffic circles, CAM, Mirador de la Secreta, downtown, among others.

EDEQ carried out 21 Christmas caravans in the municipalities of Quindío. And 7 Christmas novenas in different sectors of the department, with the Cercanías program.

- **ESSA:** ESSA 2021 Christmas Lights were inspired by the celebration of Christmas around the world. 1,416 figures, 15,183 LED bulbs, 2,603 kilometers of LED hose, 344 reflectors and 870 strobe bulbs were installed, distributed in the scenarios where ESSA installed the lighting, with icons representing the United States, Russia, China, India, France and countries from other continents. For this purpose, COP 2,800 million were invested to benefit the municipalities that won the "Encendamos la Alegría" contest: Aratocha, Onzaga, Páramo, Pinchote, San Martín, Sabana de Torres and San Vicente de Chucurí, 10 neighborhoods in the metropolitan area of Bucaramanga and 3 in Barrancabermeja. The municipalities of Barichara, Barrancabermeja and Málaga were also illuminated to commemorate ESSA's 130th anniversary.

With Christmas Lights 2021, 80 jobs were generated, 64 of them for women heads of household, who worked in the assembly, folding and shaping of the figures.

- **CHEC:** in 2021, CHEC brightened up, with Christmas Lights, the Christmas life of six municipalities in the departments of Caldas and Risaralda: Manizales, La Dorada, Dosquebradas, Anserma, Salamina and Belalcázar; and the indigenous reservations of San Lorenzo and Escopetera and Pirza. Their inhabitants, some 850,000 people, enjoyed a more colorful and intimate Christmas.

With the Christmas Lights 2021, 110 direct jobs were generated, sixty of them for mothers who are heads of households. This activity generated a significant impact on tourism indicators, the generation of direct and indirect employment, recreation, culture and commerce, and promoted the reactivation of public spaces as axes of social integration.

Going from 1 to 8 illuminated sites was a technical and logistical challenge for the subsidiary's Christmas lighting team.

In the second year of the Caravanas Navideñas, their coverage increased by 300%, from 3 municipalities in 2020 to 9 municipalities in 2021. 50 live artists and three floats with high-level scenery enlivened the Christmas season in this region of Colombia. The Christmas Caravans had an impact on close to 667 thousand inhabitants in the territory, generated 108 direct and indirect jobs for people in the region, and continued to position CHEC as an actor of development and integration in the territory.

EPM Christmas Lighting

Concept / Indicator	2019	2020	2021
People benefited	2,483,545	2,533,424	3,000,000
Direct jobs	220	270	250
Indirect jobs	430	796	350
Investment	10,000	12,000	12,800

Source: Communication and Corporate Relations Business Unit



Indirect employment corresponds to street vendors.
The investment is expressed in COP million.

Christmas Lighting Colombian subsidiaries Grupo EPM

Concept / Indicator	2019	2020	2021
People benefited	2,296,994	1,535,981	4,236,161
Direct jobs	189	165	242
Indirect jobs	375	192	393
Investment	2,860	2,214	8,907

Source: Communication and Corporate Relations Business Unit



Indirect employment corresponds to street vendors.
The investment is expressed in COP million.

GRI standards content and internal metrics

203-2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Electrificadora de Santander - ESSA
 Central Hidroeléctrica de Caldas - CHEC
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia

Geography

Colombia - Antioquia
 Colombia - El Caribe
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Norte de Santander
 Colombia - Santander

Business

Electricity



Events and Sponsorships



Events and Sponsorships

The Grupo EPM develops and supports events and open advertising links that strategically aim to generate, sustain and strengthen relationships with stakeholders, to promote the development of the regions where it operates and increase its corporate reputation.

With a sense of social responsibility, the Grupo EPM supports local and regional initiatives that have a positive impact on the community, by addressing issues such as the care of natural resources, technical issues that favor the culture of sustainability, the efficient and safe use of public services and the use of recyclable materials, among others, while contributing to the processes of human, economic, cultural, social and environmental development in the territories where the companies of the business group are present.

Management in 2021



The purpose of **advertising links** is to contribute to the organizational purpose, brand positioning, image building and favorable reputation, in addition to being an engine of development for Colombia.

During 2021, **EPM** was highlighted in virtual, face-to-face and hybrid advertising links of a local, national (including Hidroituango) and international nature, such as the World Business Forum 2021 - WOBI, Andesco Congress, ANDI, the Medellín Book and Culture Festival and participation in city spaces that contribute to culture, such as the Antioquia Museum, the Medellín Museum of Modern Art, the Flower Fair, the Medellín Philharmonic Orchestra and Parque Explora, among others.



Total Sponsorships Grupo EPM

Concept	2019	2020	2021
Sponsorships	224	292	166
Sponsorships - Contributions	9,689	8,885	8,651

Source: Communication and Corporate Relations Business Unit



Contributions are expressed in million COP.

Sponsorships - EPM

Concept	2019	2020	2021
Sponsorships Medellín	34	17	25
Sponsorships Colombia	18	24	36
International sponsorships	1	0	2
Total sponsorships	53	41	63
Sponsorships Medellín - Contributions	3,804	1,982	3,143
Sponsorships Colombia - Contributions	4,340	6,169	4,237
International Sponsorships - Contributions	89	0	72
Total contributions	8,233	8,151	7,452

Source: Communication and Corporate Relations Business Unit

Sponsorships - Subsidiaries of Grupo EPM

Concept	2019	2020	2021
Sponsorships - Subsidiaries	171	251	103
Sponsorships - Subsidiaries - Contributions	1,456	734	1,199

Source: Communication and Corporate Relations Business Unit



Contributions are expressed in million COP.

Grupo EPM Events

Concept	2019	2020	2021
Events - People benefited	1,165,304	6,775,101	3,515,083
Commercial events	200	100	238
Non-commercial events	4,118	970	1,474
Commercial events - Contributions	1,698	596	47,633
Non-commercial events - Contributions	26,240	1,741	6,459

Source: Communication and Corporate Relations Business Unit



Contributions are expressed in million COP.

EPM Events

Concept	2019	2020	2021
Events - People benefited	N.D.	338,887	1,893,516
Commercial events	48	27	57
Non-commercial events	77	300	98
Commercial events - Contributions	819	194	143
Non-commercial events - Contributions	1,659	785	3,563

Source: Communication and Corporate Relations Business Unit



Contributions are expressed in million COP.



Events - Grupo EPM Subsidiaries

Concept	2019	2020	2021
Events - People benefited	1,165,304	6,436,214	1,621,567
Commercial events	152	73	181
Non-commercial events	4,041	670	1,376
Commercial events - Contributions	879	402	47,490
Non-commercial events - Contributions	24,581	956	2,896

Source: Communication and Corporate Relations Business Unit



Contributions are expressed in million COP.

These initiatives are highlighted in some of the group's subsidiaries:

The companies of the Grupo EPM supported events and activities that allowed citizens to meet again after the confinement forced by the pandemic.

In 2021 the EPM Foundation participated in different events and activities, such as:

- Conversation "Water States as Inspiration".
- UNESCO World Conference on Education for Sustainable Development
- Youth Job Fair
- Oceans Forum
- Camacol Sustainability Forum
- Book and Culture Festival
- Viva El Planeta Festival
- Medellín and its international allies
- V International Congress Dokuma 2021
- One Week for ICT (information and communication technologies)

- 8 years Corporación Gilberto Echeverri Mejía
- Latin America STEM Network Meeting
- VacAcciones por el Planeta (“VacActions” for the Planet)
- Entrepreneurs Meeting
- **Climate Live International:** more than 1,400 attendees to educational activities and a tour of 4 spaces of the EPM Foundation (EPM Library, Water Museum, Parque de los Deseos and UVA). The communications strategy had an impact of 1,266,784 people in the digital ecosystem.
- **Miradas Film Festival:**
 - 21,449 attendees in 10 spaces of the EPM Foundation
 - More than 120 film screenings
 - 35 specialized training and industry activities
- **Vera Fest:** an event to showcase local and national entrepreneurship, with the participation of more than 120 entrepreneurs, 100 of them sponsored by the Foundation. Twenty ventures with sustainable practices were recognized. More than 4,600 people participated in the event and the reach of the digital strategy was 13,825 people impacted.
- **First Meeting of EPM Foundation Entrepreneurs:** more than 130 entrepreneurs received content and exchange of experiences by experts in digital marketing, innovation and entrepreneurship. The reach of the communications strategy reached 10,828 people impacted in the digital ecosystem.
- **Colombian Sustainability Award:** The EPM Foundation was a finalist in the fourth edition of the Colombian Sustainability Award for good labor practices. This contest recognizes organizations that contribute to sustainable development by creating positive impacts on people, organizations and society, through comprehensive management of human talent.
- **Recognition of the Gilberto Echeverri Mejía Corporation:** in commemoration of its eight years of existence, the Gilberto Echeverri Mejía Corporation presented the EPM Foundation with a recognition for promoting access and permanence programs for higher education, promoting actions that contribute to quality education.

Afinia

Afinia supported industry events, as well as cultural and sporting events that contribute to society, strengthen relations with stakeholders, promote the development of the region and increase the company's reputational capital.

In December 2021, Afinia was present in more than 40,000 homes with its Night of Laughter, Music and Prizes, an event aimed at users who were up to date with their energy service and those users who paid at least two outstanding bills.

The purpose of this space was to increase and update customer data in order to make relationship management more effective and efficient, as well as to generate a culture of payment, increase brand visibility and brand recall, and provide users with a space for recreation.

The following participations were highlighted within the advertising linkages in 2021:

- **Andesco Congress:** event to present the initiatives and trends of the future of public services and communications in the world; synergies are made between companies in the sector with the purpose of promoting it and contributing to the construction of a better country.
- **Río Media Maratón de Montería:** a sports event that seeks to position the capital of Córdoba as a territory that encourages healthy lifestyles, promotes the region's landscapes and boosts economic reactivation.
- **The cycle of virtual forums Piensa Colombia:** this virtual space brought together businessmen, leaders, public servants, academics and agents of change in the different regions of the country to discuss strategic opportunities for regional and national economic growth, seeking to multiply opportunities for all Colombians.

CENS

Supports events and advertising links in an open manner, which strategically aim to generate, sustain and strengthen relationships with stakeholders, for the development of the regions where it operates and the increase of organizational reputation.

In 2021, the Company participated in the following commercial events: Cúcuta Digital Valley, Regional Meeting for Economic Reactivation on the Border, Cúcuta on Wheels, organized by Fenalco, and in the XVII Jornada Distribución de Energía Eléctrica, organized by Asocodis.

Managed the CENS Cuidamundos CENS children and youths award and the Christmas lighting contest "Encendamos la Alegría" (Let's Light up Joy).

Sponsored the Cúcuta Half Marathon, the Nortesantandereana Rugby League, the Motilones Norte Basketball Club, professional skater Daniela Lindarte, and professional tennis player Camila Osorio.

Emvarias

Carried out throughout the year 2021 different events and activities, mainly through its Waste Management Citizen Culture Program. These events are carried out with communities of Medellín, community leaders, customers and users and communities of the municipalities of influence of La Pradera landfill (Donmatías, Barbosa, Santo Domingo). In total, Emvarias participated in and carried out 502 events with 79,400 participants and an investment of \$700 million.

It carried out sponsorships in 2021. Instead, it carried out three advertising swaps with other entities that allowed it to position the brand as a protagonist or partner in events of interest.

Aguas Nacionales

Supported the celebration of special dates, such as Environment Day, Senior Citizen's Day, Love and Friendship Day, Children's Day, Kite Day and the Christmas Festival, for which the biodigesters and public spaces of the Aguas Claras plant were illuminated. These events positioned the square of the treatment plant as a recreational, recreational, cultural and environmental space for families and residents of the environment, from the integration of the entire community that lives, visits and works in the territory of Aguas Claras.

Aguas de Antofagasta

The fifth ADASA Community Brigade was held for the first time in the town of Calama, with the participation of the municipality, the community and workers of Agencia Zonal El Loa.

It was a strategic sponsor of Antofa Innova, an initiative executed by the Innovation Club with CORFO financing; it provided the resources to execute a pilot project of human hair mulching for water efficiency in corn plantations with farmers in Calama, a project of interest to agricultural entities, as it leverages regional innovation.

As part of the "Save Lives" Regional Round Table, convened by the Chilean Government, it provided more than 500 hydration points at health facilities and vaccination points in the region during the vaccination process.

GRI standards content and internal metrics

203-2 Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Fundación EPM
Afinia
Centrales Eléctricas del Norte de Santander - CENS
Empresas Varias de Medellín - Emvarias
Aguas Nacionales EPM
Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
Colombia - Norte de Santander
Colombia - El Caribe
Chile

Business

Water
Sanitation
Electricity
Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

EPM Foundation

SUSTAINABLE DEVELOPMENT GOALS

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

EPM Foundation

The **EPM Foundation** was created in 2000 with the purpose of contributing to the development of sustainable and competitive territories in the areas of influence of the Grupo EPM, through social and environmental management programs and projects that promote the care of natural resources and the adequate use of public services.

In this sense, in 2021 the Foundation developed actions that made it possible to strengthen the proximity with its stakeholders, improve the coverage of public utilities and promote environmental care, contributing to the corporate strategy of the Grupo EPM. In this line, collaborative spaces were generated to promote talent, innovation and entrepreneurship, in addition to contributing to the social and cultural transformation of the territories through the generation of educational content and an exchange of knowledge that contributes to the achievement of the Sustainable Development Goals (SDGs) contained in the 2030 Agenda.

In its activities, it managed and developed programs and projects such as Water for Education, Education for Water, the Articulated Life Units (UVA), the EPM Water Museum, the EPM Library, the Park of Wishes and the House of Music, Environment for Life, Educating with Love, Customer Education and EPM Community, and also provided support to the Environmental Management Plan and the Nueva Esperanza and La Sierra Cocorná Monitoring and Follow-up Plan.

Management in 2021



In 2021, the **EPM Foundation** made an investment of COP 30,657 million to generate presence and closeness with the communities in the area of influence of the Grupo EPM, through social and environmental management actions immersed in Education for Sustainable Development that contributed to improve the quality of life and well-being of the communities. These initiatives benefited more than 2.1 million people in the departments of Antioquia and Cundinamarca.

The Foundation focused all its physical, financial and human talent resources on contributing to the fulfillment of the Sustainable Development Goals (SDGs).

Its management in 2021 benefited 2,131,762 people through virtual and face-to-face strategies developed through programs and projects. The “Water for education, education for water” program benefited 4,435 people from educational institutions, who had access to drinking water. There are already 789 drinking water treatment solutions installed in 116 municipalities in Antioquia and 23 in other departments, with 94,291 beneficiaries between 2011 and 2021.

The Educating with Love project began to be implemented in 5 rural educational institutions in Medellín. 460 students received technological tools to continue their learning process at home, and their families were accompanied with psychosocial counseling on life skills, life projects and healthy eating. We also provided continuity to the Environment for Life, Customer Education and EPM Community projects, and support for the Environmental Management Plan and the Monitoring and Follow-up Plan for the Nueva Esperanza and Sierra Cocorná projects, as well as the Higher Education Scholarship Fund program in Antioquia, which is administered by the Gilberto Echeverri Mejía Corporation.

For the first time, impact measurement was integrated into the Foundation’s actions through the creation of the Impact Evaluation and Management Follow-up System (SEISG).

The program offer was also unified in 17 city spaces, through their recognition as ecosystems of sustainable experiences that promote education and culture. This experience favored all population groups through the exchange of knowledge, free of charge, and educational activities focused on social entrepreneurship and sustainability, climate change and water, urban agriculture, science and experimentation, robotics and technology.





Ecosystems of sustainable experiences.



EPM Foundation / Beneficiaries of programs and projects

Program or Project	2019	2020	2021
Water for Education, Education for Water	4,988	2,240	4,435
EPM Library	395,139	290,690	146,319
EPM Customer and Community Education	157,773	50,051	91,619
EPM Water Museum	97,517	44,682	62,996
Parque de los Deseos and Casa de la Musica	1,800,195	280,698	869,403
Articulated Living Units - UVA (14)	1,774,118	407,605	922,142
Environment for Life	42,840	18,889	34,235
Higher Education Fund of Antioquia*	542	641	22
Environmental Management Plan and Monitoring and Follow-Up Plan - Electric Power Transmission Lines	N.A.	25	153
Educating with Love	N.A.	N.A.	460



* In 2021, calls for special scholarships for indigenous and Afro-Colombian populations were made (no calls for ordinary scholarships were made). The figures of the Higher Education Scholarship Fund of Antioquia correspond to the total number of scholarship recipients as of 2021: 12,473, of which the scholarship recipients financed with EPM Foundation resources correspond to 2,351.



GRI standards content and internal metrics

- 203-1** Investments in infrastructure and services supported.
- 203-2** Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Fundación EPM

Geography

Colombia - Antioquia

Business

Water
 Electricity



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

City Projects

SUSTAINABLE DEVELOPMENT GOALS

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

City Projects

Aware of its role in the construction of a just, educated and sustainable society, the CITY PROJECTS Group defines projects with a visible impact on the quality of life of the inhabitants in the territories where it operates.

Management in 2021



EPM continued with its activities of maintenance and upkeep of public spaces that are important for the enjoyment, interaction and citizen encounters of the inhabitants of Medellín.

The **water and energy subsidiaries of the Grupo EPM** carried out some actions in those locations where they are present, especially in Norte de Santander and Medellín in Colombia, and in Chile.

In 2021, the participation of EPM and its companies in City Projects was not significant given that during most of the year the restrictions derived from the COVID-19 contingency remained in force.

CENS

It joined productive projects led by other organizations, such as Asomunicipios, the Red Cross, and mayors' offices, especially in Catatumbo, in order to continue promoting a culture of legality and strengthening the agricultural sector.

Aguas Nacionales

Supported the involvement of 44 community enterprises in gastronomic festivals, breakfasts, healthy afternoons and the store of trust; it also strengthened the relationship with some of them as suppliers.

Under the premise of being good neighbors and contributing to the harmonious work with the sources of knowledge, 600 school packages were delivered to children and adolescents of educational institutions in the area of influence of the Aguas Claras treatment plant in the municipality of Bello.

Aguas de Antofagasta

Together with the Huella Local Foundation, it advanced projects of the Master Plan of the Toconce indigenous community, a key input delivered to the regional government for the management of local development. And in order to continue the collaborative work with the fishermen of Tocopilla, Aguas de Antofagasta signed a collaboration agreement until 2025, ensuring productive development projects with this community.

Management of urban spaces owned by EPM

Concept	2019	2020	2021
Urban Spaces - Barefoot Park and Urban Gateway - Visitors	219,088	44,967	45,381
Urban spaces - Barefoot Park and Urban Gateway - Maintenance	344	324	234
Urban spaces - Orientation service	309	274	257
Urban spaces - Sanitary units	410	330	271

Source: Supply and Shared Services Business Unit - Real Estate Management



The value of maintenance, orientation services and sanitary units are expressed in million COP.

EPM's land on gratuitous loan

Concept	2019	2020	2021
Land loaned on gratuitous contract - Contracts signed	61	61	71
Land loaned as a gratuitous loan - Community benefit	3,785	3,928	4,136

Source: Supply and Shared Services Business Unit - Real Estate Management

Management of urban spaces owned by affiliates

Concept	2019	2020	2021
Urban spaces - People benefited	396,724	1,186,508	20,257
Urban spaces - Investment	1,162	1,897	843

Source: Executive Business Operation Business Unit



The investment is expressed in million COP.

GRI standards content and internal metrics

- 203-1** Investments in infrastructure and services supported.
- 203-2** Significant indirect economic impacts.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
Centrales Eléctricas del Norte de Santander - CENS
Aguas Nacionales EPM
Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
Colombia - Norte de Santander
Chile

Business

Water
Electricity



Innovation management

SUSTAINABLE DEVELOPMENT GOALS





Innovation Management

EPM continues to innovate and seek to be more efficient in its different processes to contribute to the harmony of life for a better world. This is how, starting from the corporate strategy, the business plan and the strategic surveillance, it executes an innovation model that starts from planting, undertaking, accelerating, growing and finally scaling options for new lines of business, new or improved products and transfer of technologies that allow optimization in business.

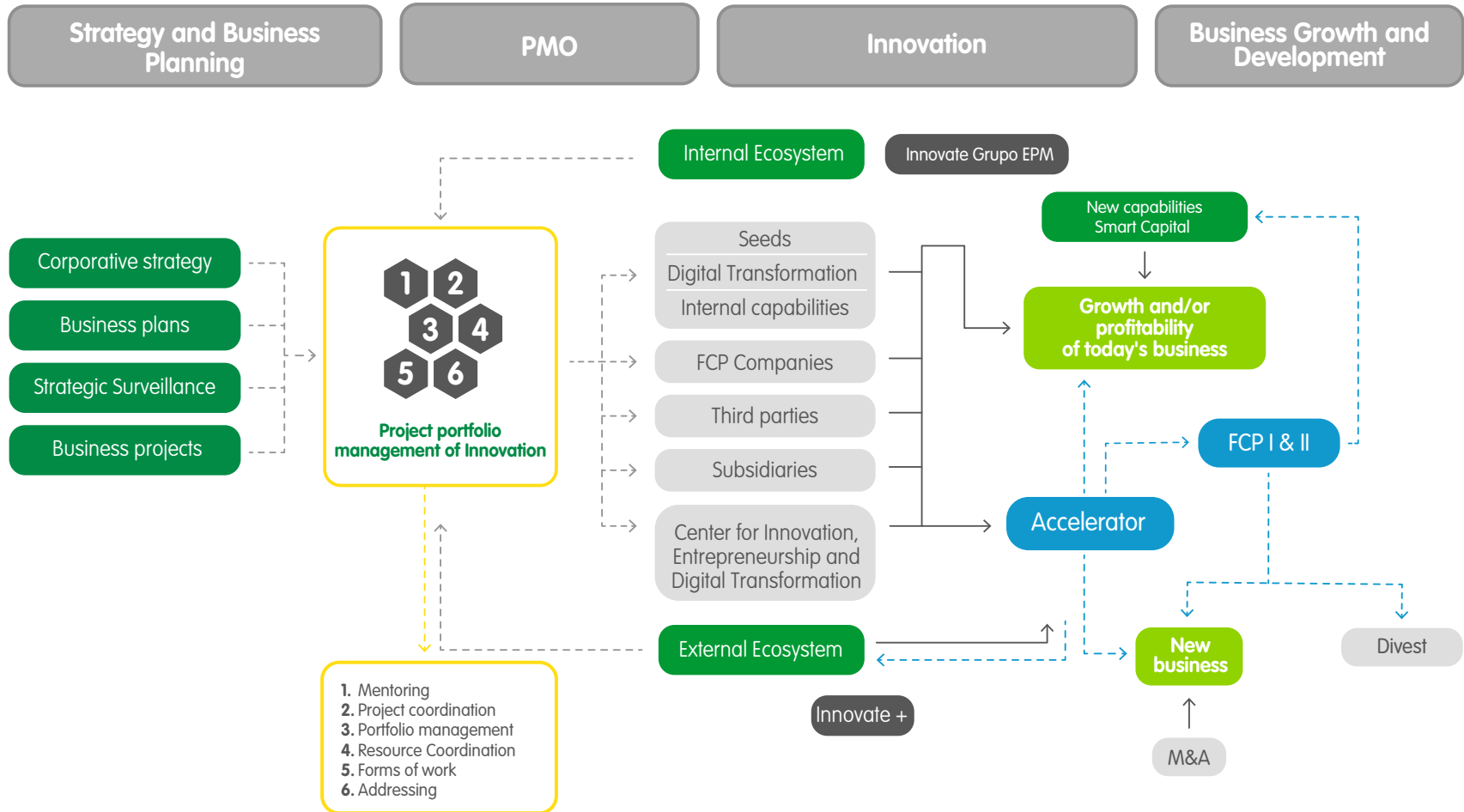
Grupo EPM has matured in innovation management, incorporating in its employees the culture to innovate. Recognizes the importance of maintaining continuous learning and counting with a network of allies to carry out agreements or collaborative alliances, in a scheme of open innovation that has allowed it, for example, to create the Center for Innovation, Entrepreneurship and Digital Transformation of Medellín, through an agreement between EPM and Ruta N for COP 12,000 million valid for 2020-2023.

Likewise, it continues to promote entrepreneurship through the Private Capital Fund –FCP– of Innovation I and the business accelerator, with investments in 10 companies and with commitments to continue investing in innovation and entrepreneurship through FCP II with investment commitments of COP 150,000 million.

Additionally, the work on innovation contributes to the following SDGs:

7- Ensure access to affordable, reliable, sustainable, and modern energy for all, 9- Develop resilient infrastructure, promote inclusive and sustainable industrialization, and promote innovation, and 11- Ensure that cities and human settlements are inclusive, safe, resilient, and sustainable.





Main achievements 2021

Program, project, initiative, or action	Challenges	Company	Achievements in 2021	Progress to target
Distributed resources	Implement a pilot project for power generation in the EPM aqueduct network through technological developments (PAT systems-pumps such as turbines).	EPM	The project restarted after the suspension due to COVID-19, with modifications 3 and 4 to the contract that includes the designs, supply, installation, and commissioning of the equipment for the connection to the network of electrical distribution of PAT systems.	Partial
	Define the business model for smart aqueducts.	EPM	A business case document was developed that includes the structuring of the business, formulation of the project and the design of the minimum viable product for intelligent aqueducts.	Total
	Execute community solar energy pilot, based on distributed energy resources, smart metering, and platform digital energy transactions.	EPM	Community diagnostics of the Commune 13 of Medellín, an agreement was not reached with them and a new community.	Total
Highly innovative company	Develop and execute, in conjunction with the EPM Foundation, the "Technological Challenges" and "Innovate EPM" programs to develop innovation capacities in the new generations.	EPM	The program was executed with human resources internal and training was provided through an agreement with Ceiba.	Total
	Start execution of activities and projects in the Center for Innovation, Entrepreneurship, and Digital Transformation.	EPM	It was fulfilled the challenge set.	Total
Smart city services and sustainable mobility	Encourage the conversion of 3,500 vehicles to vehicular natural gas.	EPM	Natural gas vehicle conversions continued in 2021 until completing the goal proposal.	Total
	Implement the provision of smart city services as a strategic ally of Medellín and other territories in Colombia.	EPM	The scope and objective of the program were redesigned and it will be relaunched in 2022.	Partial
	Propose the energy as a service -EAS- service in electric buses.	EPM	The business case was made for EAS and a second business case is being developed for the second use of batteries.	Total

Related stakeholders

Customers and users		Community		Owner		Government
Grupo EPM People		Suppliers and contractors		Partners		Investors

Content for GRI standards and internal metrics

EPM-19 Resources allocated to innovation.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Distriuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Risaralda

Colombia - Quindío

Colombia - Santander

Colombia - Norte de Santander

El Salvador

Guatemala

Chile

Business

Water

Sanitation

Electricity

Gas



A highly innovative company



A highly innovative company

In its day-to-day activities, the Organization seeks to foster the capacity for innovation in its employees and promote digital transformation in each of its companies, which is developed from the motivation, knowledge, and creativity of the people, who are the ones who finally develop those new solutions that deliver value to stakeholders. The Company executes some mechanisms and actions to promote innovation, entrepreneurship, and digital transformation, including:

- Management of the Accelerator and the Innovation Private Capital Fund.
- Training events in innovation and agile methodologies.
- Launch of challenges in the innovation ecosystem.
- Management of seeds and projects with the application of agile methodologies and the Digital Agile Operation Model (MOAD).
- Interactions with the regional and national science, technology and innovation ecosystem.

Management in 2021



The subsidiary **CHEC**, in order to optimize the operation processes, technological support and integration with the control centers of Grupo EPM, invested COP 1,662 million in deploying the **Control Centers project**, recognized by the Ministry of Science, Technology and Innovation of Colombia (Minciencias) as a project of process innovation. In addition, it strengthened the innovation management system and carried out research, development and innovation projects **-R+D+i-** incorporating entities of the regional innovation ecosystem.

The digital transformation –TD– in EPM continues to grow with more seeds. The seed of TD Aquanova of the Water and Sanitation business, which seeks to develop people's skills, the adoption of agile ways of working and the use of technological innovation, developed the Quotation and Physical Inventory of Materials applications, and also worked on the management of contract indicators, in the water price decree and in the digital solution Portal Aguas. Likewise, the Seed and Project Management initiative with the application of agile methodologies and a digital agile operating model, included the consolidation of the virtual CoEs to develop the Digital DNA, the configuration of multi-capacity teams, the 4.0 leaders program and the scaling of DevOps practices.

Grupo EPM promotes an open and collaborative innovation strategy that allows the development of alliances with entrepreneurs, centers and universities through the Center for Innovation, Entrepreneurship and Digital Transformation and the Innóvate and Innovar + programs. The latter, carried out in 100% virtual mode, had more than 70 activities and 2,670 attendees, who highlighted the friendliness of the platform and the good participation of recognized allies.

ADASA closed the year with the execution of a social innovation project for water efficiency applied to corn crops, a pilot project carried out with farmers in the Calama region in Chile and with a scope of 2021-2022.

The **CENS** Innova initiative developed the roadmap, declared eight lines of action that mobilize innovation management, and positioned itself in the innovation ecosystem of Cúcuta.

ESSA worked on the consolidation of control centers, the optimization of operations of the work teams in the field through the FSM system –Field Service Edge– and developed the pilot for the inspection of power distribution networks using drones.

DELSUR made progress in updating its energy distribution management platform.



Investments and expenses A highly innovative company (million COP)

Concept / Indicator	2019	2020	2021
EPM parent company	7,259	19,220	3,419
Grupo EPM Subsidiaries	255	2,563	4,993
Total	7,514	21,783	8,412

Source: New Business Opportunities, Innovation & Technology Business Unit – Business Management Business Unit



The budget decrease in EPM parent company is due to the difficulties caused by the COVID-19 pandemic, since the Private Capital Fund -FCP- of Innovation I, finished its investment stage and the FCP II will start the investment stage in 2022.

The increase in investments for subsidiaries corresponds mainly to the consolidation of the CHEC and ESSA control centers and the updating of the DELSUR energy distribution management platform.

Contents for GRI standards and internal metrics

EPM-19 Resources allocated to innovation.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Centrales Eléctricas del Norte de Santander - CENS

Distriuidora de Electricidad del Sur - DELSUR

Elektra Noreste - ENSA

EPM Guatemala

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

El Salvador

Guatemala

Chile

Panamá

Business

Water

Sanitation

Electricity



- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Distributed resources

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Distributed resources

EPM seeks to offer solutions for places and territories where it is difficult to reach with large centralized systems designed for cities. This focus requires the integration of technology and business models in small-scale solutions that allow cost-efficiency in the provision of public utilities for drinkable water, sanitation, energy, and solid waste management.

For the **Water and Treatment business**, they are solutions for the provision of drinkable water and sanitation in a sustainable, clean and adaptable way to populations, sectors, or communities that are not connected in any way with the main networks.

For the **Energy business**, they are small, modular power generation and storage technologies that provide electrical capacity, power, and flexibility when necessary.

For the **Solid Waste Management business**, these are solutions that involve the construction, operation, and maintenance of systems that respond to the needs of small towns.

Management in 2021



EPM and the national and international subsidiaries continued to develop solutions and integrate technologies that allow the provision of drinkable water and energy services in a cost-efficient manner.

DELSUR invested USD 1 million equivalent to COP 4,000 million in the installation and commissioning of the Shelter booth in the "El Volcán" switching substation, to mitigate the loss of load due to the output of service of the Nuevo Cuscatlán substation.

Aguas Regionales and EPM continued to jointly apply solutions based on digital technologies and renewable energies. In the corregimiento of Sucre (municipality of Olaya, Antioquia), they integrated the ultrafiltration plant to the telemetry and remote control network that is part of the aqueduct system of the corregimiento and began the execution of a pilot project for the implementation of a automatic meter reading system –AMR–. Aguas Regionales implemented a comprehensive solar solution using solar panels at the operational headquarters of the municipality of Apartadó.

EPM developed the minimum viable products of digital solutions for drinkable water (coagulation process, energy efficiency and maintenance and failure prediction) and sanitation (aeration process in the Aguas Claras wastewater treatment plant) and put into operation the self-generation application (CREG030) for solutions of self-generation and distributed generation.

The subsidiary **CHEC**, in order to evaluate the viability and efficiency of different solar thermal technologies involved in the cogeneration of energy for heating water in various thermal floors in Caldas and Risaralda, installed the solar thermal prototype with the 4 technologies to be evaluated and the equipment for the collection and analysis of information. The project currently has recognition from Minciencias under Resolution No.0375-2021.

The subsidiary **DELSUR** executed the first phase of the remote monitoring of power transformers project, with which it achieved the monitoring of a total capacity of 75 MVA of the distribution network and improved the reliability of 92,170 end users.



Investment and expenses in Distributed Resources (million COP)

Concept / Indicator	2019	2020	2021
EPM parent company	3,611	3,631	1,942
Grupo EPM Subsidiaries	73	2,340	5,572
Total	3,684	5,971	7,514

Source: New Business Opportunities, Innovation & Technology Business Unit – Business Management Business Unit



The significant increase for 2021 in the subsidiaries of Grupo EPM is mainly due to the installation and commissioning of the Shelter-type booth in the “El Volcán” switching substation of the DELSUR subsidiary.

Content for GRI standards and internal metrics

EPM-19 Resources allocated to innovation.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Central Hidroeléctrica de Caldas - CHEC
 Distribuidora de Electricidad del Sur - DELSUR

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Risaralda
 El Salvador

Business

Water
 Electricity



Smart city services and sustainable mobility



Smart city services and sustainable mobility

Smart city it is a concept, a way of organizing a territory using technology and other elements to meet the needs and offer relevant services to citizens, businesses and visitors, facilitating governance, increasing transparency, strengthening democracy and citizen participation and building a more equitable, inclusive and competitive city.

In this sense, **Grupo EPM** has projects to improve the intelligence of the services it provides, in smart electrical networks, in analytics to detect losses and fraud in energy, gas and water, as well as automation and remote management of public lighting. It also develops sustainable mobility initiatives that aim at the harmony of life for a better world, fitting in with the sustainable mobility strategy of providing energy “for transportation” from clean or renewable sources and from the natural gas.

Management in 2021



In most of its national and international energy subsidiaries, Grupo EPM continues to strengthen the sustainable mobility strategy in its territories. CENS advanced in the “**Electric Mobility**” project with an investment of COP 490 million, while CHEC and EDEQ are part of the regional initiative of the first green corridor for electric mobility in the Coffee Region, in which EDEQ invested COP 278 million for an eco-station in Quindío.



EPM contracted the execution of a pilot project of security cameras in the energy substations, in order to increase the reliability in the operation and maneuvers that are constantly required to be carried out in order to reduce the costs of operation and maintenance.

The purpose of **CENS** is to become a promoter and active agent of electric mobility practices in the territory, in conjunction with government entities. In this year, it formalized the memorandums of understanding with the San José de Cúcuta Mayor's Office and the Metropolitan Area of that city; held the first electric mobility meeting in Cúcuta, participated in the "Cúcuta on Wheels, Towards Sustainable Mobility" Fair in Alliance with Fenalco and the Metropolitan Area of Cúcuta, purchased two electric vehicle recharging equipment (semi-fast and fast) and formalized an inter-institutional cooperation alliance with two of the most important shopping centers in the city of Cúcuta (Ventura Plaza and Unicentro) for the loan for the use of three parking cells in order to install charging equipment for electric vehicles.

CHEC and EDEQ are part of the four companies that are developing the green corridor project in the Coffee Region. CHEC began the execution of the electrical and civil works of the eco-station located in the La Manuela dairy, as well as EDEQ in the eco-station located in the El Jardín de Finlandia dairy (Finlandia – Quindío) in addition to the installation of the first solar bike parking for motorcycles and electric bicycles and the acquisition of electric motorcycles and skateboards for the promotion strategy.

EPM Guatemala is a platinum member of the Electric Mobility Association of Guatemala –AMEGUA– and part of the 2020-2022 board of directors. Installed charging points for electric vehicles (seven slow-charged and two medium-charged) and a photovoltaic solar system to generate energy efficiency in rural areas (AMEGUA project-Tricycle).



Investment and expenses in smart city services and sustainable mobility (million COP)

Concept / Indicator	2019	2020	2021
EPM parent company	0	173	105
Grupo EPM Subsidiaries	33,120	5,745	1,184
Total	33,120	5,917	1,289

Source: New Business Opportunities, Innovation and Technology Business Unit/ Projects and Engineering Business Unit



The significant decrease in investments in 2021 for the subsidiaries is explained by the completion of the Red AMI project, in which EPM Guatemala invested in 2020 the sum of 10,333,881 quetzales equivalent to COP 4,551 million for its operation and maintenance. Likewise, the quarantines caused by the pandemic affected to the transport sector in all its modalities.

Content for GRI standards and internal metrics

EPM-19 Resources allocated to innovation.

Scope and coverage

Companies

- Empresas Públicas de Medellín - EPM
- Central Hidroeléctrica de Caldas - CHEC
- Empresa de Energía del Quindío - EDEQ
- Centrales Eléctricas del Norte de Santander - CENS
- EPM Guatemala

Geography

- Colombia - Antioquia
- Colombia - Caldas
- Colombia - Risaralda
- Colombia - Quindío
- Colombia - Norte de Santander
- Guatemala

Business

- Electricity



Business platforms and services of the future



Business platforms and services of the future

A **business and services platform** is a business model that creates value by facilitating exchanges between two or more interdependent groups, generally consumers and producers. For these exchanges to happen, platforms leverage and create large, scalable networks of users and resources that can be accessed.

Grupo EPM seeks to redesign business to commerce –B2C–, business to business –B2B– and business to government –B2G– services, including point-to-point services –P2P– for the regulated and unregulated market, as well as to develop new service offers through virtual platforms, with a view to growing through innovation. With this guideline, **EPM** has advanced in the structuring of possible new businesses or in the optimization of current ones, achieving efficiencies that also translate into lower costs for the company and, consequently, in a more efficient and innovative company for its users.

Management in 2021



EPM advanced in the development of digital capabilities based on 4RI technologies –fourth industrial revolution– with an investment of COP 1,623 million for the creation of the 4RI technologies experimentation laboratory: IoT – internet of things–, digital twins, artificial intelligence –AI–, digital assistants and blockchain, and the scaling of digital solutions based on 4RI: 105 robotic tasks, seven models in AI and EMA (humanoid, voicebot and chatbot).



EPM advanced in B2C, B2B, B2G and P2P services for the regulated and non-regulated market with the development of: the self-generator solution for external clients, the minimum viable product of transactive energy (P2P) between self-generators, the base platform of the SuperApp (mobile channel) and new customer service offers through the unification of the user experience of the web channel (Andromeda component) in addition to the design of experiments for the sale of green certificates, energy vouchers, vehicle charging electricity and sustainable mobility.

EPM developed a consultancy services of the future in order to identify and design the portfolio of services with added value for users.

The subsidiary **CHEC** successfully completed the Energy Management project, which consists of optimizing the administration, operation and maintenance –AOM– of electrical installations through the implementation of high-tech equipment and the development of software to acquire, monitor and control energy variables in real time. In addition, it implemented the final stage of the Voice of the Customer platform, began the design and construction of customer experience indicators (satisfaction and effort) from secondary sources and enabled the Info Invoice tool in the localities to be validated from the functional and experimental point of view by commercial assistants and begin its adaptation to be exposed to customers.

The Salvadoran subsidiary **DELSUR** made progress in the Choice RI project to reduce losses, which consists of implementing a platform of integrated applications to cover main aspects related to income protection in electricity services: fraud and theft, non-payment and bad debt management.

The Central American subsidiary **EPM Guatemala** carried out a complete update of the COMEGSA website, so that all the technological tools are available to users through this channel.



Investments and expenses Business platform and services of the future (million COP)

Concept / Indicator	2019	2020	2021
EPM parent company	0	5,416	3,673
Grupo EPM Subsidiaries	148	10,847	1,158
Total	148	16,263	4,831

Source: New Business Opportunities, Innovation and Technology Business Unit/ Business Management Business Unit



The significant decrease in investments in 2021 both in EPM and in the subsidiaries corresponds to the completion of initiatives, projects, programs and activities that began their execution in previous years.

Content for GRI standards and internal metrics

EPM-19 Resources allocated to innovation.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Central Hidroeléctrica de Caldas - CHEC
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Risaralda
 El Salvador
 Guatemala

Business

Water
 Sanitation
 Electricity
 Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Work Environment

SUSTAINABLE

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



Work Environment

Grupo EPM's human talent practices seek to facilitate the integral growth of the human being as the center of organizational development based on values, transformational leadership and co-responsibility with the different stakeholders.

The passage of the pandemic has meant many changes at a personal and family level, as well as in work dynamics. There has been a leap from 100% face-to-face work to virtuality and this has challenged people to learn as they go, maintaining quality standards in performance and taking care of their health and well-being.

As part of the learning acquired and the benefits found in virtuality, the staggering of teleworking became an option that puts the Grupo EPM at the forefront of the new ways of working that are here to stay in the world while contributing to sustainable mobility and the welfare of employees and their families.

1,232 employees formalized teleworking during 2021, which corresponds to 14.7% of the total workforce as of December 31, and we expect to conclude the validation of compliance with the requirements of approximately 1,250 more people, in response to organizational needs and meeting the general expectation of employees to maintain the best of both worlds: virtual and on-site.

The Grupo EPM continues in a process of cultural evolution, as a commitment to a disruptive culture that connects with the emerging future in which each collaborator takes responsibility for what he/she generates with his/her movement and is ready to put his/her potential at the service of the Organization. The main mechanism that leverages this evolution is a conversation, making it a valuable capital for the purpose and strategy of the organization. It is the conversational capital that makes possible the coordination of actions based on collaborative work.

In order to facilitate this cultural evolution, some mobilizers were established, among which diversity, inclusion, and gender equity stand out, in which great progress was made. During 2021, the Human Management policy was approved in all subsidiaries, in line with the ethics, principles, and values of the business group. In this way, we contribute to the construction of diverse and inclusive culture, favorably impact the territories and make the world better.

Main achievements

- EPM was recognized with the Equipares Labor Equity Seal, Silver level, by 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%, EPM becomes the first public organization in Antioquia to achieve this level of certification.



- Continuing with the EPM Contigo Program, during 2021, employees were accompanied with 162 town-hall events on mental health, bereavement support, new ways of working, balancing private life, family and work, reconciliation, and other topics that contribute to Quality of Life, with an attendance of more than 6,400 people. Ninety-six percent of the participants expressed their satisfaction with these spaces.
- At the end of 2021 EPM has 8,406 direct employees and 410 apprentices and trainees. The workforce grew by 7.89% to the end of 2020. Continuing on the path of development of EPM People, it is also noteworthy that the plant presented average internal mobility of 8.43%, compared to the total plant. This provided the possibility of personnel growth within the Organization, with 160 promotions and 358 internal changes through selection processes. In addition, in 2021, 1,440 selection processes were carried out, allowing 891 new people to join the Organization.
- 89.9% of EPM's people made use of at least one of the benefits that the Company grants to its employees. In total, 49,226 benefits were delivered for a value of COP 33,503 million, and 295 people benefited from the housing loan for a disbursed value of COP 45,279 million. The main benefits provided were sports and cultural instruction courses, educational assistance and health assistance.
- In terms of training, more than 188,648 hours of classroom and virtual training were provided, with a coverage of 96% of employees.
- In compliance with the legal provisions set forth in the Colombian law and in the countries where it operates, EPM is governed by the principles established in such regulations, based on the respect for the right to union association, collective bargaining and freedom of association. During 2021, collective bargaining negotiations were achieved in EPM and its subsidiaries Aguas Regionales, ESSA and Aguas de Malambo, with terms of three to four years.

- EPM is committed to the labor practices and standards defined in the ILO agreements and complies with the labor regulations of each country where the Grupo EPM is present; likewise, within the Company, responsibilities are assigned to specific departments to build, implement and consolidate a management model for the management of labor and union relations of the Grupo EPM, within the framework of the Colombian labor legislation and jurisprudence.
- The Regional Energy Integration Commission (CIER) awarded EPM Guatemala, TRELEC, CENS, ESSA and EPM recognition for obtaining a CIER Global Human Resources Management Quality Index equal to or higher than 0.80 points, considered a high-quality standard, among 60 companies from 13 countries in the region.
- EPM ranked sixth in the ranking of the 100 most attractive companies for attracting and retaining talent in Colombia, according to the study Monitor Merco Talento Colombia 2021 conducted by the Spanish firm Merco.
- Through training and communication strategies, on virtual platforms and in internal media, the Organization's people were made aware of the importance of living the principles and values. During 2021, 2,444 people attended virtual training courses on topics related to ethics.
- In the face of COVID-19, the Company continues to promote among its employees and contractors the conscious adoption of biosecurity protocols and prevention and containment measures at home, headquarters and in the field, in order to continue providing public services with the usual quality, even in times of pandemic.





Sustainable Development Goals



Associated stakeholders

Customers and users | Community | People Grupo EPM | Suppliers and contractors



GRI standards content and internal metrics

- 102 - 8** Information on employees and other workers.
- 102 - 41** Collective bargaining agreements.
- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- EU14** Programs and processes to ensure availability of skilled labor.
- EU15** Percentage of employees eligible to retire in the next 5 and 10 years, broken down by category and region.
- EU16** Policies and requirements concerning the health and safety of workers, contractors and subcontractors.
- EU17** Workdays of employees of contractors and subcontractors involved in construction, operation and maintenance activities.
- EU18** Percentage of contractors and subcontractors that have undergone relevant health and safety training.
- 401 - 1** New employee hires and employee turnover.
- 401 - 2** Benefits for full-time employees that are not provided to part-time or temporary employees.
- 403 - 2** Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or occupational diseases.
- 403 - 3** Workers with a high incidence or high risk of disease related to their activity.
- 403 - 4** Health and safety topics covered in formal agreements with trade unions.
- 404 - 1** Average hours of training per year per employee.
- 404 - 2** Programs to improve employee skills and transition assistance programs.
- 404 - 3** Percentage of employees receiving regular performance and career development reviews.
- 405 - 1** Diversity in governing bodies and employees.
- EPM - 16** Percentage of employees surveyed on Quality of Life.

Scope and coverage

Companies

Empresas Públicas de Medellín E.S.P. - EPM

Central Hidroeléctrica de Caldas S.A. E.S.P. - CHEC

Empresa de Energía del Quindío S.A E.S.P. - EDEQ

Electrificadora de Santander S.A. E.S.P. - ESSA

Centrales Eléctricas del Norte de Santander S.A E.S.P. - CENS

Afinia

Distribuidora de Electricidad del Sur S.A. de C.V. - DELSUR

EPM Guatemala

EPM Chile S.A.

Hidroecológica del Teribe S.A. - HET

Elektra Noreste S.A. - ENSA

Aguas Regionales S.A E.S.P

Aguas de Antofagasta - ADASA

Aguas Nacionales EPM S.A. E.S.P.

Aguas del Oriente

Aguas de Malambo S.A. E.S.P.

Empresas Varias de Medellín S.A. E.S.P. - Emvarias

Tecnología Intercontinental S.A.P.I. de C.V.- TICSA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas





Workplace wellness and benefits

SUSTAINABLE



Workplace wellness and benefits

Through the timely delivery of monetary and non-monetary benefits, the Grupo EPM promotes the Quality of Life of its employees and their families by implementing programs and activities that harmonize their family and work life. In this way, the Organization promotes spaces for accompaniment, recreation, sports, social and cultural projection, in a dynamic that consolidates the sense of belonging and strengthens the corporate culture for the fulfillment of organizational objectives.

Results in 2021



89.91% of EPM's employee population made use of at least one of the benefits granted by the Company. In total, 49,226 benefits were delivered, 27% more than the previous year, for a value of COP 33,503 million, 19% more than in 2020.

- Due to the economic reactivation and the fact that entities are now offering their courses in person, there was an increase in the usability of monetary benefits.

Overall, the Group's companies provided their employees with benefits valued at COP 79,131 million and 37,749 people were impacted by labor welfare programs.

In order to accompany its people, the Company created the EPM Contigo program, which allows connecting people, from their emotions and needs, with a close company that values and appreciates their contribution to the organizational purpose. This program is made up of four lines of action: I take care of my mind, my body and my heart, which brings

together activities related to the care of emotional, physical and psychosocial aspects; I learn new ways of working, which brings together initiatives related to the challenges of the new normality, dynamics of remote work, telecommuting, virtuality and technology; I connect with life, which seeks to promote activities to reconcile work, personal and family life; and I connect with my company, which promotes activities to enhance the emotional connection between employees and the Company and the strengthening of conversational capital.

Persons benefited with labor welfare programs - EPM (Number or quantity)

Concept	2019	2020	2021
Social projection	3,015	3,151	6,588
Cultural events	12,270	15,065	10,133
Sports and recreation	11,786	3,322	2,996
Total	27,071	21,538	19,717

Source: Human Resources and Organizational Development Business Unit

Value of labor welfare programs - EPM (COP millions)

Concept	2019	2020	2021
Social projection	394	610	462
Cultural events	227	338	1,054
Sports and recreation	2,497	1,863	1,793
Total	3,118	2,811	3,309

Source: Human Resources and Organizational Development Business Unit

Benefits - Grupo EPM

Concept	2019	2020	2021
Beneficiaries - Benefit program	42,129	39,646	37,749
Value of benefits (COP millions)	63,024	59,283	79,131

Source: Human Resources and Organizational Development Business Unit

The **EPM Contigo** program was active throughout the year, leading to greater participation (with the spaces Ser familia hoy, Merienda para el alma, Comparto mi hobby, Programa de reconocimiento, Semana de la movilidad segura y sostenible), while in 2020 it was implemented since May. The programs of psychological counseling, spiritual counseling and training workshops for Retirees and Pensioners also showed greater usability during 2021, with a total participation of 6,716 people.

For the year 2021, celebrations such as Family Day and Children’s Day were held in person, complying with certain capacity limits, which restricted the number of people who could participate in these events, with a total of 6,113 attendees. The classic day, years of service and Christmas novenas were held in person and virtually, with a total participation of 3,903 people.

During the year 2021, the virtual training continued with 17,378 attendances. On May 24, the on-site service began to be provided in the gymnasium on the 11th floor of the EPM building in Medellín, with a capacity of 12 people per hour, which was increased to 75% of capacity (141 people per hour) in November; As of July 1, the on-site service was reactivated in the gymnasium of the COM (Operation and Maintenance Center) La Aurora and on July 12 in the gymnasium of La 30; 6,715 people attended on-site in these three gyms; additionally, 558 virtual group classes were given through the Facebook platform. A total of 2,996 people participated in the gyms, which represents a decrease compared to the previous year. This was due to the fact that the Company opted for alternation and many people decided to use

commercial gymnasiums near their homes. Additionally, in the power generation plants, the bubble scheme continued, limiting the gauging, and the service was suspended in the future Ituango hydroelectric plant and in the regions.

During 2021, **1,232 teleworkers** in the mobile, supplementary and autonomous modalities were officialized in EPM. Flexible working hours were also promoted with 5 established working hours, between 6:00 a.m. and 8:00 a.m.

Permits and licenses in Grupo EPM

Concept		2019	2020	2021
Extra-legal leave for childbirth or abortion	Women	58	37	25
	Men	137	114	123
Licenses by law	Women	350	116	119
	Men	321	186	153
Women on maternity leave		133	125	156
Men on paternity leave		206	195	117

Source: Human Resources and Organizational Development Business Unit

Permits and licenses at EPM

Concept		2019	2020	2021
Extra-legal leave for childbirth or abortion	Women	39	17	0
	Men	102	80	90
Licenses by law	Women	283	55	50
	Men	214	97	78
Women on maternity leave		72	71	94
Men on paternity leave		107	98	51

Source: Human Resources and Organizational Development Business Unit

Since 2020 in EPM an adjustment was defined in the extralegal leave for birth applicable only for men, therefore, the extralegal leave for birth or abortion - Women presents a decrease of 26%. The Company continues to strengthen the granting of leaves of absence and permissions for employees who have this right by means of disclosure in training spaces.

Loans disbursed - EPM

Concept	2019	2020	2021
Home loans	161	133	295
Loans for other items	1,186	1,267	1,078
Value of loans (COP millions)	21,667	19,999	46,024

Source: Human Resources and Organizational Development Business Unit

In 2020, housing loan terms were frozen due to mandatory insulation, and were reactivated in 2021. In this year, a collective agreement was signed with SINPRO and 15,000 million were injected, which represented 153 approvals, for a total of 208 in the year. For SINTRAEMSDES, 159 housing loans were approved.

A total of 295 housing loans were disbursed for COP 45,279 million (144 to SINPRO members and 151 to SINTRAEMSDES) and 1,078 loans for other items for COP 745 million, for a total of COP 46,024, representing an increase of 122% in the number of housing loans and 130% in the value disbursed with respect to the previous year.



People benefited from labor welfare programs - Grupo EPM

Companies	2019	2020	2021
EPM	27,071	21,538	19,717
Aguas del Oriente	15	0	0
Aguas Regionales	253	250	249
Aguas Nacionales	91	176	245
EP Rio	108	N.A.	N.A.
Aguas de Malambo	74	77	82
Emvarias	3,966	4,847	3,461
CHEC	3,042	3,078	3,046
ESSA	3,729	4,976	4,960
CENS	571	596	663
EDEQ	1,019	1,368	1,128
Afinia	N.A.	N.A.	1,299
ENSA	541	573	585
DELSUR	320	315	348
EPM Guatemala	658	800	786
ADASA	74	489	517
TICSA	597	563	663
Total	42,129	39,646	37,749

Source: Human Resources and Organizational Development Business Unit



As of January 1, 2020, the merger by absorption of EP Rio into EPM took place.

Value of labor welfare programs - Grupo EPM (COP millions)

Companies	2019	2020	2021
EPM	31,028	28,164	33,503
Aguas del Oriente	8	0	0
Aguas Regionales	415	461	599
Aguas Nacionales	50	86	241
EP Rio	13	0	0
Aguas de Malambo	48	46	50
Emvarias	1,696	1,754	1,842
CHEC	12,412	9,763	10,621
ESSA	973	536	635
CENS	3,111	2,548	3,115
EDEQ	1,038	811	1,080
Afinia	N.A.	N.A.	9,890
ENSA	4,110	3,908	5,511
DELSUR	0	3,963	4,053
EPM Guatemala	3,537	3,635	3,778
ADASA	3,959	2,955	3,359
TICSA	626	652	853
Total	63,024	59,283	79,131

Source: Human Resources and Organizational Development Business Unit



As of January 1, 2020, the merger by absorption of EP Rio into EPM took place.

In most of the Group's companies, the activities of the welfare programs and benefit plans include the employee's family group to promote integration, family unity and a sense of belonging to the organizations.

For the 2021 report, data from companies such as CHEC, Emvarias and ESSA were adjusted to standardize the concept of beneficiaries for the purposes of this report.

Employees using benefits - Grupo EPM (%)

Companies	2019	2020	2021
EPM	92%	87%	90%
Aguas del Oriente	0%	0%	0%
Aguas Regionales	100%	80%	100%
Aguas Nacionales	100%	98%	100%
EP Rio	100%	N.A.	N.A.
Aguas de Malambo	71%	75%	79%
Emvarias	86%	100%	100%
CHEC	99%	99%	99%
ESSA	100%	100%	100%
CENS	100%	100%	100%
EDEQ	100%	100%	100%
Afinia	N.A.	N.A.	100%
ENSA	100%	100%	100%
DELSUR	100%	100%	100%
EPM Guatemala	85%	90%	100%
ADASA	100%	100%	100%
TICSA	100%	100%	100%

Source: Human Resources and Organizational Development Business Unit



As of January 1, 2020, the merger by absorption of EP Rio into EPM took place.

GRI standards content and internal metrics

- 401 - 2** Benefits for full-time employees that are not provided to part-time or temporary employees.
- 401 - 3** Parental leave.
- 404 - 2** Programs to improve employee skills and transition assistance programs.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Tecnología Intercontinental - TICSA

Elektra Noreste - ENSA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Colombia - El Caribe

El Salvador

México

Guatemala

Business

Electricity

Water

Sewerage

Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Quality of Life

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE

Quality of Life

The **measurement of Quality of Life - Psychosocial Risk** within the framework of the SGSST (Occupational Health and Social Security Management System), becomes a management tool that guides and focuses efforts to improve organizational results and the well-being of employees and their families.



For EPM and its subsidiaries in Colombia, reference is made to Resolution 2646/2008 of the Ministry of Labor, which establishes provisions and defines responsibilities for the identification, evaluation, prevention, intervention and permanent monitoring of the exposure to psychosocial risk factors at work and for the determination of the origin of pathologies caused by occupational stress; and Resolution 2404 /

2019 of the MT, which adopts the Battery of instruments for the evaluation of psychosocial risk factors, as well as the General Technical Guide for the promotion, prevention and intervention of psychosocial factors and their effects on the working population, with their specific protocols.

During the pandemic, Ministry of Labor Circular 0064/2020 was adopted, indicating no psychosocial assessment and a focus on psychosocial intervention and mental health care.

Results in 2021



EPM carried out different actions to mitigate the psychosocial risk and to take care of the mental health of employees during the pandemic period. Some of these actions were: accompaniment to employees with COVID-19 infection, crisis care, individual attention to employees with high levels of stress, mental health training and strengthening for stress management, mental health day, psychological support for employees and beneficiaries through institutional agreements, psychoactive substances prevention campaign, different actions within the framework of EPM Contigo, support for the work environment through the ECOS strategy (methodology for the management of the work environment -Conscious and Healthy Environments-), among other initiatives for individual and collective strengthening with a focus on population groups with higher risk levels.

Results of the Quality of Life Survey - EPM

Concept	2019	2020	2021
Role clarity	49.53%	53.15%	N.A.
Social relations at work	54.93%	60.03%	N.A.
Leadership	46.09%	51.34%	N.A.

Source: Human Resources and Organizational Development Business Unit

The results of the Quality of Life 2020 measurement show a stabilization of the indicators as a result of all the actions developed, as evidenced by 85.78% of the surveyed population.

According to these results, EPM is in a low total risk or no risk. During 2021, risk management continued and it is expected to carry out a measurement in 2022.

Employees surveyed - Quality of Life - EPM

Concept	2019	2020	2021
Employees surveyed	6,246	6,320	N.A.
Source: Human Resources and Organizational Development Business Unit			

In 2021 no measurement was made. In order to continue strengthening the work environment, efforts continue to be concentrated in the dimensions Leadership, Social relations and Clarity of role.

Employees surveyed - Quality of Life - Grupo EPM

Concept	2019	2020	2021
Employees surveyed	9,253	8,844	N.A.
Source: Human Resources and Organizational Development Business Unit			



Applies only to companies in Colombia.

During 2021, EPM and the subsidiaries in Colombia of the Grupo EPM focused on psychosocial risk management and mental health care according to the results obtained in the last measurement, as indicated in Circular 0064.

GRI standards content and internal metrics

EPM - 16 Percentage of employees surveyed on Quality of Life and psychosocial risk.

Scope and coverage

Companies

Empresas Públicas de Medellín E.S.P. - EPM
 Central Hidroeléctrica de Caldas S.A. E.S.P. - CHEC
 Electrificadora de Santander S.A. E.S.P. - ESSA
 Empresa de Energía del Quindío S.A E.S.P. - EDEQ
 Centrales Eléctricas del Norte de Santander S.A E.S.P. - CENS
 Aguas Regionales
 Aguas de Malambo S.A. E.S.P.
 Aguas Nacionales EPM S.A. E.S.P.
 Empresas Varias de Medellín S.A. E.S.P. - Emvarias

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - Risaralda

Business

Electric power
 Gas
 Water
 Sanitation



6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

Job Performance

SUSTAINABLE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Job Performance

Performance management in the Grupo EPM evolves to articulately leverage the achievement of the strategic direction, with its elements of organizational purpose, system of organizational capabilities and strategic, tactical and operational planning.

The conversation is valued to establish the contributions of individuals and teams, the results with their respective metrics and indicators; to achieve objectives that are mostly interdependent between areas, and to strengthen daily development through feedback and recognition.

Performance management leverages cultural evolution and promotes the common good, collaborative work, conversation for networking and co-responsibility.

Results in 2021



The performance prototype was implemented in **EPM** (for 61 offices and 2,000 employees) for 100% of the employees in **ESSA and CHEC**, incorporating the new performance model and promoting the articulation of the processes of planning, follow-up and improvement of management, performance management and people development.

The new competency model was incorporated into the conversation dynamics for feedback and recognition.

The Colombian subsidiaries of the business group were prepared for the incorporation of the new model as of 2022.

By 2022, the incorporation of 100% of EPM's personnel and partially of the population of the subsidiaries EDEQ, CENS, Afinia, Aguas Regionales and Emvarias is projected. For national subsidiaries that do not yet participate in the performance prototype, it is planned to invite them to join from the 2023 annual cycle; some international subsidiaries have their own performance and development process, and referencing sessions are promoted to make the new model known.

The performance process does not include people who: joined the company as of August 1, 2021; with continuous or discontinuous disabilities that did not allow them to work for at least 90 days during the year; with permanent union leave, in new developments such as leaves of absence, suspensions or commissions and people who were not assigned performance commitments in the official application.

Employees with performance evaluation

Concept	2019	2020	2021
Grupo EPM	11,461	11,660	13,173
EPM	7,031	7,075	7,327

Source: Human Resources and Organizational Development Business Unit

% of employees with performance evaluation - Grupo EPM

Companies	2019	2020	2021
EPM	94%	94%	91%
Aguas del Oriente	0%	0%	0%
Aguas Regionales	0%	19%	0%
Aguas Nacionales	100%	100%	100%
Aguas de Malambo	0%	0%	0%
TICSA	100%	100%	100%

Source: Human Resources and Organizational Development Business Unit

% of employees with performance evaluation - Grupo EPM

Companies	2019	2020	2021
ADASA	100%	100%	100%
Emvarias	0%	92%	87%
HET	0%	0%	0%
CHEC	99%	92%	97%
ESSA	96%	93%	98%
CENS	98%	96%	92%
EDEQ	99%	99%	97%
DELSUR	100%	0%	0%
EPM Guatemala	20%	13%	100%
ENSA	100%	100%	100%

Source: Human Resources and Organizational Development Business Unit



Aguas Nacionales, ADASA, TICSA and ENSA carried out performance management for 100% of their employees.

GRI standards content and internal metrics

404 - 3 Percentage of employees receiving regular performance and career development reviews.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Nacionales EPM

Aguas Regionales EPM

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Aguas de Antofagasta - ADASA

Elektra Noreste - ENSA

EPM Chile

EPM Guatemala

Distribuidora de Electricidad del Sur - DELSUR

Hidroecológica del Teribe - HET

Tecnología Intercontinental - TICSA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Guatemala

Chile

México

El Salvador

Panamá

Business

Electric power

Gas

Water

Sanitation





Training and development

SUSTAINABLE



Training and development

In Grupo EPM, development management refers to a series of practices and scenarios of exposure, accompaniment and guided training that contribute to the development of organizational capabilities and competencies in people, within the framework of the new Human Development Model based on co-responsibility. Development management should be carried out through the 70, 20, 10 approach, which includes three components: exposure (70%: learning by doing or learning by doing), accompaniment (20%: learning with others, through formal and informal conversations) and guided training (10%: learning from others, through formal and informal programs of self-education, training, coaching and knowledge updating).

Results in 2021



- The structure of the EPM University was updated, including the creation of the Digital and Innovation, Corporate, and Technical Business Schools and the updating of the Leadership School. Likewise, the Knowledge Network was redesigned and reactivated, the Open Classroom was created, and the qualification route for the position was structured, which includes: corporate induction, specific induction and recurrent training and retraining.
- The University's service and website were designed. The organizational knowledge map was updated and progress was made in the execution of training events for the identified knowledge that is insufficient.
- We continued with the structuring of new curricula for processes and capabilities, with 14 structured curricula. The Human Development Model was updated and socialized in different scenarios of EPM and the subsidiaries of the Grupo EPM.
- More than 188,648 hours of classroom and virtual training were provided, reaching 96% coverage of employees.

Training and Development - EPM				
Concept		2019	2020	2021
Average hours of training per employee	Managers	34	42	38
	Professionals	32	44	33
	Assistants, technicians and technologists	31	28	15
	Support	40	24	11
Training hours - Average employee		32	34	22
Learning events held		561	353	577
Approved postgraduate studies		0	0	0
Grants awarded		0	0	0
Approved outings abroad for training		41	10	16
Source: Human Resources and Organizational Development Business Unit				

During 2021, we continued with the training of executives, managers, operation leaders and project leaders, in the different spaces programmed by the Leadership School of EPM University.

Likewise, the training of other audiences continued through the spaces programmed by the University's schools.

With the onset of the pandemic, the different areas of the company encouraged the implementation of virtual courses, especially for those servers who worked in the field and during the contingency were at home, this generated an impact on the average hours of training in 2021, due to the decrease of hours in the virtual offer.

Training and Development - Grupo EPM

Concept	2019	2020	2021
Learning events held	2,590	3,431	2,544
Approved postgraduate studies	47	44	44
Grants awarded	697	685	977
Approved outings abroad for training	65	13	28
Value of the Organizational Learning Plan (COP millions)	6,253	5,030	8,168

Source: Human Resources and Organizational Development Business Unit

In general, in the Grupo EPM there was a decrease in training events due to the impact of the COVID-19 post-pandemic; however, this same situation generated a great opportunity for the development of virtual and telepresence courses.

Training times were formulated to meet the needs, according to the learning environments and modalities.



Training hours - Average employee Grupo EPM

Companies	2019	2020	2021
EPM	32	34	22
Aguas del Oriente	48	54	6
Aguas Regionales	1	1	2
Aguas Nacionales	0	2	6
Aguas de Malambo	0	0	1
TICSA	18	13	4
ADASA	40	12	18
Emvarias	92	16	1.6
HET	38	38	35
CHEC	63	48	37
ESSA	96	82	51
CENS	34	34	45
Afinia	N.A.	N.A.	9
EDEQ	44	34	53
DELSUR	47	30	51
EPM Guatemala	114	81	145
ENSA	6	2	31

Source: Human Resources and Organizational Development Business Unit

Execution of Organizational Learning Plan Grupo EPM

Companies	2019	2020	2021
EPM	94%	98%	96%
Aguas del Oriente	92%	88%	40%
Aguas Regionales	100%	100%	100%
Aguas Nacionales	0%	75%	100%
Aguas de Malambo	43%	30%	80%
TICSA	100%	40%	69%
ADASA	61%	65%	62%
Emvarias	78%	83%	70%
HET	0%	0%	0%
CHEC	89%	98%	95%
ESSA	87%	97%	87%
CENS	100%	100%	100%
EDEQ	96%	94%	95%
Afinia	N.A.	N.A.	41%
DELSUR	135%	0%	36%
EPM Guatemala	100%	100%	96%
ENSA	100%	40%	100%

Source: Human Resources and Organizational Development Business Unit

The Human Development Model based on co-responsibility and the new structuring of the University, the methodologies for the structuring of curricula and knowledge map, as well as virtual courses hosted in HCM, were shared with the Group's subsidiaries.

After the COVID-19 pandemic, Aguas Nacionales and ENSA reactivated in 2021 their budgets and training activities in operational and administrative issues. For its part, EPM Guatemala advanced a Skills Development Plan that impacted 785 people, with 114,102 hours of training.

GRI standards content and internal metrics

- 404 - 1** Average hours of training per year per employee.
- 404 - 2** Programs to improve employee skills and transition assistance programs.



Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Afinia

EPM Guatemala

EPM Chile

Elektra Noreste - ENSA

Tecnología Intercontinental - TICSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Santander

Colombia - Norte de Santander

Colombia - El Caribe

Colombia - Malambo, Atlántico

Chile

El Salvador

Panamá

México

Guatemala

Business

Electric power

Gas

Water

Sanitation





Retirees and Pensioners

SUSTAINABLE



Retirees and Pensioners

In order to maintain the relationship with its Retirees and Pensioners, the Grupo EPM develops different strategies that facilitate the rapprochement with this subgroup of interest, among them, social projection activities that include psychological and spiritual counseling, as well as full adulthood (program for Retirees and Pensioners and pre-pensioners).

Results in 2021



The link with Retirees and Pensioners is permanently strengthened with the implementation of varied, innovative and inclusive activities that are approached from different dimensions: personal, social and recreational, with an offer of 26 virtual courses with the participation of 473 enrolled participants.

The commitment and contact with this population group is warm and close, which is reflected in their participation and attendance at all programmed activities.

We continued with the **pre-pension program**, aimed at employees who are less than two years away from retirement. A total of 171 employees participated in the different phases of the program, in activities such as workshops, internal affairs planning and pension counseling.

A **new retirement preparation program, called "Vital"**, was designed to facilitate the participants' transition to their new personal reality in order to reduce the impact in its different dimensions (social, spiritual, emotional, intellectual and physical), extending its scope to the population in the last 11, 5 and 2 years of their working life, prior to the fulfillment of retirement requirements.

This program is linked to the dimensions of the self and involves different moments in order to prepare the employee to make the decision to retire due to old age. The implementation of "Vital" begins in 2022 with an estimated population of 1,025 employees.

Retirees and pensioners - Grupo EPM

Concept	2019	2020	2021
Pensioners in the year	925	1,056	1,008
Direct retirees - Accumulated	3,547	3,967	3,591

Source: Human Resources and Organizational Development Business Unit

Retirees and pensioners - EPM

Concept	2019	2020	2021
Pensioners in the year	71	123	152
Direct retirees - Accumulated	2,098	2,019	1,946

Source: Human Resources and Organizational Development Business Unit



Projection of personnel to retire in the next 10 years

Concept	Grupo EPM	EPM
Managers	202	147
Professional	1,247	1,080
Technologist, technician and assistant	1,662	1,111
Support	626	626
Total	3,737	2,964

Source: Human Resources and Organizational Development Business Unit

Until June 30, 1995, there were retirees under EPM; as of this date, the new social security system in Colombia came into effect.

The projection of pensionable personnel is reported based on the number of people who would meet the age requirements for pension recognition in Colombia: women 57 years old and men 62 years old.

Taking as a premise that for EPM the welfare of all its employees is fundamental, and in order to ensure the adequate recognition of the benefits to which the social security pension system gives rise, the employee is accompanied in the procedures derived from the contingencies of disability (illness or accident of common and occupational origin) and old age.

This support includes: pension counseling, analysis and reconstruction of work histories, processing of applications for economic benefits, validation of pension conditions, applicable regime, benefits to which they are entitled, verification of the amount and parameters of pension settlement, appeals and exhaustion of governmental channels.

This same guidance is offered to employees in procedures derived from the contingencies of an illness or accident of common and occupational origin, which triggers their disability status.

GRI standards content and internal metrics

EU15 Percentage of employees eligible to retire in the next 5 and 10 years, broken down by category and region.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Empresa de Energía del Quindío - EDEQ
 Central Hidroeléctrica de Caldas - CHEC
 Centrales Eléctricas del Norte de Santander - CENS
 Electrificadora de Santander - ESSA
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala
 Elektra Noreste - ENSA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Santander
 Colombia - Norte de Santander
 El Salvador
 Guatemala

Business

Electric power
 Gas
 Water
 Sanitation



Trade Union Organizations

SUSTAINABLE



Trade Union Organizations

The relationship with the Union Organizations that are present within EPM is framed according to Guideline 42, which was implemented and consolidated by the Company as a management model for the management of labor and union relations that emerge from the right to union association and collective bargaining. This guideline is adjusted in the Colombian labor legislation, and it clearly and coherently defines the basic guidelines for the management of collective labor matters.

Within the Grupo EPM there are 32 trade Union Organizations, 25 of them in Colombia and 7 outside.

In Colombia, 16 collective bargaining agreements have been signed with these organizations and 4 arbitration awards have been adopted; thus, Grupo EPM declares its compliance with the regulatory provisions on respect for the right to union association, collective bargaining and freedom of association in all countries where it operates.

In EPM there is freedom of union association, 99% of the personnel is affiliated directly or by extension to one or more of the six existing Union Organizations. In the national companies of the Grupo EPM in Colombia, the percentage of affiliation is 96.42%, taking into account that some of its subsidiaries, such as Aguas de Oriente and Aguas Nacionales, do not have Union Organizations due to their size.



Results in 2021



The Collective Bargaining Agreement was signed with SINPRO, effective 2021-2024, during the direct settlement stage. The benefits agreed had as a fundamental premise the welfare and improvement of the Quality of Life of workers and their beneficiaries; important achievements stand out in the recognition of the needs of the different stakeholders and the expansion of their coverage, especially in housing, with the capitalization of the Revolving Fund, and the possibility of acquiring a second home.

Also, on July 13, 2021, an **extra-convention agreement** was signed with **SINTRAEMSDS** to extend some of the benefits agreed with SINPRO.

Legal advice was provided to the subsidiaries in Colombia Aguas Regionales, Emvarias, ESSA (Sinproessa) and Aguas de Malambo (Sintraemsdes) regarding preparation for collective bargaining processes, as well as legal support in the management of collective labor relations and the administration of the different collective bargaining agreements.

The permanent accompaniment and advice provided to the subsidiary Afinia in its relations with labor unions, especially in the agreement of the salary increase for the year 2021 with Sintraelecol, is highlighted.

The Ministry of Labor ensures that all subsidiaries in Colombia that require overtime work authorizations are updated with the Ministry of Labor.

Affiliation to labor unions - Grupo EPM

Concept	2019	2020	2021
Unions	28	27	33
Employees covered by collective bargaining agreements	12,829	13,249	14,876
Non-unionized	354	714	1,261

Source: Human Resources and Organizational Development Business Unit

Membership in labor unions - EPM

Concept	2019	2020	2021
Unions	6	6	6
Employees covered by collective bargaining agreements	7,505	7,778	8,392
Non-unionized	9	13	14

Source: Human Resources and Organizational Development Business Unit

Other indicators on trade union organizations EPM

Concept	2019	2020	2021
Agreements and arbitration awards	3	5	5
Complaints	2	1	1
Union officers' hours of leave	21,244	35,211	43,179

Source: Human Resources and Organizational Development Business Unit

Union leave is ordinary paid time for the exercise of union and collective association of unionized workers. In 2021 the hours of permanent union leaves of various union officers are included.

The increase in union leave hours is related to the collective bargaining process that was advanced with SINPRO and the return to face-to-face work after the preventive isolation generated with the COVID-19 pandemic during 2020.

GRI standards content and internal metrics

102 - 41 Collective bargaining agreements.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Empresas Varias de Medellín - Emvarias

Central Hidroeléctrica de Caldas - CHEC

Electrificadora de Santander - ESSA

Empresa de Energía del Quindío - EDEQ

Afinia

Centrales Eléctricas del Norte de Santander - CENS

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Tecnología Intercontinental - TICSA

Hidroecológica del Teribe - HET

Elektra Noreste - ENSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Colombia - El Caribe

Chile

El Salvador

Panamá

México

Guatemala

Business

Electric power

Gas

Water

Sanitation



Employee Headcount

SUSTAINABLE



Employee Headcount

In the Grupo EPM, the employee plant is defined by structured occupational groups: managers, professionals, technologists, technicians and assistants and support curve. The report of assigned employees includes the levels, categories, classes of positions and salaries existing in each of the subsidiaries.

Regarding salaries, Grupo EPM strives to have equitable salaries within each of its subsidiaries and competitive with the market. Some of the subsidiaries in Colombia have a fixed compensation and benefits mostly of a conventional type. In others, integral salary is offered to those who meet the requirements to have it.

Results in 2021



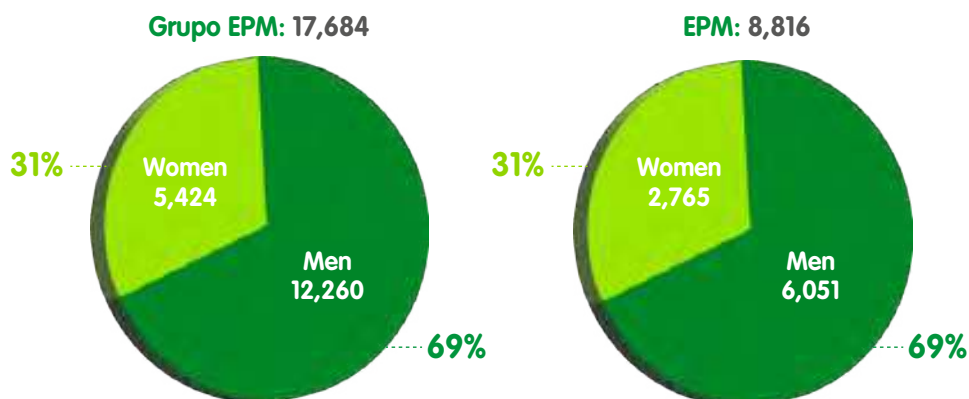
EPM ranked sixth in the ranking of the 100 most attractive companies for attracting and retaining talent in Colombia, according to the study Monitor Merco Talento Colombia 2021 conducted by the Spanish firm Merco.

EPM ranked first in the sector ranking of companies providing residential public utilities (energy, gas and water), and has been in the top ten of the general ranking for 12 consecutive years.

The Regional Energy Integration Commission (CIER) recognized EEGSA, TRELEC, CENS, ESSA and EPM for obtaining a CIER Global Human Resources Management Quality Index equal to or higher than 0.80 points, considered a high quality standard, among 60 companies from 13 countries in the region.

Staffing table 2021

Staffing by gender 2021



Source: Human Resources and Organizational Development Business Unit



Includes trainees and apprentices.

Grupo EPM Personnel by gender

Concept	2019	2020	2021
Men	10,344	10,569	12,260
Women	4,476	4,563	5,424
Total	14,820	15,132	17,684

Source: Human Resources and Organizational Development Business Unit



Includes trainees and apprentices.

Personnel headcount by gender EPM

Concept	2019	2020	2021
Men	5,452	5,614	6,051
Women	2,456	2,585	2,765
Total	7,908	8,199	8,816

Source: Human Resources and Organizational Development Business Unit



Includes trainees and apprentices.

First-level executives by gender - Grupo EPM

Concept	2019	2020	2021
Men	51	140	158
Women	34	63	70
Total	85	203	228

Source: Human Resources and Organizational Development Business Unit



First-level managers by gender - EPM

Concept	2019	2020	2021
Men	6	10	8
Women	3	3	6
Total	9	13	14

Source: Human Resources and Organizational Development Business Unit



In EPM, as a general rule, the personnel hired are official employees and only exceptionally are public employees of free appointment and removal, some of whom perform leadership, trust and management activities (first level managers).

At the end of 2021, EPM had 8,406 direct employees and 410 apprentices and trainees.

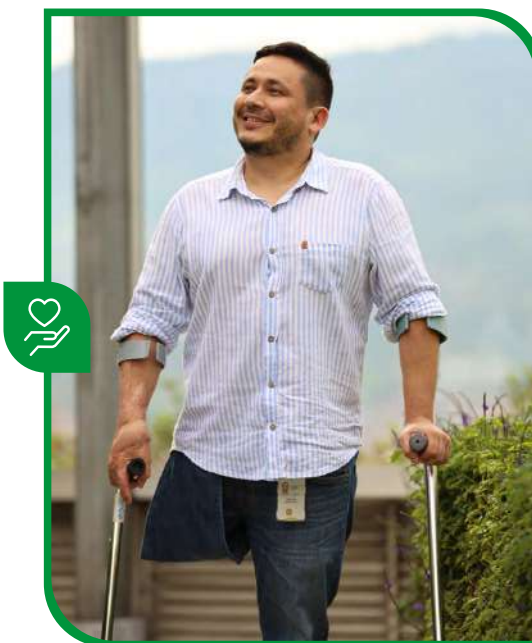


In terms of development, the plant had an average internal mobility rate of 8.43%, giving the possibility of personnel growth within the Organization, with 160 promotions, 358 internal changes due to selection processes and 132 transfers between units.

In addition, 1,440 selection processes were carried out, which allowed 891 new people to join the organization.

In compliance with the Human Rights policy, we are working on the development of actions that strengthen diversity in terms of inclusion of people with disabilities and gender equity, to support the fulfillment of SDGs (Sustainable Development Goals) such as: end of poverty, gender equality and reduction of inequalities.

- EPM was recognized on November 24, 2021, with the Equipares Labor Equity Seal, Silver level, by the Ministry of Labor and the United Nations Development Program (UNDP) for taking concrete actions to achieve gender equity in its work environments.
- In the Program for the Inclusion of People with Disabilities, there were 18 employees: 3 technicians, 5 technologists and 10 professionals with physical, sensory and cognitive disabilities.



Personnel by position and gender Grupo EPM

Concept		2019	2020	2021
Managers	Men	384	412	494
	Women	128	150	203
Managers		562	697	697
Professionals	Men	3,019	3,327	4,009
	Women	1,998	2,168	2,571
Professionals		5,017	5,495	6,580
Technologists, technicians and assistants	Men	4,569	4,523	5,090
	Women	1,695	1,684	1,989
Technologists, technicians and assistants		6,264	6,207	7,079
Support	Men	1,957	1,999	2,261
	Women	210	182	233
Support		2,167	2,181	2,494
Apprentices	Men	251	208	289
	Women	291	294	320
Apprentices		542	502	609
Student trainees	Men	164	100	117
		154	85	108
Student trainees		318	185	225
Total		14,820	15,132	17,684

Source: Human Resources and Organizational Development Business Unit



Includes trainees and apprentices.

Staffing by position and gender EPM

Concept		2019	2020	2021
Managers	Men	167	169	157
	Women	59	55	59
Managers		226	224	216
Professionals	Men	1,687	1,825	2,023
	Women	1,255	1,332	1,459
Professionals		2,942	3,157	3,482
Technologists, technicians and assistants	Men	1,993	1,952	2,037
	Women	927	940	988
Technologists, technicians and assistants		2,920	2,892	3,025
Support	Men	1,412	1,493	1,655
	Women	14	25	28
Support		1,426	1,518	1,683
Apprentices	Men	164	148	153
	Women	178	208	216
Apprentices		342	356	369
Student trainees	Men	29	27	26
		23	25	15
Student trainees		52	52	41
Total		7,908	8,199	8,816

Source: Human Resources and Organizational Development Business Unit



Includes trainees and apprentices.

During 2021, adjustments with a gender focus were made to the guidelines of the Human Rights policy and the Human Talent Management policy, as well as to the business rules of the Human Talent Entry and Performance and Development processes.

Personnel by levels Grupo EPM

Concept	2019	2020	2021
Managers	512	562	697
Professionals	5,017	5,495	6,580
Technologists - technicians - assistants	6,264	6,207	7,079
Support	2,167	2,181	2,494
Total number of employees	13,960	14,445	16,850
Apprentices	542	502	609
Student interns/trainees	318	185	225
Total	14,820	15,132	17,684

Source: Human Resources and Organizational Development Business Unit

Staffing by levels EPM

Concept	2019	2020	2021
Managers	226	224	216
Professionals	2,942	3,157	3,482
Technologists - technicians - assistants	2,920	2,892	3,025
Support	1,426	1,518	1,683
Total number of employees	7,514	7,791	8,406
Apprentices	342	356	369
Student interns/trainees	52	52	41
Total	7,908	8,199	8,816

Source: Human Resources and Organizational Development Business Unit

The plant presents a growth of 7.89% with respect to the occupied plant at the end of 2020, originated by the coverage of vacant positions that ensure the proper execution of the projects and the operation of the businesses, guaranteeing the provision of services and the attention to regulatory matters.

Distribution of employees by age Grupo EPM

Concept	2019	2020	2021
Under 30 years of age	1,239	1,493	1,861
Between 30 and 50 years old	6,968	8,577	10,117
Over 50 years old	3,870	4,375	4,872
Total	12,077	14,445	16,850

Source: Human Resources and Organizational Development Business Unit



It does not include apprentices or interns.

Distribution of employees by age EPM

Concept	2019	2020	2021
Under 30 years of age	505	475	586
Between 30 and 50 years old	4,283	4,479	4,968
Over 50 years old	2,726	2,837	2,852
Total	7,514	7,791	8,406

Source: Human Resources and Organizational Development Business Unit



It does not include apprentices or interns.

In the Organization there is respect for diversity and equity, there is no discrimination. Experience and specialized knowledge are valued in all age ranges.

Headcount by country

Country	2019	2020	2021
Colombia	11,273	11,683	13,932
Panamá	531	596	604
El Salvador	320	315	348
Guatemala	774	799	786
México	597	563	663
Chile	465	489	517
Total	13,960	14,445	16,850

Source: Human Resources and Organizational Development Business Unit



It does not include apprentices or interns.

The Grupo EPM's plant grew 17% over the previous year, due to the inclusion of the Afinia subsidiary, which added 1,299 employees.

GRI standards content and internal metrics

- 102 - 8** Information about employees and other workers.
- 401 - 1** New employee hires and staff turnover.
- 405 - 1** Diversity in governing bodies and employees.

Scope and coverage

Companies

Empresas Públicas de Medellín E.S.P. - EPM

Aguas Regionales

Aguas Nacionales EPM S.A. E.S.P.

Aguas del Oriente

Aguas de Malambo S.A. E.S.P.

Empresas Varias de Medellín S.A. E.S.P. - Emvarias

Central Hidroeléctrica de Caldas S.A. E.S.P. - CHEC

Empresa de Energía del Quindío S.A. E.S.P. - EDEQ

Electrificadora de Santander S.A. E.S.P. - ESSA

Centrales Eléctricas del Norte de Santander S.A. E.S.P. - CENS

Afinia

Distribuidora de Electricidad del Sur S.A. de C.V. - DELSUR

EPM Guatemala

EPM Chile S.A.

Hidroecológica del Teribe S.A. - HET

Elektra Noreste S.A. - ENSA

Tecnología Intercontinental S.A.P.I. de C.V. - TICSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Water

Sewerage

Electricity

Gas



Occupational health and safety

SUSTAINABLE



Occupational health and safety

In compliance with Decree 1072 of 2015 and Resolution 0312 of 2019 of the Ministry of Labor, where the requirements for the implementation of the Occupational Safety and Health Management System are specified, EPM adopts these standards as systematic and transparent management tools to address the prevention of accidents and occupational diseases, and also the protection and promotion of the health of workers in the provision of utilities.

Results in 2021



In order to comply with current regulations on occupational safety and health, in the internal audit of the Occupational Safety and Health Management System (SGSST) for the year 2021, a result of 100% was obtained in the evaluation of the minimum standards established in Resolution 0312 of 2019 of the Ministry of Labor of Colombia. This result was obtained thanks to strict compliance with standards, requirements and procedures, applying them to EPM's Process Model and to the administrative structure units that support the provision of domiciliary public services. These standards establish, record, verify and control compliance with the basic conditions of technological, scientific, patrimonial and financial sufficiency, and technical-administrative capacity for the operation, exercise and development of activities of EPM and its contractors.



Sick-leave Injury Index (ILI) - Outcome

Companies	2019	2020	2021
EPM	0.28	0.14	0.68
Aguas Regionales	0.00	1.65	2.60
Aguas Nacionales	0.13	0.35	0.34
Aguas de Malambo	0.79	0.70	1.08
Emvarias	39.31	0.16	0.11
CHEC	0.31	0.06	1.45
ESSA	0.20	0.65	0.02
CENS	0.18	0.03	0.10
EDEQ	0.59	0.11	0.12

Source: Human Resources and Organizational Development Business Unit

Variation of the ILI: this index increased for EPM during 2021, the frequency of accidents increased and so did the severity, which is why the goal of being below 0.24 was not met; however, there were controls focused on intervening, effectively and efficiently, the sources generating incidents, occupational accidents and occupational disease, according to the prioritization obtained in the working and health conditions, in order to contribute to improving the health and welfare of workers and the sustainability of the processes.

During 2021 the Occupational Health and Safety Management System of EPM was adequate in its structure in accordance with the requirements of Decree 1072/2015 in its Book 2, Part 2, Title 4, Chapter 6 and Resolution 0312 of 2019. Although minor deviations were evidenced in the compliance with requirements, the commitment and maturity level achieved by the Group regarding the planning and implementation of its OHSMS, was successful.

In the different departments and processes of EPM, the SGSST has been carried out in accordance with the provisions of the legal regulations in force regarding occupational safety and health, taking into account the timeliness in optimizing resources. EPM's management is the company was effective in achieving its objectives in accordance with the strategies contemplated by top management with respect to compliance with the system.

In each of its established perspectives, the progress of the SGSST with respect to the self-assessment carried out in the 2021 audit exercise, resulted in a 100% rating, denoting an acceptable level of compliance according to the criteria of Resolution 0312 of 2019. For the national subsidiaries, the system was implemented under the guidelines of the Ministry of Labor in its Resolution 0312 of 2019, generating an environment suitable for quality of working life for collaborators through the monitoring and control of risk scenarios in each of the companies of the Grupo EPM.

Within the self-care program, 20,348 hours of training were conducted in EPM in 2021, with emphasis on topics such as value-based safety, motivation and self-care, healthy lifestyles and work, complemented with nutrition and eating habits, occupational stress, psychological aspects of workplace harassment, drug and alcohol dependence, interpersonal relationships and stress management and biosafety protocols for prevention and mitigation of COVID-19.

In order to contribute to the mental health of EPM's people, the psychological counseling program covered 4,823 counseling appointments for employees and their families.

In the Grupo EPM's contractor performance evaluation methodology, quantitative criteria were included to qualify the Occupational Health and Safety management in each contract.

Occupational Health and Safety training Grupo EPM

Concept	2019	2020	2021
Hours	117,376	68,750	82,796
Number of attendees	16,860	14,456	22,625
Source: Human Resources and Organizational Development Business Unit			

In the operating units, work plans were established based on the prioritization of the risk matrix, incorporating updating minutes with the participation of those responsible for the units and process leaders.

During the period, more than 2,500 inspections were carried out, which allowed us to develop actions to improve processes, investigate reported accidents and incidents, and have epidemiological surveillance systems (EVS) that responded to the needs and health conditions of the Organization, including the EVS COVID-19 to deal with health emergencies and the exposure of employees to biological risk.

For EPM and its subsidiaries, there was an increase in training hours in 2021, since for this year the restrictions derived from compliance with the provisions in force regarding the prevention and mitigation of biological risk by COVID-19 allowed the resumption of face-to-face training.

GRI standards content and internal metrics

- EU16** Policies and requirements concerning the health and safety of workers, contractors and subcontractors.
- EU17** Workdays of employees of contractors and subcontractors involved in construction, operation and maintenance activities.
- EU18** Percentage of contractors and subcontractors that have undergone relevant health and safety training.
- 403 - 2** Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or occupational diseases.
- 403 - 3** Workers with high incidence or high risk of diseases related to their activity.
- 403 - 4** Health and safety topics covered in formal agreements with trade unions.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Central Hidroeléctrica de Caldas - CHEC

Empresa de Energía del Quindío - EDEQ

Centrales Eléctricas del Norte de Santander - CENS

Electrificadora de Santander - ESSA

Distribuidora de Electricidad del Sur - DELSUR

EPM Guatemala

Aguas Regionales EPM

Aguas Nacionales EPM

Aguas del Oriente

Aguas de Malambo

Empresas Varias de Medellín - Emvarias

Tecnología Intercontinental - TICSA

Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia

Colombia - Caldas

Colombia - Quindío

Colombia - Risaralda

Colombia - Santander

Colombia - Norte de Santander

Colombia - Malambo, Atlántico

Chile

El Salvador

Guatemala

México

Panamá

Business

Electric power

Gas

Water

Sanitation





Personnel selection

SUSTAINABLE



Personnel selection

The Grupo EPM develops the necessary activities for the selection of people that fit the requirements of the positions and the cultural characteristics of its different subsidiaries. The selection process is standardized among the energy subsidiaries and operational support is provided to the water subsidiaries. Among the services provided are: management of apprentices and internship students, review and analysis of candidates' requirements, pre-selection and assessment centers; with the purpose of filling vacancies and ensuring successful performance in the position.

Results in 2021



The HCM tool (Oracle's Human Capital Management) has been used to support the different phases of the human talent entry process and to support the selection processes in the different subsidiaries of the Group through the management performed by the Human Talent Services Department (EPM's Shared Services Center).

In EPM, the management of the "Human Talent Entry" process for filling vacancies enables the selection of suitable people through the mechanisms of promotion, selection and transfer of people; it establishes procedures and standards, and uses tools that facilitate the management of the selection process, maintaining its traceability and transparency. In 2021 the following vacancies were filled:

- Promotion processes: 160
- Changes due to selection process: 358
- Transfers: 132
- Enrolled applicants: 80,770

Among the subsidiaries of the Grupo EPM to which EPM provides selection services (CHEC, CENS, EDEQ, ESSA and Afinia), 43,649 applicants registered.

Personnel selection Grupo EPM

Concept	2019	2020	2021
Selection Processes	1,606	1,587	3,683
Contract modifications	670	557	1,029
Related parties	1,395	1,358	2,641
Source: Human Resources and Organizational Development Business Unit			

The business rules that had been defined at the time to address the Hidroituango contingency in 2018 were adjusted. They were extended so that employees of the subsidiaries could participate in selection processes, and an order of provision was established, among other changes.

Personnel selection EPM

Concept	2019	2020	2021
Selection Processes	790	536	1,440
Contract modifications	311	139	518
Related parties	570	433	891
Source: Human Resources and Organizational Development Business Unit			

The filling of vacancies is due to positions authorized by the Board of Directors to guarantee operational safety, the execution of infrastructure and business projects and to ensure the correct operation of the businesses.

GRI standards content and internal metrics

EU14 Programs and processes to ensure availability of skilled labor.

Scope and coverage

Companies

Empresas Públicas de Medellín E.S.P. - EPM
 Central Hidroeléctrica de Caldas S.A. E.S.P. - CHEC
 Empresa de Energía del Quindío S.A E.S.P. - EDEQ
 Electrificadora de Santander S.A. E.S.P. - ESSA
 Centrales Eléctricas del Norte de Santander S.A E.S.P. - CENS
 Afinia
 Distribuidora de Electricidad del Sur S.A. de C.V. - DELSUR
 EPM Guatemala
 EPM Chile S.A.
 Hidroecológica del Teribe S.A. - HET
 Elektra Noreste S.A. - ENSA
 Aguas Regionales
 Aguas Nacionales EPM S.A. E.S.P.
 Aguas del Oriente
 Aguas de Malambo S.A. E.S.P.
 Empresas Varias de Medellín S.A. E.S.P. - Emvarias
 Tecnología Intercontinental S.A.P.I. de C.V. - TICSA
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 Chile
 El Salvador
 Panamá
 México
 Guatemala

Business

Electric power
 Gas
 Water
 Sanitation



Social and environmental management in projects



Social and environmental management in projects

It is the set of environmental and social activities carried out by EPM Group as a developer of projects that transform the regions where it is present. The purpose is to contribute to the harmony of life for a better world, by managing negative impacts and enhancing the positive ones, as well as avoiding the materialization of risks in the construction and operation stage. This depends to a large extent on the capacities to manage the sociopolitical dimension, knowledge of social and environmental forces, and the building of trust in the territories, among others.



Today the Grupo EPM is building infrastructure projects for the expansion and energy growth of the country, such as Hidroituango in the department of Antioquia, with an installed capacity of 2,400 MW, which will meet 17% of the power demand in Colombia, for which all environmental and social obligations derived from the environmental license and other administrative acts issued by the National Environmental Licensing Authority (ANLA) are met.

Likewise, substations and lines of the Regional Transmission System are being built and repowered to guarantee the energy demand in Antioquia, Caldas, Santander and Norte de Santander, for which the Organization is timely obtaining the related environmental licenses or permits, as well as timely meeting the obligations derived from them and implementing the environmental management plans and measures for the development of these projects.

Finally, there is the sustainable construction program -Programa Aldeas-, which contributes to making projects and territories viable through the sustainable construction in wood of housing, tourist infrastructure and social and community equipment in the department of Antioquia.

Main achievements

During 2021, EPM met the baseline of environmental and social formulation of infrastructure projects by 153%, with the formulation of 9 additional projects to the 17 established as a goal. Likewise, support was provided to the subsidiaries ESSA, CHEC and CENS for the formulation of 12 projects.

Other actions to be highlighted in 2021 include: the filing of the environmental impact studies for the El Rodeo Substation and 110 kV Line Shock Plan projects, and the entry into operation of the San Lorenzo Calizas line with the recognition of the excellent environmental and social management of the impacts by stakeholders and the environmental authority, as well as obtaining environmental tax benefits for COP 55,974 million.

Of the 166 environmental and social milestones, 98 milestones were met, 66 were rescheduled, and 2 were not met, out of the 98 milestones met, 28 were met early. The milestones not met are related to designs, land issues and extension of construction contracts.

EPM's 2021 Challenges		Achievements
Conducted 51 environmental studies.		Fifty-one environmental studies were carried out, with 100% compliance.
Development of 24 environmental management measures -EMM-.		Twenty environmental management measures were developed, and the remaining four were moved to the year 2022.
658 socializations were carried out in the projects.		The challenge was fully met. During the project, socializations were held before the start of the works, during and at the end of the works. The information processes covered 5,663 people.
Reuse of construction and demolition waste (CDW) in projects.	Abiotic environment	14.44% of the total CDW was reused on site. Of the 414,000 m3 generated on site, 59,781 m3 were reused.
Recycling of solid waste in projects.		Thirty-five percent of the waste generated was recycled. Of the 278 tons of waste generated, 98 tons were recycled.
Forest harvesting.	Biotic environment	During the period, there was a 98% approval rate for forest harvesting permits; of 21,917 trees requested, 21,631 have been approved. There was an optimization of 58% of the forest harvesting permits, and 13,354 trees were not cut down as a result of the implementation of new technologies in the execution of the projects.
Survival rate of epiphytes other habitats and tree species.		There was a 99% survival rate for epiphytes, other habitats and closed tree species.
Forestry compensation.		84% progress in the implementation of forest offsets in the area. 40% progress in the implementation of forest offsets (single tree).
Wildlife management.	Biotic environment	During the period, there were no dead or injured wildlife individuals, and all of the rescued wildlife individuals were relocated (332).
Training on environmental and social issues.		As part of the development of 59 projects, 6,683 people were trained, of which 5,255 are contractor personnel and 1,428 are people from the communities in the area of influence of the projects.
Employment generation.	Socioeconomic environment	14,994 jobs generated in the municipalities where the projects are executed.
PQR management in projects.		469 PQRs filed and 419 PQRs closed (89%). Most of the PQRs are associated with the closure of complementary works.
Archaeology and heritage assets.		During the period there was only one archaeological find in the Yulimar Circuit Phase III project.



Note: The achievements associated with the execution and management of the future Ituango hydroelectric power plant can be consulted in the Hidroituango chapter.

Challenges

- Perform environmental and social management of 112 projects.
- Respond to 2,068 commitments and obligations of the environmental authorities, especially those related to forest harvesting: characterization of closed species, connectivity with own resources and biotic compensation.
- Resettlement of approximately 100 families in 5 projects, mostly urban, applying the Public Policy for the Protection of Residents of the municipality of Medellin.
- Strengthen the working groups and lines of work of different departments of the Organization associated with environmental and social management in projects, for the standardization and documentation of the subject throughout its life cycle.
- Implementation of the guidelines of the Improving Infrastructure Project Management Capacity (Vision 2025) project in environmental and social management throughout the project cycle.
- Review the governance model with the Group's subsidiaries for their interaction in the formulation and execution stages.



Note: The challenges associated with the execution and management of the future Ituango hydroelectric power plant can be consulted in the Hidroituango chapter.



Capitalized environmental costs (Amounts in million COP)

Concept	EPM	Grupo EPM ³
Contingency	55,688	55,688
Management of environmental and social impacts ¹	31,954	34,942
Physical environment	13,176	29,363
Biotic environment	17,621	17,859
Covid 19	14,871	14,871
Social management	8,977	11,101
Environmental management	4,660	7,646
Others ²	5,446	5,626
Provision for forced investment 1% Provision for forced investment	-7,376	-7,376
Total	145,018	169,721

Source: Vice-Presidency Finance and Investments



¹ Includes consulting and auditing.

² Includes the following concepts: archeology program, environmental and social studies, forest offsets, technical management of environmental procedures, provision of forest offsets, and relationship and communication management.

³ Grupo EPM includes: EPM, Emvarias, CHEC, EDEQ, ESSA.



Community and environmental costs (Amounts in million COP)

Concept	EPM	Grupo EPM ²
Transfers from the electricity sector (Law 99 of 1993)	124,726	130,166
Financing services	2,080	96,284
Environmental management	42,843	58,526
Financial Support Fund for the Energization of Non-Interconnected Zones (FAZNI)	36,214	37,376
Environmental fees	14,543	17,637
Contributions in non-corporate entities	15,055	15,055
Social and community welfare ¹	7,179	8,000
Total	242,640	363,044

Source: Vice-Presidency Finance and Investments



¹ Includes economic support to the community, investments in Articulated Living Units (ALU) and cultural events.

² EPM Group includes: EPM, Aguas Nacionales, Aguas del Oriente, Aguas Regionales, Emvarias, Aguas de Malambo, CHEC, EDEQ, ESSA, CENS, Afinia, HET, ADASA and EPM Guatemala.

Associated stakeholders

Customers and users

Community

Owner

State

Investors



GRI standard content and internal metrics

- 203 - 1** Investments in infrastructure and services supported.
- 203 - 2** Significant indirect economic impacts.
- 413 - 1** Operations with local community participation, impact assessments and development programs.
- 413 - 2** Operations with significant negative impacts - actual and potential - on local communities.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Empresas Varias de Medellín - Emvarias
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas de Malambo
 Empresa de Aguas del Oriente Antioqueño
 EPM Guatemala
 Hidroecológica del Teribe - HET
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - El Caribe
 Colombia - Malambo, Atlántico
 Chile
 Guatemala
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas



Aldeas Program



Aldeas Program

Aldeas is an innovative initiative that takes advantage of the wood that matures in the more than 4,000 hectares of forest plantations around EPM's power generation and drinking water supply reservoirs, whose purpose is to give added value by offering a portfolio of construction solutions for communities and territories with a high degree of socioeconomic vulnerability in regions where the Company is present.

The Aldeas program contributes to:

- Strengthening public-private partnerships to promote the social and environmental development of communities.
- The construction of safe habitats in the rural environment where families can continue to promote the country's agricultural development.
- Promoting forest governance through the sustainable harvesting of timber that completes its maturation cycle in forests owned by EPM.
- The viability of infrastructure projects and the validation of EPM's presence in the territories.
- The linking of the forestry sector, the timber industry and construction, which has generated a large number of direct and indirect jobs, contributing to the revitalization of the local and regional economy.

Results in 2021



Aldeas is today much more than housing, it is a program that contributes to make projects and territories viable through sustainable construction in wood, which includes tourist infrastructure, social and community equipment (environmental classrooms, community huts, schools, playgrounds, among others), as well as stakes for the enclosure of protection or compensation areas of the same EPM reservoirs.

Achievements

- Under an agreement with the Government of Antioquia and several municipalities, eight rural indigenous schools were built, three of them for the Emberá ethnic group and five for the Senú ethnic group (5), in the municipalities of El Bagra, Chigorodó, Uramita, San Pedro de Urabá and Caucasia. The construction of these schools benefited 280 children from the different communities.
- Construction of 18 houses in the Carupia indigenous reservation of the Emberá ethnic group in the municipality of Cáceres, benefiting 18 families and 97 people.
- Construction of the El Palmar nursery for Hidroitango.
- Signing of an agreement with Empresa de Vivienda de Antioquia -VIVA-, an agency of the Government of Antioquia, to join financial, technical, administrative and logistical efforts for the identification, formulation and design of infrastructure, community use, services and housing projects in areas of interest to both parties in the department of Antioquia.

Difficulties

Difficult accessibility conditions, as well as sociopolitical and security situations in the areas where the infrastructure is being installed, posed major challenges for the execution of the works and led to delays in delivery, with the exception of the El Palmar nursery, which was delivered on schedule.

Contents for GRI standards and internal metrics

- 203 - 1** Investments in infrastructure and services supported.
- 203 - 2** Significant indirect economic impacts.
- 413 - 1** Operations with local community participation, impact assessments and development programs.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Antioquia

Business

Electric power





Intermediate projects



Intermediate projects

These are the expansion, modernization and growth projects in the energy, gas, water and solid waste sectors that are currently being developed by the EPM Group and leverage the sustainable growth of the Organization and of the territories where it operates, and on which all the environmental and social steps are being taken to enable and make their execution feasible, such as the formulation and implementation of environmental management plans or measures and the processing of environmental licenses or permits before the competent environmental authorities.

In power generation: environmental and social actions were carried out for the following projects: rehabilitation of the Playas power plant, modernization of the La Ayurá mini-power plant, modernization of the connection to the transmission system of the La Tasajera power plant, modernization of Guatapé Stage III: auxiliary equipment and other annexes; modernization of the Porce II power plant, modernization and replacement of equipment of the Niquía hydroelectric power plant, rehabilitation of the Miraflores reservoir dam, modernization of the connection to the transmission system of the La Tasajera power plant, and replacement of auxiliary service equipment in the valve chamber and intake towers of the Guatapé power plant.

In energy transmission and distribution: environmental and social actions were carried out for system expansion and replacement works such as: expansion of the connection of the Urabá - Nueva Colonia - Apartadó, modernization of the Ancón Sur substation, modernization of the Chigorodó substation, modernization of the Guadalupe substation, modernization of the Miraflores substation, capacity expansion of the Cañasgordas substation, expansion of the San Jerónimo and Santa Fe de Antioquia substations, and the new Calizas substation, among others.

In water and basic sanitation: environmental and social actions were carried out for drinking water supply projects in the Aburrá Valley and eastern Antioquia described in the Water Provision Intervention Program -PIPA-, and for the San Nicolás Valley projects; while

in the framework of the Sanitation and Dumping Management Program there are projects such as: maintenance of sewage networks and infrastructure, Rodas - Piedras Blancas - El Salado and other basins, whose works were completed in 2021. In the area of solid waste, environmental and social studies and designs were carried out for the Transfer Station project. With the subsidiaries Aguas de Malambo and Aguas Regionales, projects related to basic sanitation of the communities are being carried out.

Results in 2021



Contributed to the improvement of the quality of life of the communities where the Grupo EPM operates through the construction of works to guarantee the supply of electricity, gas, drinking water, wastewater and solid waste management to improve coverage, continuity and quality of service to customers, in addition to modernizing and replacing networks and, in general, the infrastructure associated with the provision of utilities.

Achievements

- Compliance with environmental and social management plans for public utility infrastructure projects.
- Management of the environmental procedures and permits required for the construction of the works: request or modification of environmental licenses, forest exploitation permits, occupation of watercourse, dumping permits, among others, as well as compliance with the obligations and management measures associated with such licenses or permits:

- 36 of the 36 permits programmed were filed, for a compliance rate of 100%.
 - During the period under analysis, 72 environmental and social permits were scheduled to be obtained, of which 51 were obtained, for a compliance rate of 71%.
- Review and preparation of environmental studies required for the feasibility and execution of projects.
 - Completion of 51 environmental and social studies of the 51 programmed for the period, for a 100% compliance.
- Attention to PQR, petition rights, information requests and others.
 - Attention and closure of 419 PQR of the 469 received, for an attention indicator of 89%.
- Conducting community information and participation programs with different stakeholders at the regional and local levels.
 - A total of 658 informative meetings were held with a total attendance of 5,663 attendees.
 - Training was provided to 5,255 contractors and 1,428 people involved in the company's projects.
- Implementation of communication and relationship strategies with the different local, regional and national stakeholders that allowed us to establish and strengthen a two-way communication and relationships of trust for the viability and sustainability of the projects.

- Implementation of strategies with authorities, public and private entities, and communities, in order to influence the prioritization and obtaining of licenses, as well as the viability of each project.
- Social accompaniment for the constitution of easements and land management.

GRI standard content and internal metrics

- 203 - 1** Investments in infrastructure and services supported.
- 203 - 2** Significant indirect economic impacts.
- 413 - 1** Operations with local community participation, impact assessments and development programs.
- 413 - 2** Operations with significant negative impacts - actual and potential - on local communities.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM

Geography

Colombia - Antioquia

Business

Water
Sewerage
Electricity
Gas





Sustainable production and consumption



Sustainable production and consumption

Axis of the environmental direction of the Grupo EPM that establishes, implements and monitors actions that seek efficiency in the use of materials, water ([see Water and biodiversity](#)), energy ([see Climate strategy](#)) and Waste Management.

These initiatives contribute to the transition from a linear development model to a circular one, by preventing the generation of waste, by-products and leaks, recovering resources, reincorporating them into other production processes, closing material, water and energy cycles, and business models to increase efficiency in production and consumption.

Optimizing the use of resources in the activities for the provision of public services, influencing the production practices of goods and services of suppliers and contractors and guiding changes in the habits of customers and users, are possibilities that arise for the Grupo EPM from sustainable production and consumption.



Photovoltaic solar panels in facilities, energy efficiency programs, electronic invoicing, transformers with vegetable oil, fleet replacement with electric and gas vehicles, internal campaigns to recognize the delivery of recyclable materials, proper management (use, treatment, or disposal) of each waste, the reduction of paper and the participation for a sustainable mobility, are part of Grupo EPM's contributions to SDG 12.

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Power consumption	Renewable energy supply.	Reduce per capita electricity consumption at each site, without affecting operations and staff comfort.	DELSUR	Nine of the eleven selected sites met the goal of electricity consumption ≤ 350 kWh/person/month. Replacement of 80% of mercury vapor luminaires with LED luminaires in the central campus, warehouse and some sites. Installation of 39 air conditioning units with inverter technology to reduce energy consumption.	Partial
		Reduce electricity consumption at the water treatment plant and pumping stations by 10%.	Aguas del Oriente	3% reduction in electricity consumption.	Partial
Waste Management	Citizen culture of cleanliness and integrated solid Waste Management.	Conduct a feasibility study for the solid waste valorization project.	EPM	Progress in the structuring of the terms of reference and the selection of the International Finance Corporation as a partner for the preparation of the feasibility study. Assignment of an environmental and social team to support the preparation of the study and to advance in the environmental diagnosis of alternatives and the environmental impact study. The contract was awarded in January 2022.	Partial

Main achievements 2021

Program, project, initiative or action	Management emphasis	Challenges	Company	Achievements in 2021	Fulfillment
Waste Management	Civic culture of cleanliness and integrated solid Waste Management.	Start up a construction and demolition waste utilization plant in alliance with a third party.	EPM	<p>Identification of a property in Girardota and lease agreement with the owner.</p> <p>Approval is pending from the municipality's planning department to begin implementation.</p>	Partial
	Prevention of contamination.	Eliminate stocks of equipment and waste contaminated with polychlorinated biphenyls (PCBs).	CENS	Replacement of 10 pieces of equipment identified with PCB content. The remaining three pieces of equipment will be replaced in the first quarter of 2022.	Total
		Evaluate alternatives for reducing non-hazardous recyclable waste and waste electrical materials.	EPM Guatemala	Internal diagnosis and data collection. The need for a more rigorous study by an external party is determined in 2022.	Partial
		Hand over to authorized waste managers the hazardous waste that enters the warehouse, in order to reduce the amount of waste disposed of in safety cells and treated by incineration.	CHEC	Receipt of 3,299.1 kg of hazardous waste in the warehouse and delivery of 37.09% (1,223.8 kg) of batteries and luminaries to the management company C.I. Metales La Unión, logistics operator of post-consumer programs, for their use.	Total

Challenges 2022

Program, project, initiative or action	Management emphasis	Challenges	Company	Business	Geography
Power consumption	Renewable energy supply.	Optimize the operation processes of the Aguas Claras WWTP through the self-generation of 80% of the energy required.	Aguas Nacionales	Water and sanitation	Colombia - Antioquia
Waste Management	Prevention of contamination.	Eliminate stocks of polychlorinated biphenyls (PCBs).	EPM	Energy - T&D	Colombia - Antioquia
		Develop a plan for the elimination of PCBs.	EPM Guatemala	Energy - T&D	Guatemala
		Producing in the EPM nursery the organic fertilizer required for the maintenance of gardens and green areas of EPM's headquarters.	EPM	All businesses	Colombia - Antioquia
		Other Consumption and Efficient Practices	Design a short-term (two-year) biosolids roadmap for the Aguas Claras WWTP to diversify its uses.	Aguas Nacionales	Water and sanitation

Sustainable Development Goals

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Associated stakeholders

Customers and users | Community | State | People from Grupo EPM
Investors | Suppliers and contractors

GRI standards content and internal metrics

- 103 - 1** Explanation of the subject matter and its coverage.
- 103 - 2** The management approach and its components.
- 103 - 3** Evaluation of the management approach.
- 301 - 1** Materials used by weight or volume.
- 301 - 2** Recycled inputs.
- 302 - 1** Energy consumption within the Organization.
- 302 - 2** Energy consumption outside the Organization.
- 302 - 3** Energy intensity.
- 302 - 4** Reduction of energy consumption.
- 302 - 5** Reduction of energy requirements of products and services.
- 306 - 2** Waste by type and disposal method.
- 306 - 4** Transportation of hazardous waste.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Tecnología Intercontinental - TICSA
 Hidroecológica del Teribe - HET
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas





Power consumption



Power consumption

Seeks to optimize the use of energy (electricity, gas, diesel, and others) through initiatives to reduce or stabilize consumption.

The Grupo EPM is making progress in the programming and management of changes in air conditioning systems, lighting networks, installation of motion sensors, replacement and renewal of electrical equipment, installation and operation of solar panels for self-consumption energy in its infrastructure, replacement of gasoline or diesel vehicles with electric or natural gas vehicles, installation of meters, monitoring of electricity and fuel consumption in own and third-party vehicles, and awareness of energy-saving strategies aimed at the Grupo EPM people.



The Grupo EPM's energy distribution and water supply companies are developing programs to reduce network losses.

Results in 2021



The connection of the EPM Building to the La Alpujarra thermal district implies a reduction of approximately 30% in the consumption of electricity required for the operation of the air conditioning system of this facility.

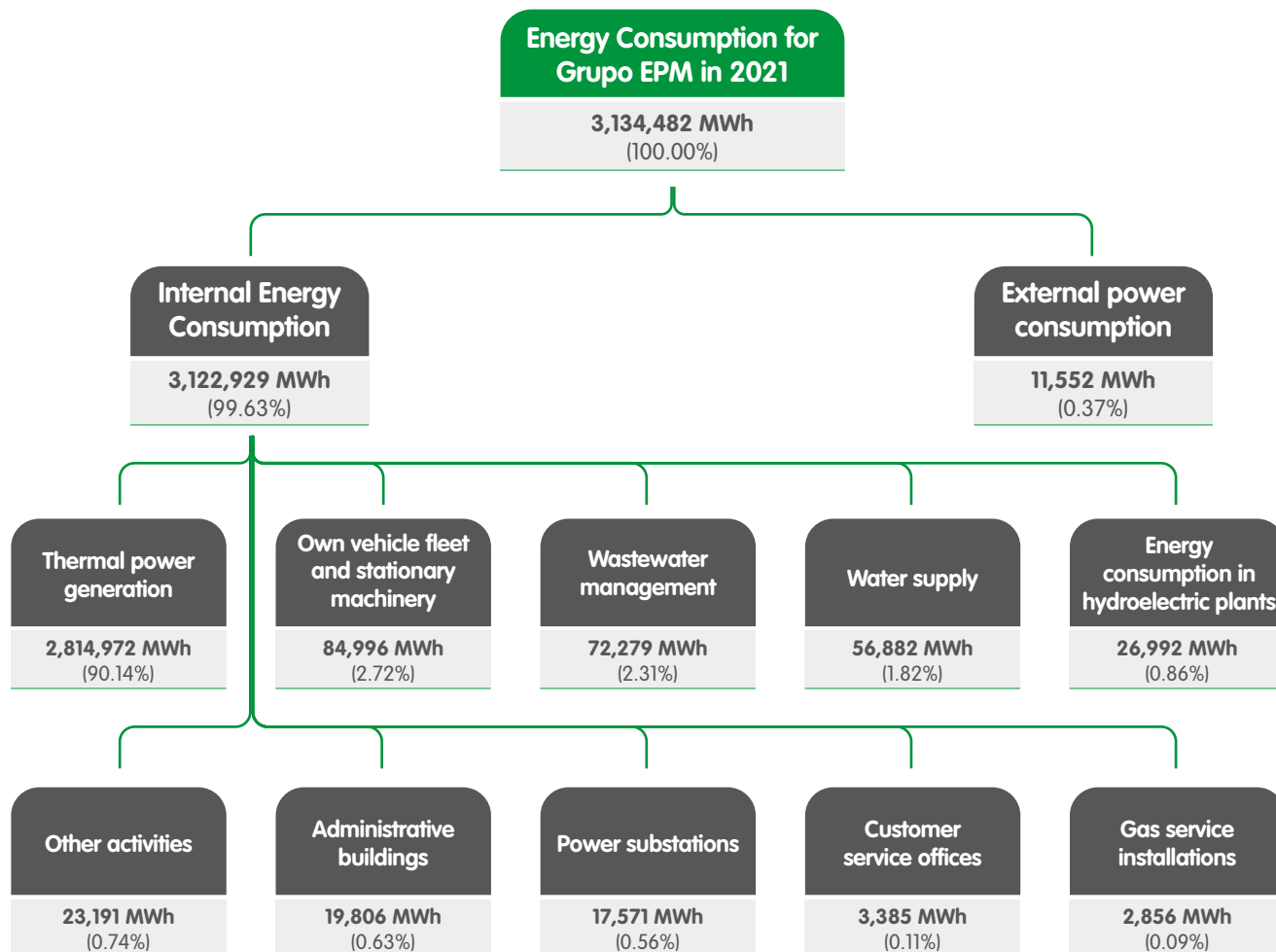
ESSA removed 231 luminaires (61,370 W) and replaced them with 240 new luminaires (32,094 W).

EPM Guatemala self-generated 12.08% of the electrical energy required at its facilities from photovoltaic solar panels.

Grupo EPM uses energy in many forms other than electricity to provide services. Electricity represents 7.15% of the total internal demand. Fuels such as natural gas, diesel, liquefied petroleum gas, fuel oil and gasoline come from non-renewable sources and make up the remaining 92.85%. Self-supplied electricity comes from renewable sources (water, sun, biomass). The electrical energy taken from the grid has a renewable and a non-renewable component, which depends on the participation of thermal power plants in the electricity generation of each country.

The Group's total internal Energy consumption decreased 14.58% compared to 2020, mainly because the La Sierra thermal plant, which operates on natural gas, generated 1,290.98 GWh in 2021, compared to 1,576.39 GWh in 2020.



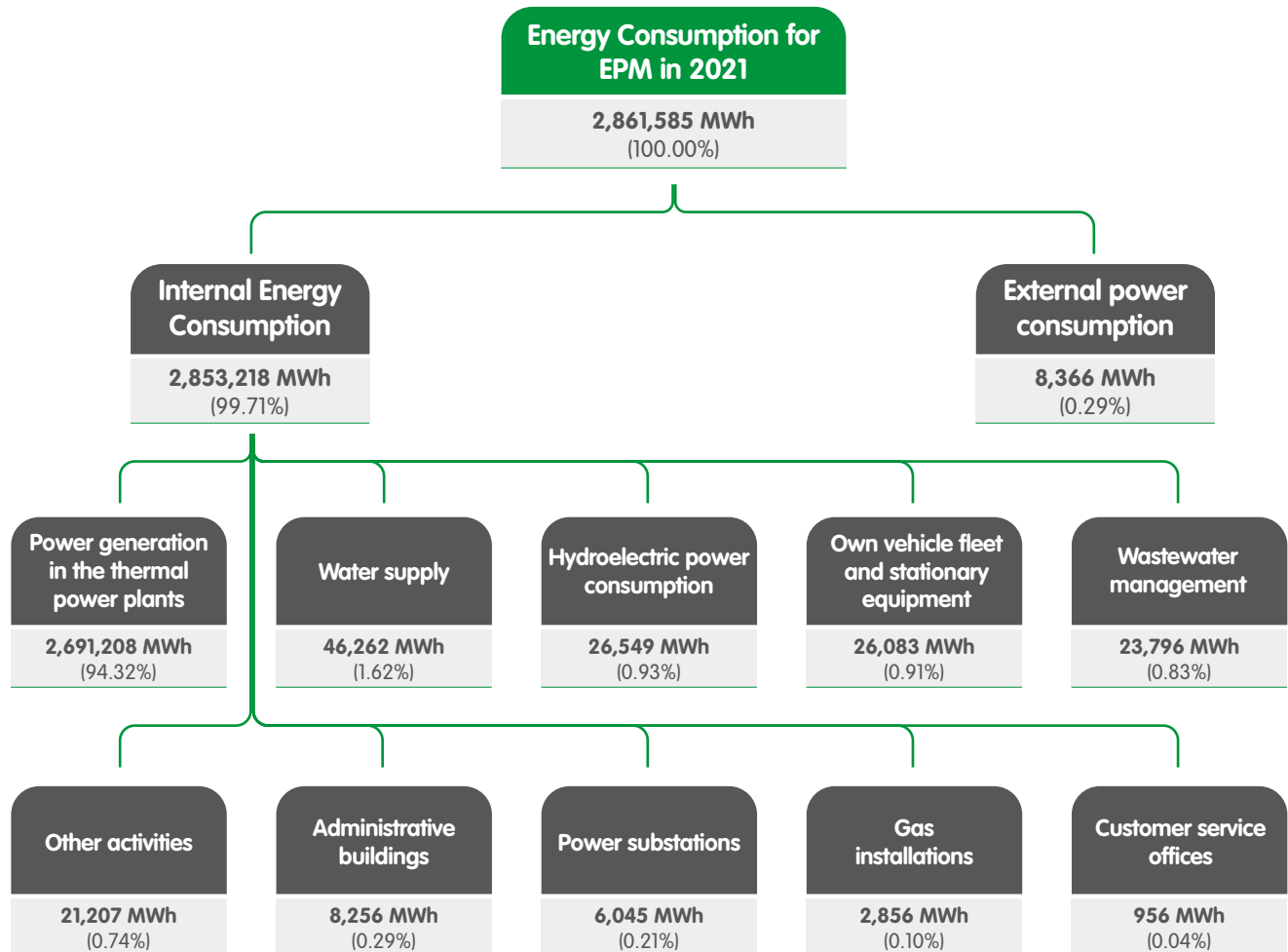


Source: Idsos application

Other activities includes storage facilities, warehouses, power generation plant camps and technical centers.



The consumption of fossil fuels in thermal plants represented 89.81% of the total energy demand of Grupo EPM.



Source: Idsos application

Other activities includes storage facilities, warehouses, power generation plant camps and technical centers.



94.32% of EPM's internal energy demand in 2021 corresponded to the consumption of natural gas for power generation at the La Sierra thermal plant.

Internal Energy Consumption - Grupo EPM (MWh-year)

Energy source	2019	2020	2021
Natural gas	453,197	3,266,869	2,813,375
Electrical power taken from the grid	207,983	229,239	172,383
Self-provided electric power	44,222	53,342	50,914
Diesel	59,957	65,546	49,496
Natural gas vehicles	31,944	35,051	19,099
Gasoline	5,688	5,538	16,401
Liquefied petroleum gas	1,320	552	1,257
Fuel oil	7,155	4	4
Total	811,466	3,656,141	3,122,929

Source: Idsos application

Natural gas represents 90.09% of internal Energy Consumption. Termosierra used 95.62% of natural gas and Termodorada used 4.38%. Both are plants that respond to system demand.

Liquefied gas increased 127.72% due to the improvement in the quality of information. The 196.15% increase in gasoline is due to higher demand for land transportation services, which is somewhat offset by reductions in natural gas vehicles (45.51%) and diesel (24.49%) used in the vehicle fleet.

Afinia's Energy Consumption is included for the first time.



Self-supplied energy covered 1.63% of demand. It was generated from biogas (81.47%), water (16.69%), photovoltaic solar panels (1.16%) and gas (0.68%).

The Aguas Claras plant generated 65.38% of the biogas and 65.98% of the self-provided energy in the Grupo EPM.

Internal Energy Consumption - EPM (MWh-year)

Energy source	2019	2020	2021
Natural gas	448,941	3,078,063	2,690,192
Electrical power taken from the grid	171,236	167,698	118,987
Diesel	10,929	10,643	19,243
Self-provided electric power	43,988	32,785	16,694
Gasoline	3,817	4,145	6,108
Liquefied petroleum gas	1,321	552	1,257
Natural gas vehicles	451	884	731
Fuel oil	7,155	4	4
Total	687,838	3,294,774	2,853,218

Source: Idsos application

EPM demanded 91.36% of the Group's internal energy. Consumption decreased 13.40%. Natural gas was the most required fuel (94.29%).

The increase in diesel (80.80%) and gasoline (47.36%) is explained by the end of mobility restrictions derived from the pandemic.

32.79% of the Group's self-provided energy corresponds to EPM. Its decrease by almost half is due to the fact that some hydroelectric plants did not report information in 2021. The largest sources of self-provided electric energy in EPM are: water resources (50.94%) and biogas (47.25%).

The 29.05% reduction in electric energy is presented in hydroelectric power plants, tanks and pumping stations.



EPM 2020-2022 annual goals:

Target 1: Non-renewable energy consumption \leq 3,000 GWh. EPM 2021 non-renewable energy consumption was 2,717.54 GWh. The target was met.

Target 2: Self-supplied electricity \geq 5% of total energy consumed. Self-supplied electric power in 2021 was 0.58%. The target was not met.

These goals will be reviewed when the Grupo EPM's circular economy strategy is approved.

Energy consumption in water supply - Grupo EPM

Company	Energy consumption (GWh-year)			Drinkable water (Mm ³)			MWh consumed/Mm ³ of drinkable water		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
EPM	85.45	60.17	46.26	303.56	223.05	317.02	281.48	269.79	145.93
Aguas Regionales	4.45	4.47	5.19	25.87	25.93	26.63	171.94	172,50	194.95
Aguas de Malambo	5.00	5.19	4.89	8.49	4.28	11.50	588.49	1,211.39	424.95
Aguas del Oriente	0.19	0.19	0.20	0.85	0.90	0.89	228.55	212.55	221.43
ADASA	N.D.	N.D.	0.34	4.59	13.95	4.78	N.D.	N.D.	71.44
Total	95.09	70.02	56.88	343.36	268.10	360.82	276.93	261.19	157.65

Source: Idsos application

The total vehicle fleet energy consumption was of 84,996 MWh-year (2.72% of the internal demand).

Diesel represents the 58.23% of the consumption, followed by vehicular natural gas (22.47%).

Natural gas used by Emvarias in their collecting cars was 96.04% of the group's fuel consumption.

EPM is the more diesel demanding business by consuming 41.62%, followed by Emvarias (27.96%) and ENSA with 10.86%

Energy Consumption in wastewater management - Grupo EPM (MWh - year)

Company	Energy Consumption (MWh-year)		
	2019	2020	2021
Aguas Nacionales	N.A.	41,647	45,951
EPM	19,355	24,728	23,796
Emvarias	1,724	2,223	2,219
Aguas Regionales	285	347	285
Aguas de Malambo	65	118	29
Total	21,429	69,062	72,279

Source: Idsos application

Includes energy use in wastewater treatment plants and pumping stations.

Energy Consumption for wastewater management in the Grupo EPM was 72,279 MWh-year (2.31% of internal demand).

The 75.42% decrease in Energy Consumption for wastewater management in Aguas de Malambo is due to a lack of quality information.



The Aguas Claras plant, operated by Aguas Nacionales, treated 69.54% of the wastewater managed in 2021 by the Grupo EPM, with an energy intensity of 357.39 MWh consumed per thousand cubic meters of water treated.

With the methane produced in the anaerobic digestion of sludge, 73.10% of the electrical energy required in this facility was self-supplied. A total of 11.76 Mm³ of biogas was used.



Energy consumption in wastewater management - EPM

Appearance	2019	2020	2021
Energy consumption (MWh-year)	19,355	24,728	23,796
Volume of treated wastewater (thousands of m ³)	50,534	52,984	55,861
Renewable energy generated (MWh-year)	6,636	7,006	7,888
Ratio of renewable energy to consumed energy	34%	28%	33%
kWh consumed/thousands of m ³ of treated wastewater	383	467	426

Source: Idsos application

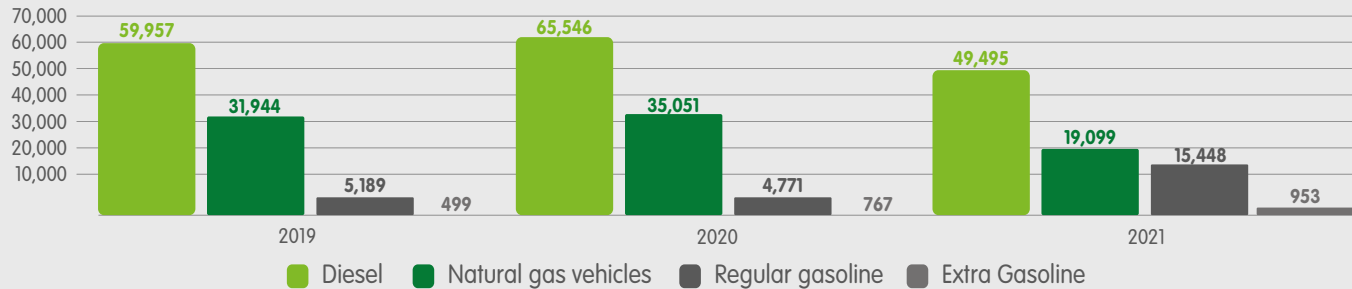
Energy Consumption and treated wastewater correspond to three treatment plants and one pumping station.

Wastewater management demanded 23,796 MWh-year (0.83% of domestic demand).

The methane produced in the anaerobic digestion of sludge supplied 34.13% of the electrical energy required at the San Fernando plant, where the heat from the motor-generators is used to supply thermal energy for heating the sludge in the biodigesters. A total of 6.23 Mm³ of biogas was used.



Energy consumption for Grupo EPM's vehicle fleet and stationary equipment (MWh-year)



Source: Idsos application.

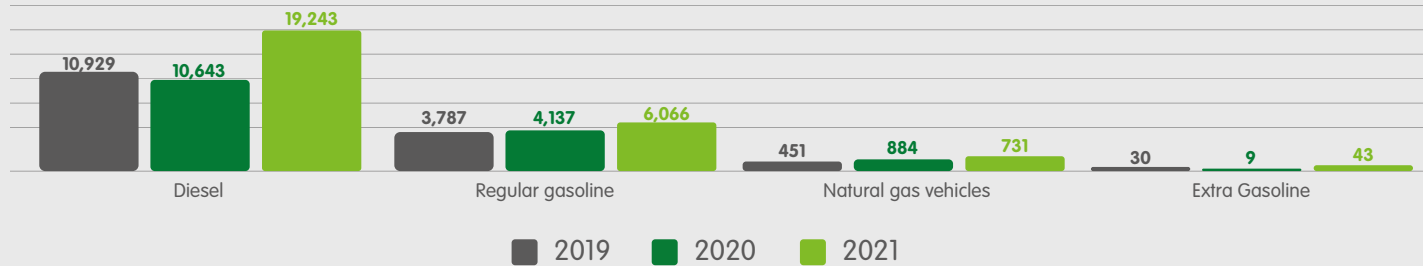
The total vehicle fleet energy consumption was of 84,996 MWh-year (2.72% of the internal demand).

Diesel represents the 58.23% of the consumption, followed by vehicular natural gas (22.47%).

Natural gas used by Emvarias in their collecting cars was 96.04% of the group's fuel consumption.

EPM is the more diesel demanding business by consuming 41.62%, followed by Emvarias (27.96%) and ENSA with 10.86%.

Energy consumption for EPM's vehicle fleet and stationary equipment (MWh-year)



Source: Idsos application.

The Energy Consumption of EPM's vehicle fleet increased 66.42% with respect to the previous year. Total consumption was 26,083 MWh-year (0.91% of the internal energy demand). Diesel represents 73.78%, followed by regular gasoline (23.26%).

Diesel increased 80.80% and regular gasoline increased 46.63% with respect to the previous year. These increases are due to the lifting of restrictions imposed by the pandemic and the increased need for travel.

External Energy Consumption

Energy Consumption in outsourced fleet - Grupo EPM (MWh-year)

Fuel	2019	2020	2021
Diesel	13,968	14,577	10,999
Regular gasoline	977	546	369
Natural gas vehicles	285	1,074	184
Total	15,230	16,197	11,552

Source: Idsos application

The external energy demand is determined by the fuels used by the Grupo EPM's contracted vehicle fleet. In 2021 this consumption was 11,552 MWh, which is equivalent to 0.37% of the total energy demand. Diesel represents 95.21%.

Energy Consumption in outsourced fleet - EPM (MWh-year)

Fuel	2019	2020	2021
Diesel	11,038	12,902	7,986
Natural gas vehicles	248	1,074	193
Regular gasoline	958	446	188
Total	12,244	14,422	8,366

Source: Idsos application

The Energy Consumption of the vehicle fleet outsourced by EPM decreased 41.99%. The most significant reductions were in gasoline and natural gas vehicles. Diesel represents 95.46% of consumption.

In the bidding documents for contracts to transport personnel to projects under construction, the vehicles are required to operate on diesel fuel.

GRI standards content and internal metric

- 302 – 1** Energy consumption within the Organization.
- 302 – 2** Energy consumption outside the Organization.
- 302 – 3** Energy intensity.
- 302 – 4** Reduction of energy consumption.
- 302 – 5** Reduction of energy requirements of products and services.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Empresas Varias de Medellín - Emvarias
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Afinia
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Tecnología Intercontinental - TICSA
 Hidroecológica del Teribe - HET
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Waste management

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Waste management

Comprehensive Waste Management includes actions for the prevention of waste generation, minimization, recovery, use, treatment and final disposal. Grupo EPM classifies waste into: recyclable, biodegradable, ordinary and inert, special and hazardous.

The companies of the Grupo EPM implement and update comprehensive Waste Management plans that include the application of strategies such as the reduction of waste generation, the increase in the use of waste and the implementation of education and training events to contribute to the proper management of waste in their facilities. In turn, they participate in workshops led by other institutions in each country or locality for the collection of certain waste, such as plastic caps, electrical and electronic devices, pesticides, batteries, among others, generated by Grupo EPM people, customers and users and other stakeholders.

Results in 2021



Grupo EPM companies continued to educate their employees and customers and placed greater emphasis on the generation and management of solid waste in households, given the pandemic situation.

Different methods of dissemination were used, such as training for employees at different facilities with environmental workshops, educational campaigns and content in electronic media.

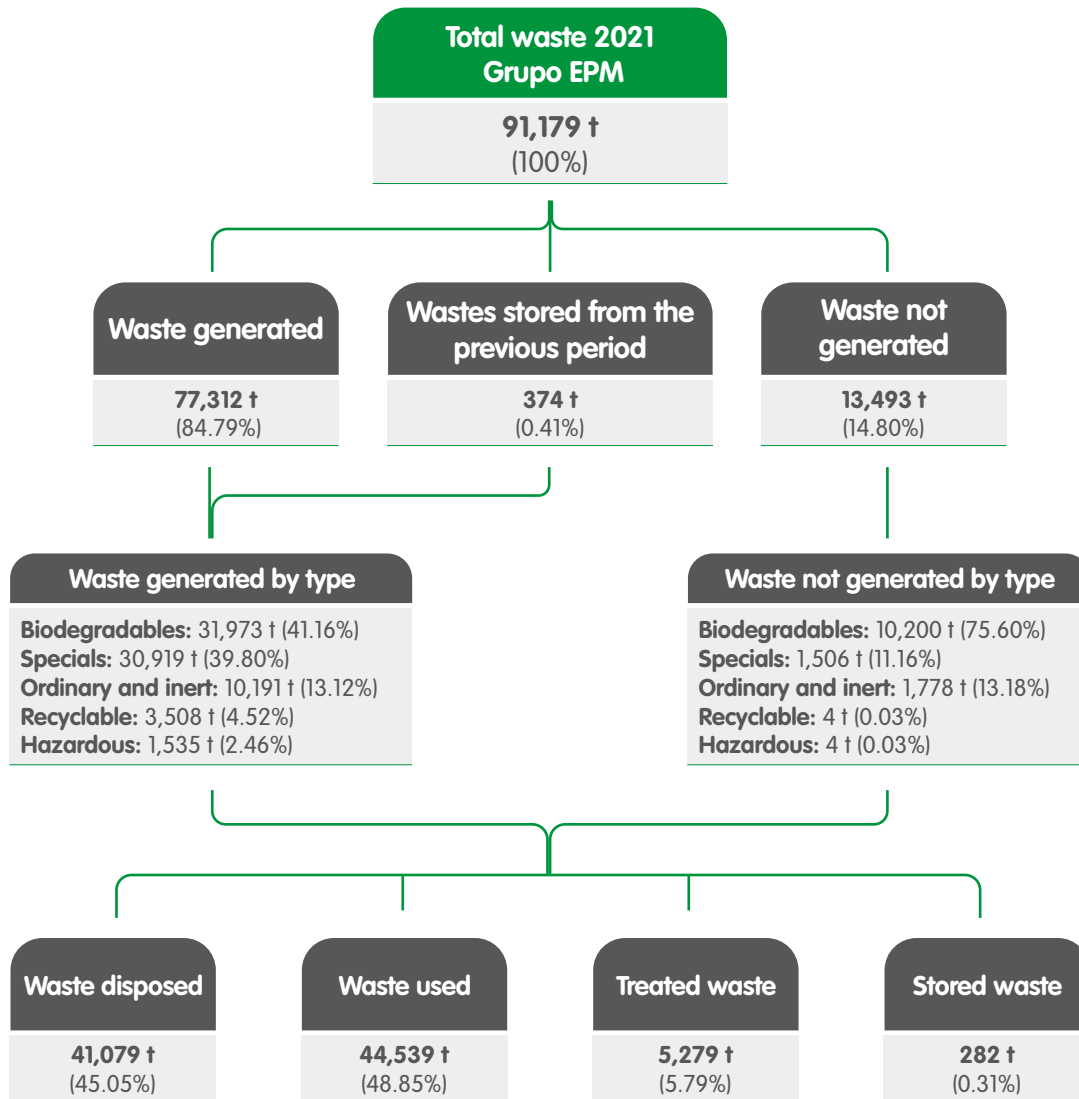
We continued with the different actions focused on the management of hazardous waste, particularly with regard to PCBs in power transmission and distribution equipment. Some examples of these actions are:

- At **DELSUR**, progress was made in the PCB project, where 57 replacements of network equipment were made, equivalent to 11,950 kg of dielectric oil.
- **CHEC** disposed of 1,098.5 kg of PCB-impregnated equipment and elements.

In 2021, waste generation in the Grupo EPM (waste generated and managed by Hidroituango is analyzed separately) was 77,312 t, an amount that excludes the 374 t that were stored in 2020. Of the total generated, 41% corresponds to biodegradable waste, followed by special waste with 33%.

In some of EPM's administrative offices, the use of organic waste generated by composting in the EPM nursery continued. This compost produced allowed the nursery to be self-sufficient in what was required for the maintenance of green areas and gardens of the EPM offices, without requiring the purchase of compost from external suppliers.



**Source:** Idsos application

Non-generated waste refers to waste that, although managed by the organization, was not generated directly by it. For example, floating solid waste that reaches reservoirs, invasive aquatic plants, or waste collected at the intake grids of water treatment plants.



Biodegradable waste constitutes 41.16% of the waste generated by the Grupo EPM. Most of it is vegetable waste.

In 2021, Waste Management began to be normalized. In 2020, 68.32% of waste was taken to final disposal due to the prioritization of activities in the pandemic. By 2021, although this percentage decreased to 47.57%, it also meant an increase in the percentage of waste used, which amounted to 45.95% of the total.

Waste generated by Grupo EPM (t)

Type of waste	2019	2020	2021
Biodegradables	30,226	26,292	31,973
Specials	4,827	23,271	30,919
Non-hazardous recyclables	2,697	1,795	3,508
Ordinary and inert	1,156	9,517	10,191
Dangerous	15,696	1,553	1,096
Total	54,603	62,427	77,686

Source: Idsos application



The waste generated includes the waste stored from the previous period.



The generation of all types of waste (including stored waste from the previous period) increased 24.44%.

The 95.37% increase in recyclable waste is mainly explained by the fact that the Group's companies began to manage the amount of ferrous scrap that was being stored in previous years as a result of COVID-19 restrictions. Ferrous scrap is equivalent to 61.36% of the total recyclable waste generated. Likewise, it should be noted that Afinia reported information for the first time on the subject of waste, which implied an increase in the waste generated by the Group.

Other waste that contributed to the increase in recyclable waste are newsprint, office paper and glass, due to the reactivation and return of employees to the offices of the different companies.

The 32.86% increase in special waste is mainly due to the contribution of non-hazardous sludge (27,686 t generated in 2021) by Aguas' subsidiaries. The increase in sludge depends on the quality and quantity of water to be treated. TICSA, presented an increase of 51% (from 5,487 t in 2020 to 11,176 t in 2021). It should be noted that this waste is used as fertilizer in agricultural plots to improve soil quality.

The 29.45% decrease in hazardous waste is due in part to actions taken by companies to reduce the use of inputs and materials that become hazardous waste at the end of their useful life.

In the table, the 2020 figures were adjusted due to inconsistencies that were corrected.



Waste generated by EPM (t)

Management	2019	2020	2021
Biodegradables	11,675	8,097	13,665
Specials	1,893	10,202	12,158
Non-hazardous recyclables	1,206	867	1,068
Ordinary and inert	408	245	381
Dangerous	257	61	183
Total	15,439	19,473	27,454

Source: Idsos application



Waste generated includes waste stored from the previous period.

EPM generated 27,454 t of waste, equivalent to 35.34% of the Group's generation.

For the year 2021 there was an increase of almost 41% of the waste generated by the Company. This increase was mainly due to the reactivation and return of employees to the headquarters.

For example, biodegradable waste presented an increase of 68.75%, which corresponds mainly to a greater registration of logging and pruning waste in EPM, the return to the headquarters and the change in consumption patterns due to the pandemic measures. Waste increased from 7,790 t in 2020 to 13,448 t in 2021.

The same happened with the generation of hazardous waste, which presented an increase of 196.87% over the previous year. This waste was generated in the maintenance activities of equipment used for the provision of services, for example mineral oils (5,907 t in 2020 and 108,269 t in 2021) or waste batteries (9,146 t in 2020 and 18,017 t in 2021), but also waste generated in administrative activities, where the generation of printer cartridges increased (196 t in 2020 and 1,568 t in 2021).

The 2020 figures were adjusted due to inconsistencies that were corrected.

Waste management in Grupo EPM (t)

Management	2019	2020	2021
Use	32,982	27,935	44,539
Final disposition	18,371	44,297	41,079
Storage	400	373	282
Treatment	12,335	911	5,279
Total	64,088	73,516	91,179

Source: Idsos application



Recovery includes: reuse, recycling and composting. Treatment includes incineration. Final disposal refers to what is taken to a sanitary landfill.

This management may present differences with the total waste of the Grupo EPM, due to the management and registration of the waste stored during the year.

The Grupo EPM managed 91,179 tons of waste, including 77,312 tons generated by the Organization's activities, 13,493 tons that it did not produce and the remaining amount it had in storage from the previous year.

A total of 45.05% of the waste was disposed of, 48.85% was recycled and 5.79% was treated.

In 2021, the Waste Management process began to normalize somewhat, and very similar data to those of times prior to the pandemic are appreciated.

There was an increase of 59.43% in the amount of waste that was recycled with respect to the previous year. This was mainly due to the return of employees to their work centers, who in turn carried out the different processes of separating waste at the ecological points and sending the waste that can be used.

Similarly, there was an increase in the amount of waste treated, from 911 t in 2020 to 5,279 t in 2021, representing an increase of 479.56%. The vast majority of waste treated is hazardous waste, which showed an increase in its generation.

The 2020 figures were adjusted due to inconsistencies that were corrected.

Management of waste generated by EPM (t)

Management	2019	2020	2021
Use	13,737	9,278	15,843
Final disposition	10,731	20,530	24,541
Storage	77	70	70
Treatment	102	39	69
Total	24,647	29,916	40,524

Source: Idsos application



Recovery includes: reuse, recycling and composting. Treatment includes incineration. Final disposal refers to landfill.

This management is only of waste generated by EPM, which is why there may be differences with the total amount of waste managed.

Of the 40,524 t of waste managed by EPM, 27,454 t were generated directly by the Company's activities.

As in the rest of the Group's companies, there was an increase in the amount of waste managed at EPM.

Waste used increased by 70.76%, from 9,278 t in 2020 to 15,843 t in 2021. Biodegradable waste, mainly from logging and pruning, are the main contributors to this increase, as well as the return to headquarters by employees and the development of activities in their jobs and activities that were carried out in the field, as mobility restrictions were dismantled due to the pandemic.

The above also explains why there is a 79.52% increase in waste that was sent for treatment, from 39 t in 2020 to 69 t in 2021.

The figures for 2020 were adjusted in the table due to inconsistencies that were corrected.



EPM 2020-2022 annual goals:

Waste to be disposed \leq 55% of waste managed.

Waste recovered \geq 45% of waste managed.

Results 2021:

Waste disposed of by EPM = 24,541 t, equivalent to 60.56% of the waste generated.

Waste used by EPM = 15,843 t, equivalent to 39.10% of the waste generated.

These goals were not met in 2021.

Waste management in the Ituango Hydroelectric Project (t)

	2019	2020	2021
Waste stored from the previous year	133,690	93,307	69,178
Waste generated by the Project	53,468	275	56,582
Waste not generated but managed by the Project	89,974	154,238	11,567
Total	277,132	247,820	137,328

Source: Idsos application

Hidroituango managed 137,328 t of waste, of which 8.42% was not generated in its activities. 99.75% of the waste generated and not generated (but managed) corresponds to biodegradable material (wood and macrophytes).

The decrease in material not generated, but managed, is mainly explained by the restrictions due to the pandemic in 2021.

A total of 113,128 tons of this waste were used, 28 tons were treated, 195 tons were taken to final disposal and the rest was stored for proper management during the year 2022.

Management of hazardous waste generated by Grupo EPM (t)

Type of management	2019	2020	2021
Storage	272	310	215
Treatment	12,153	880	305
Final disposition	61	154	61
Use	3,196	207	519
Use	15,681	1,550	1,099

Source: Idsos application



This management is only for waste generated by the Grupo EPM, which is why there may be differences with the total amount of waste managed.

Of the hazardous waste generated, 27.76% was treated and 47.18% was used, which goes hand in hand with what has happened with the rest of the waste and the normalization of activities. The main generators were EPM Guatemala (28.54%), EPM (25.84%), ADASA (24.84%), DELSUR (5.97%), CHEC (4.29%) and ENSA (3.85%).

There was a 41.04% decrease in the generation of hazardous waste in the Grupo EPM.



Management of hazardous waste generated and not generated by EPM (t)

Type of management	2019	2020	2021
Storage	5	7	3
Treatment	101	34	65
Final disposition	6	2	0
Use	141	13	118
Total	254	56	186

Source: Idsos application



This management is for waste generated by EPM as well as for waste not generated but managed.

Out of the 186 tons of hazardous waste, 63.45% was recycled and 34.97% was treated. Of the total, 0.12% was disposed of.

The 2020 figures were adjusted due to inconsistencies that were corrected.



Annual EPM target (period 2020-2022):

Hazardous waste managed \leq 1.3% of total waste managed.

Results 2021:

Hazardous waste generated by EPM = 55 t, equivalent to 0.28% of the total.

This target was met in 2021

GRI standards content and internal metrics

306 – 2 Waste by type and disposal method.

306 – 4 Transportation of hazardous waste.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas Nacionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresa de Energía del Quindío - EDEQ
 Centrales Eléctricas del Norte de Santander - CENS
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala - EEGSA
 Tecnología Intercontinental - TICSA
 Hidroecológica del Teribe - HET
 Elektra Noreste - ENSA
 Aguas de Antofagasta - ADASA
 Afinia

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Quindío
 Colombia - Risaralda
 Colombia - Santander
 Colombia - Norte de Santander
 Colombia - Malambo, Atlántico
 Colombia - El Caribe
 Chile
 El Salvador
 Guatemala
 México
 Panamá

Business

Water
 Sewerage
 Electricity
 Gas

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Other consumption and efficient practices

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Other consumption and efficient practices

It includes actions focused on the optimization of consumption, the efficient use of materials and supplies and the minimization of the environmental effects derived from their use within the Grupo EPM.

The most representative consumption items in the Grupo EPM are inputs for water purification and dielectric oil used in the generation, transmission and distribution of energy. Normally, the variation in the doses of chemical inputs required to make water drinkable is associated with the quality of the resource captured.

These actions seek to create awareness among Grupo EPM employees to reduce, reuse and recycle various inputs, when feasible, in addition to achieving the optimal dosage of chemicals used for water purification, without affecting the quality of public services provided.

Results in 2021



At EPM, 100% of the oil required for transmission and energy distribution maintenance came from regeneration, i.e., reused oil. No oil was purchased for maintenance during 2021.

Since the end of 2019, EPM does not perform oil maintenance on transformers, since Resolution CREG 015 stipulates recognition for new assets.

In order to reduce chlorine gas emissions, EPM's drinking water treatment plants made progress in replacing the chlorine gas system with a hypochlorite system generated on site from mine salt.

Supplies used in water treatment - Grupo EPM (t/Mm³)

Water treatment inputs	2019	2020	2021
Aluminum sulfate	31.02	40.29	19.20
Cal	5.71	7.81	3.76
Aluminum Polychloride -PAC-	4.18	7.47	4.06
Liquid chlorine	3.60	3.74	1.73
Activated carbon	3.20	1.49	0.59
Sodium hypochlorite	2.84	2.06	0.46
Others*	6.37	4.58	9.35

Source: Idsos application



Others: includes acetic acid, sodium hydroxide, sodium metabisulfite, phosphoric acid 85%, EDTA, praestol K144L, polymer, praestol 2515 and nitric acid, mine salt, chlorine dioxide and sodium tripolyphosphate, among others.

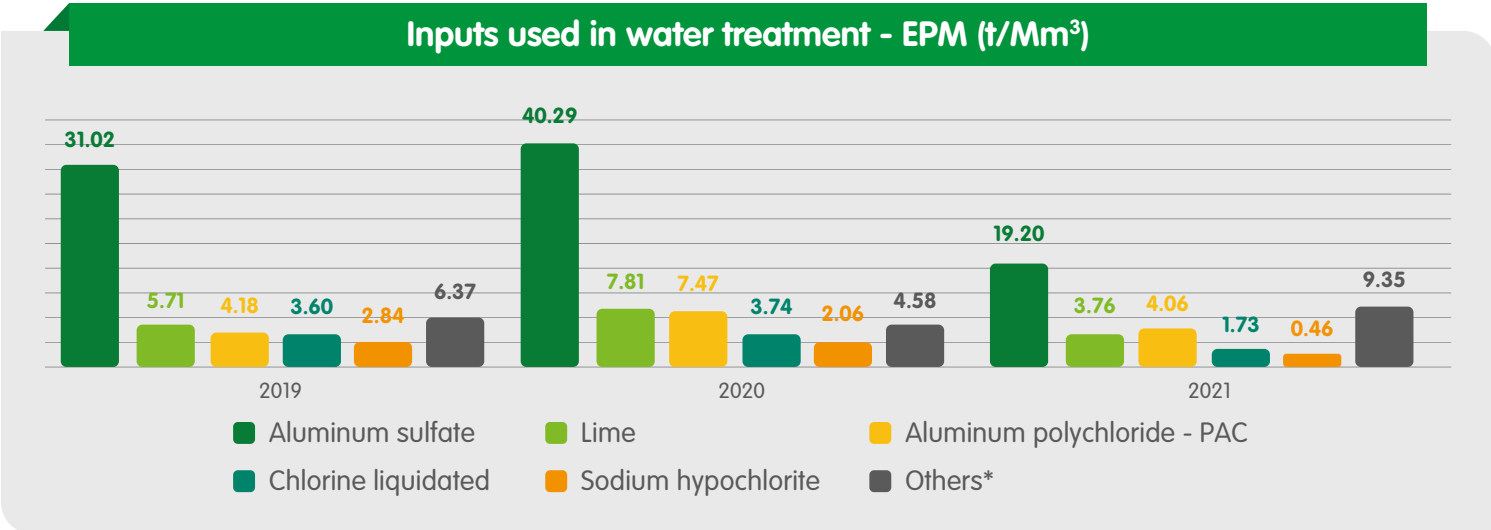
The total quantity of employed supplies in the purification processes decreased a 30.32%. The aluminum sulfate represented the 49.04% of the total supplies used, followed by the aluminum polychlorate with a 10.38%.

The element that decreased the most by unit of purified water with regard to 2020 was the sodium hypochlorite (77.74%). The use of activated carbon decreased in a 60.30%.

EPM is the responsible for 73.19% of the employed supplies for purification, and ADASA for 10.65% with the most proportion for: polymer, sodium silicate, chlorine dioxide and sodium hypochlorite.

In 2021, ADASA is the only subsidiary that reported the use of some supplies for purification, like sodium hydroxide and acetic acid, among others.

It is noteworthy that even though the decrease in some material consumption was due primarily to the processes where plans were executed for its rational use or substitution, the use of these depends in great measure on the quality of the water to treat.



Source: Idsos application

***Others:** In 2019 includes sodium hypochlorite, sodium silicate, sodium hydroxide, polymer and nitric acid. In 2020 addition mine salt and chlorine dioxide are reported and sodium silicate, sodium hydroxide and nitric acid are excluded.

Dielectric oil consumption in Grupo EPM (t)

Concept		2019	2020	2021
New oil required in	Existing infrastructure	76	2	61
	New projects or equipment	41	52	219
Total		117	54	280
Reused filtering		176	60	35
Percentage of reuse		151%	112%	12%
Source: Idsos application				

In the Grupo EPM, 35.89 tons of oil were regenerated, compared to the 279.77 tons of new oil required, which represented a regeneration of 12% of the required oil.

Reused filtered oil decreased by 41.80% in 2021. EPM was the only company that consumed reused dielectric oil.

Dielectric oil consumption in EPM (t)

Concept		2019	2020	2021
New oil required in	Existing infrastructure	53.00	1.10	0.00
	New projects or equipment	35.26	0.00	218.88
Total		88.26	1.10	218.88
Reused filtering		92.48	59.96	34.90
Percentage of reuse		104.78%	5,450.73%	15.94%
Source: Idsos application				

Due to regulations in Colombia, EPM is only using regenerated dielectric oil for equipment undergoing maintenance. For this reason, there is a large increase in the use of new oil required for new projects or equipment.

GRI standards content and internal metrics

301 – 1 Materials used by weight or volume.

301 – 2 Recycled inputs.

Scope and coverage

Companies

Empresas Públicas de Medellín - EPM
 Aguas Regionales EPM
 Aguas del Oriente
 Aguas de Malambo
 Central Hidroeléctrica de Caldas - CHEC
 Electrificadora de Santander - ESSA
 Empresas Varias de Medellín - EMVARIAS
 Distribuidora de Electricidad del Sur - DELSUR
 EPM Guatemala – EEGSA
 Aguas de Antofagasta - ADASA
 Aguas Nacionales EPM

Geography

Colombia - Antioquia
 Colombia - Caldas
 Colombia - Malambo, Atlántico
 Colombia - Quindío
 Colombia - Santander
 Chile
 El Salvador
 Guatemala

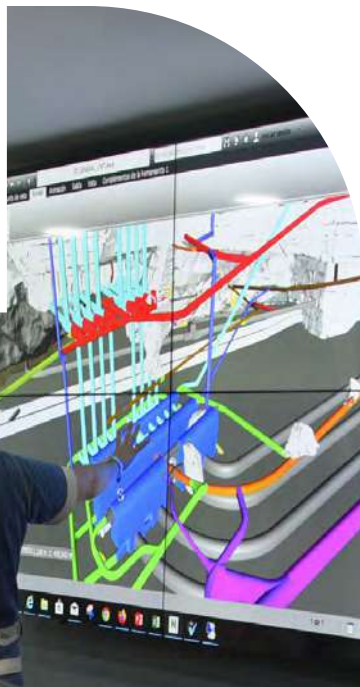
Business

Water
 Electric

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES



Grupo·epm



Financial management



- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE GOALS





EPM Financial management





Separate annual financial statements
Colombian Generally Accepted
Accounting Principles (NCIF)

December 31, 2021 and 2020



EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.
SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2021 and December 31, 2020

In millions of Colombian pesos

	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment, net	5	28,136,522	28,279,579
Investment property	6	152,339	152,365
Goodwill	7	260,950	260,950
Other intangible assets	7	589,244	550,895
Right-of-use assets	14	2,236,680	2,053,169
Investments in subsidiaries	8	10,312,202	9,027,864
Investments in associates	9	2,434,417	2,434,417
Investments in a joint ventures	10	99	99
Trade and other receivables	12	1,364,067	1,726,355
Other financial assets	13	2,795,255	3,106,955
Other assets	16	93,250	79,943
Cash and cash equivalents (restricted)	18	21,588	71,708
Total non-current assets		48,396,613	47,744,299
Current assets			
Inventories	17	172,709	150,189
Trade and other receivables	12	4,869,342	2,172,577
Assets for current tax assets	39	322,496	232,864
Other financial assets	13	303,863	2,139,736
Other assets	16	145,782	135,391
Cash and cash equivalents	18	1,776,499	792,923
Total current assets		7,590,691	5,623,680
Total assets		55,987,304	53,367,979
Liabilities and equity			
Equity			
Issued capital		67	67
Reserves	19	1,552,992	1,609,297
Accumulated other comprehensive income	20	3,863,005	4,180,155
Retained earnings	19	19,211,783	18,015,300
Net profit for the period	19	3,365,046	2,539,915
Other components of equity	19	64,341	64,455
Total equity		28,057,234	26,409,189

Jorge Andrés Carrillo Cardoso
General Manager
Certification Attached

Martha Lucía Durán Ortiz
Executive Vice-President of Finance
and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
Professional Card N° 144842-T
Certification Attached

Liabilities			
Non-current liabilities			
Loans and borrowings	21 and 41	16,783,568	16,414,803
Creditors and other accounts payable	22	13,253	13,012
Other financial liabilities	23	2,869,128	2,964,617
Employee benefits	25	374,626	394,712
Income tax payable	39	29,980	30,331
Deferred tax liabilities	39	2,001,194	1,859,510
Provisions	27	708,498	485,975
Other liabilities	28	31,049	31,411
Total non-current liabilities		22,811,296	22,194,371
Current liabilities			
Loans and borrowings	21 and 41	2,049,528	2,232,020
Creditors and other accounts payable	22	1,451,427	987,660
Other financial liabilities	23	488,484	478,710
Employee benefits	25	164,730	171,020
Income tax payable	39	26,047	88,426
Taxes, contributions and rates payable	26	253,656	222,393
Provisions	27	417,034	389,092
Other liabilities	28	267,868	195,098
Total current liabilities		5,118,774	4,764,419
Total liabilities		27,930,070	26,958,790
Total liabilities and equity		55,987,304	53,367,979

The accompanying notes are an integral part of the Financial Statements.

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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER
 For the years ended December 31, 2021 and 2020
 In millions of Colombian pesos

	Notes	2021	2020
Sale of goods	30	5,557	4,922
Rendering of services	30	11,031,048	9,465,193
Leases	30	51,558	43,565
Total Revenue		11,088,163	9,513,680
Income from sale of assets	32	1,174	120
Other income	31	177,913	384,610
Total income		11,267,250	9,898,410
Costs of goods sold and services rendered	33	(6,188,883)	(5,870,970)
Administrative expenses	34	(1,315,542)	(1,053,454)
Impairment loss on accounts receivable	12	(145,851)	(59,169)
Other expenses	35	(55,067)	(60,827)
Financial income	36.1	146,000	179,402
Financial expenses	36.2	(1,232,865)	(1,101,520)
Net foreign exchange difference	37	(28,325)	(364,146)
Share of loss of equity accounted investees	8	1,606,936	671,716
Gain on equity investments	38	134,353	574,021
Profit of the period before taxes		4,188,006	2,813,464
Income tax expense	39	(822,960)	(273,548)
Profit for the period after taxes		3,365,046	2,539,916
Net profit for the period		3,365,046	2,539,916
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	20 and 39	65,962	(17,431)
Equity investments measured at fair value through equity	20 and 39	(322,482)	596,096
Equity accounted investees - share of OCI	20 and 39	(28,012)	162,520
Income tax related to components that will not be reclassified	20 and 39	(23,739)	4,439
		(308,271)	745,624
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges	20 and 39	(517,550)	(24,071)
Recognized profit for the period		371,739	(399,369)
Reclassification adjustment		(889,289)	375,299
Equity accounted investees - share of OCI	20 and 39	358,945	241,365
Reclassified to profit or loss for the period		358,945	241,365
Hedges of net investments in foreign operations		(61,509)	-
Recognized profit for the period		(61,509)	-
Income taxes related to components that can be reclassified	20 and 39	210,364	10,086
Recognized profit for the period		(77,431)	121,948
Reclassification adjustment		287,795	(111,862)
		(9,750)	227,380
Other comprehensive income, net of taxes	39	(318,021)	973,004
Total comprehensive income (loss) for the period		3,047,025	3,512,919

The accompanying notes are an integral part of the Financial Statements.

Jorge Andrés Carrillo Cardoso
 General Manager
 Certification Attached

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SEPARATE STATEMENT OF CHANGES IN THE EQUITY

For the years ended December 31, 2021 and 2020

In millions of Colombian pesos

	Other comprehensive income										
	Issued capital	Reserves	Retained earnings	Other components of equity	Equity investments	Defined benefit plans	Cash flow hedges	Hedges of net investments in foreign operations	Reclassification of properties, plant and equipment to investment property	Result of the period in other comprehensive income of subsidiaries	Total
		Note 19.2	Note 19.3		Note 20.3	Note 20.2	Note 20.5	Note 20.6	Note 20.1	Note 20.4	
Balance at 1 January 2020	67	1,704,818	19,408,329	64,390	2,766,176	(28,926)	(21,864)	-	12,079	479,732	24,384,801
Profit for the period	-	-	2,539,915	-	-	-	-	-	-	-	2,539,915
Other comprehensive income for the period, net of income tax	-	-	-	-	594,259	(11,153)	(13,985)	-	-	403,883	973,004
Comprehensive income for the period	-	-	2,539,915	-	594,259	(11,153)	(13,985)	-	-	403,883	3,512,919
Surpluses declared	-	-	(1,488,319)	-	-	-	-	-	-	-	(1,488,319)
Movement of reserves	-	(95,521)	95,521	-	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(231)	65	-	-	-	-	-	(46)	(212)
Balance at 31 December 2020	67	1,609,297	20,555,215	64,455	3,360,435	(40,079)	(35,849)	-	12,079	883,569	26,409,189
Balance at 1 January 2021	67	1,609,297	20,555,215	64,455	3,360,435	(40,079)	(35,849)	-	12,079	883,569	26,409,189
Profit for the period	-	-	3,365,046	-	-	-	-	-	-	-	3,365,046
Other comprehensive income for the period, net of income tax	-	-	-	-	(322,482)	42,223	(328,291)	(40,403)	-	330,933	(318,020)
Comprehensive income for the period	-	-	3,365,046	-	(322,482)	42,223	(328,291)	(40,403)	-	330,933	3,047,026
Surpluses declared	-	-	(1,396,953)	-	-	-	-	-	-	-	(1,396,953)
Movement of reserves	-	(56,305)	56,305	-	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(2,784)	(114)	-	-	-	-	-	870	(2,028)
Balance at 31 December 2021	67	1,552,992	22,576,829	64,341	3,037,953	2,144	(364,140)	(40,403)	12,079	1,215,372	28,057,234

The accompanying notes are an integral part of the Financial Statements.

Jorge Andrés Carrillo Cardoso
General Manager
Certification Attached

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Executive Vice-President of Finance
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John Jaime Rodríguez Sosa
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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.
SEPARATE STATEMENT OF CASH FLOWS

For the years ended December 31, 2021 and 2020
In millions of Colombian pesos

	Notes	2021	2020
Cash flows from operating activities:			
Profit for the period		3,365,046	2,539,915
Adjustments to reconcile the net profit (loss) for the period to the net cash flows used in operating activities:			
		1,366,957	1,162,799
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	33 and 34	657,982	623,980
Impairment loss on accounts receivable	12	145,851	59,169
Impairment of associated investments and joint ventures	11	-	879,062
Write-down inventories	35	18	-
Gain/loss due to exchange difference	37	28,325	364,146
Gain/loss due to valuation of investment property	6	226	17,040
Result for valuation of financial instruments and hedge accounting	36	75,654	16,343
Provisions, post-employment and long-term defined benefit plans	34	431,777	240,617
Provisions for tax, insurance and reinsurance obligations and financial updating	36.2	18,137	20,990
Deferred income tax	39.3	328,309	(124,209)
Current income tax	39.3	494,651	397,757
Share of loss of equity-accounted investees	8	(1,606,936)	(671,716)
Interest and yield income	36.1	(119,048)	(111,754)
Interest and commission expenses	36.2	1,112,122	996,539
Gain/loss due to disposal of properties, plant and equipment, right-of-use assets, intangibles and investments property	32 and 35	(715)	2,296
Result from withdrawal of properties, plant and equipment, right of use assets, intangible assets and investments	32 and 35	13,125	4,073
Non-cash recoveries	31	(78,168)	(98,451)
Gain/loss from business combinations	38	8,533	(1,353,203)
Dividend income from investments	10 and 13	(142,886)	(99,880)
		4,732,003	3,702,714
Net changes in operating assets and liabilities:			
Change in inventories		(19,509)	(31,317)
Change in trade and other receivables		(308,899)	(106,046)
Change in other assets		(243,200)	(25,024)
Change in creditors and other accounts payable		475,918	(261,240)
Change in labor obligations		19,233	32,573
Change in provisions		(155,639)	(133,771)
Change in other liabilities		322,575	132,977
		4,822,482	3,310,866
Cash generated from operating activities			
Interest paid		(1,378,967)	(1,160,598)
Income tax paid		(700,009)	(682,542)
Income tax refund		52,997	34,413
		2,796,503	1,502,139
Cash flows from investing activities:			
Acquisition and capitalization of subsidiaries or business	8	(2,000)	(505,311)
Disposal of subsidiaries or business	8	10,000	-
Purchase of property, plant and equipment	5	(2,849,341)	(2,220,833)
Disposal of property, plant and equipment	5 and 32	826	(2,289)
Acquisition of intangible assets	7	(71,976)	(48,402)
Acquisition of investment properties	6	(200)	-
Disposal of investments properties	6	-	256
Acquisition of investments in financial assets	13	(417,055)	(1,681,502)
Disposal of investments in financial assets	13	2,523,443	76,646
Dividends received from subsidiaries, associates and joint business	8 and 9	633,893	386,980
Other dividends received	13	134,081	72,826
Loans to economic associates		278,281	30,981
Compensation received	5	694,919	369,700
Other cash flows from investment activities		(4,943)	16,786
		929,928	(3,504,162)
Net cash flow used in investing activities			
Cash from financing activities:			
Obtaining of borrowings and loans	21	2,426,610	4,612,201
Payments of borrowings and loans	21	(3,809,887)	(1,225,080)
Transaction costs due to issuance of debt instruments	21	(37,492)	(28,553)
Payments of liabilities for financial leasing	23	(12,746)	(11,580)
Surpluses paid	19	(1,396,953)	(1,488,319)
Payments of capital of derivatives designated as cash flow hedges	13	25,604	19,586
Payment of pension bonds	23	(40,660)	(6,435)
Other cash from financing activities		5,046	177,618
		(2,840,478)	2,049,438
Net cash flows used in financing activities			
Net increase in cash and cash equivalents			
Effects of variations in exchange rates in the cash and cash equivalents		885,953	47,415
Cash and cash equivalents at beginning of the period		47,503	(61,808)
Cash and cash equivalents at end of the period	18	1,798,087	864,631
Restricted cash	18	523,042	97,417

The accompanying notes are an integral part of the Financial Statements.

Jorge Andrés Carrillo Cardoso
General Manager
Certification Attached

Martha Lucía Durán Ortiz
Executive Vice-President of Finance
and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
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Certification Attached

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Notes to the Separate Financial Statements of Empresas Públicas de Medellín E.S.P. for the years ended 31 December 2021 and 2020.

(In millions of Colombian pesos, except when indicated otherwise)

Note 1. Reporting Entity

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter "Grupo EPM") is the parent company of a multi-Latin business group made up of 44 companies and five structured entities¹; with a presence in the rendering of public services in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

Empresas Públicas de Medellín ESP (hereinafter EPM), the parent company of the Grupo EPM, is a decentralized entity of the municipal order, created in Colombia through Agreement 58 of August 6, 1955, of the Administrative Council of Medellín, as an autonomous public establishment. It was transformed into an industrial and commercial company of the State of municipal order, by Agreement 069 of December 10, 1997, of the Council of Medellín. Due to its legal nature, EPM is endowed with administrative and financial autonomy and its assets, in accordance with Article 85 of Law 489 of 1998. The capital with which it was established and operates, as well as its assets, is public nature, being its sole owner of the municipality of Medellín. Its main address is at Carrera 58 No. 42-125 in Medellín, Colombia. It does not have an established term of duration.



¹ Autonomous estates of social financing of EPM, CHEC, EDEQ, ESSA and Promobiliaria. Under the International Financial Information Norms (NIIF), adopted in Colombia, are considered structured entities that make part of the consolidation perimeter of Grupo EPM's financial states.

EPM provides residential public services of aqueduct, sewage, energy, and distribution of fuel gas. It can also provide the residential public service of cleaning, treatment, and use of garbage, as well as the complementary activities of one of these public services.

The Group offers its services through the following segments, whose activities are described in Note 47. Operating segments: Electricity Generation, Distribution and Transmission; Distribution and Marketing of Natural Gas; Water provision; Wastewater Management; Solid Waste Management. Additionally, the Others Segment includes participation in the telecommunications business, through the associate UNE EPM Telecomunicaciones SA and its subsidiaries: Edatel SAESP, Orbitel Servicios Internacionales SA - OSI, Cinco Telecom Corporation – CTC, and Colombia Móvil SA; and the associate Inversiones Telco SAS and its subsidiary Emtelco SA; offering voice services, data, Internet, professional services, data center, among others.

The separated financial statements corresponding to the year ended 31 December 2021, were authorized by the Board of Directors to be published on 23 March 2022.

1.1 Legal and Regulatory Framework

The activity of EPM, i.e., providing residential public utilities, is regulated in Colombia mainly by Law 142, Public Utilities Act, and Law 143 of 1994, Electricity Act.

- The functions of control, inspection and supervision of the entities that provide domiciliary public utilities are exercised by the Office of the Superintendent of Domiciliary Public Utilities (SSPD, for its Spanish initials).
- Since the Company is an issuer of Bonds, it is subject to the control of the Superintendence of Finance of Colombia under Decree 2555 of 2015, by which the regulations of the financial, insurance sectors, and the stock market are collected and reissued, and other provisions are issued, establishes that the Integral System of Information of

the Stock Market (SIMEV for its Spanish initials) is the set of human, technical and management resources that the Superintendence of Finance of Colombia shall use to allow and facilitate the supply of information to the market. Within these tools, there is the National Registry of Securities and Issuers (RNVE for its Spanish initials), which purpose is to keep a registry of securities issuers and their issues. EPM, when issuing bonds, is subject to control by this Superintendence and to the rules required for financial information purposes, especially to the External Circular Letter 038 of 2015 which reference is: Modification to the terms for the transmission of Quarterly and Year-End Intermediate Financial Statements under IFRS adopted in Colombia, Individual or Separate and Consolidated and their report in XBRL language (extensible Business Reporting Language) and unification of the instructions contained in External Circular Letters 007 and 011 of 2015.

For accounting purposes, the company is governed by the accounting standards issued by Contaduría General de la Nación, these standards are based on the IFRS issued by the IASB, as well as the interpretations issued by the IFRIC as described in the section on accounting policies.

For managing the health service as employee benefits, under the figure of the Adapted Health Company - EAS, it is supervised by the Superintendence of National Health.

As a decentralized entity of the municipal order, EPM is subject to the political control of the Council of Medellin, the fiscal control of the Comptroller General of Medellin and the disciplinary control of the Attorney General's Office.

1.2 Regulatory commissions

Law 142 of 1994 in its articles 68 and 69, delegates in the regulation commissions the presidential function of indicating general policies of administration and efficiency control in residential public services.

These entities are the following:

- The Energy and Gas Regulation Commission (hereinafter “CREG” for its Spanish initials), a technical body attached to the Ministry of Mines and Energy (MME), which regulates energy sales rates and aspects related to the operation of the Wholesale Energy Market (MEM) and, more generally, with the provision of electricity, fuel gas and liquid fuel services.
- The Commission for the Regulation of Potable Water and Basic Sanitation (hereinafter “CRA” for its Spanish initials), regulates the rates for aqueduct, sewage and sanitation and their provision conditions in the market. It is a special administrative unit, attached to the Ministry of Housing, City and Territory.

1.2.1 Regulation by sector

1.2.1.1 Activities of the aqueduct, sewage and sanitation sector

Law 142 of 1994, Public Services Law, defined water, sewage and cleaning services:



Aqueduct: also called home public drinking water service. Activity that consists of the municipal distribution of water suitable for human consumption, including its connection and measurement. Includes complementary activities such as water collection and processing, treatment, storage, conduction and transportation.



Sewerage: an activity that consists of the municipal collection of waste, mainly liquid, through pipes and conduits. Includes complementary activities of transport, treatment and final disposal of such waste.





Cleaning: an activity that consists of the municipal collection of waste, mainly solid. Includes complementary activities of transport, treatment, use and final disposal of such waste.

For the first two services, the tariff framework is established in Resolutions CRA 688 of 2014, 735 of 2015, 821 of 2017 and 908 of 2019, compiled in Resolution CRA 943 of 2021. For the public sanitation service, in resolution CRA 720 of 2015, compiled in Resolution CRA 943 of 2021. These regulations establish quality and coverage indicators, encourage compliance with goals and define remuneration mechanisms to guarantee the financial sufficiency of the company.

1.2.2 Activities of the electricity sector

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which can be developed by independent or integrated companies in the terms defined in article 298 of Law 1955 of 2019. The framework legal aims to supply the demand for electricity under economic criteria and financial viability and promote an efficient, safe and reliable operation of the sector.



Generation: consists of the production of electricity from different sources (conventional or non-conventional), whether that activity is carried out exclusively or in combination with one or more other activities in the electricity sector, whichever of them is the main activity.



Transmission: the national transmission activity is the transport of energy in the National Transmission System (hereinafter STN). It is made up of a set of lines, with their corresponding connection equipment, which operate at voltages equal to or greater than 220 kV. The National Transmitter is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the development of that activity.



Distribution: consisting of transporting electrical energy through a set of lines and substations, with their associated equipment, which operate at voltages less than 220 kV.



Commercialization: an activity consisting of the purchase of electricity in the wholesale market and its sale to other market agents or to regulated and non-regulated end users, whether this activity is carried out exclusively or combined with other activities in the electricity sector, whichever is the main activity.

1.2.3 Natural gas sector activities

Law 142 of 1994 defined the legal framework for the provision of home public services, an ambit which defines natural gas as a public service.



Gas: set of activities related to the distribution of fuel gas, by pipeline or other means, from a large volume storage site or from a central gas pipeline to the installation of a final consumer, including its connection and measurement. This Law will also apply to complementary commercialization activities from the production and transportation of gas through the main gas pipeline, or by other means, from the generation site to the one where it is connected to a secondary network.



Note 2. Significant accounting policies

2.1 Basis for preparation of the financial statements

The Company's Separated Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for its Spanish initials) and adopted by the Nation's General Accounting Office through Resolution 037 of 2017 and Resolution 056 of 2020 (hereinafter "IFRS as adopted in Colombia"). These accounting and financial reporting standards are based on the International Financial Reporting Standards (hereinafter, IFRS) issued by the International Accounting Standards Board (hereinafter, IASB), as well as the interpretations issued by the International Financial Reporting Standards Committee (hereinafter, IFRIC). These financial statements are harmonized with the generally accepted accounting principles in Colombia as outlined in the Annex to Decree 2420 of 2015 and its subsequent amendments.

The presentation of financial statements in conformity with IFRS adopted in Colombia requires making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from said estimates. Estimates and assumptions are constantly revised. Revision of accounting estimates is recognized for the period in which the estimates are revised if the revision affects such period or in the revision period and future periods, if it affects both the current and the future period. The estimates made by the Management, in applying the IFRS adopted in Colombia, that have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail in Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements.

EPM and each of its subsidiaries present separate or individual financial statements, as applicable, for compliance before the controlling entities and for internal administrative follow-up purposes, and to provide information to the investors. Likewise, EPM as the main holding company presents consolidated financial statements under IFRS adopted in Colombia.

Assets and liabilities are measured at cost or amortized cost, except for certain financial assets and liabilities and the investment properties that are measured at fair value. Financial assets and liabilities measured at fair value correspond to those that: are classified in the category of fair value assets and liabilities through profit, some equity investments at fair value through equity, as well as all financial derivatives, assets, and liabilities recognized that are designated as hedged items in a fair value hedging, which recorded value, is adjusted with the changes in fair value attributed to the risks subject matter of the hedging.

Separated financial statements are presented in their functional currency Colombian pesos and their figures are stated in millions of Colombian pesos.

2.2 Classification of assets and liabilities into current and non-current

An asset is classified as current asset when it is mainly maintained for negotiation purposes or it is expected to be realized over a term not exceeding one year, after the period being reported or it is cash and cash equivalents that is not subject to restrictions for exchange or use in the cancellation of a liability over a term not to exceed one year after the period being reported. All other assets are classified as noncurrent assets.

A liability is classified as current liability when it is mainly kept for negotiation purposes or when it is expected to be settled over a term not exceeding one year after the period being reported, or when the company does not have an unconditional right to postpone its settlement for at least one year after the period being reported. All other liabilities are classified as non-current liabilities.

All derivative instruments for which the hedging accounting does not apply are classified as current or non-current, or are divided into current and non-current portions, based upon assessment of facts and circumstances (i.e., the underlying contractual cash flows):

- When the company keeps a derivative, for which the hedging accounting is not applied, during a term exceeding twelve (12) months as from the presentation date, the derivative is classified as non-current (or divided into current and non-current portions) for it to correspond with the classification of the underlying item.
- Derivative instruments that are designated as hedging instruments and that are effective, are classified coherently with the classification of the underlying hedged item. The derivative instrument is divided into a current portion and another non-current only if such allocation can be made in a reliable manner.

2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows include the money in cash and banks and the high-liquidity investments, easily convertible in a determined amount of cash and subject to a non-significant risk of changes in their value, with maturity of three months or less from their acquisition date. Callable bank overdrafts that are an integral part of the cash management of the company, represent a cash and cash equivalents component in the statement of cash flows.

2.4 Investments in subsidiaries, associates and joint ventures

A subsidiary is an entity controlled by EPM. The control is obtained when EPM controls the relevant activities of the subsidiary and is exposed, or has the right, to the variable returns of the subsidiary and has the capacity to influence those returns.

An associate is an entity on which Grupo EPM has significant influence over the financial and operation policy decisions, without getting to have their control or joint control.

A joint venture is an arrangement in which EPM has joint control, under which the Company has rights over the net assets of the arrangement, rather than rights over its assets and obligations for its liabilities.

On the acquisition date, the surplus of the acquisition cost over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities assumed of the subsidiary is recognized as goodwill. Goodwill is included in the recorded value of the investment and is neither amortized nor individually subject to impairment tests of its value.

Investment in associates and joint ventures is measured in the consolidated financial statements by the Equity Method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Through this accounting methodology, the investment is initially recorded at cost and is later adjusted in terms of the changes experienced, after acquisition, by the portion of the net assets of the entity that corresponds to the investor. The profit or loss for the period for EPM includes its participation in the profit for the period of the investee and it includes its participation in the other comprehensive income of the investee. When there are variations in the percentage of ownership in the subsidiary that do not imply a loss of control, the effect of these changes is recognized directly in equity. When ownership of the company in the loss of a subsidiary exceeds ownership of the company thereon (which includes any long-term ownership that, in substance, forms

part of the net investment of the Group in the associate or joint venture), the company ceases to recognize its ownership in future losses. Additional losses are recognized provided that the company has contracted some legal or implied obligation or has made payments in the name of the subsidiary. When the subsidiary subsequently makes a profit, the company resumes recognition of its ownership therein only after its share in the aforementioned profit equals the share of unrecognized losses.

Investments in subsidiaries are accounted for using the equity method from the date when the entity in which the interest is held becomes a subsidiary.

Investments in associates and joint ventures are kept in the separate financial statements at cost.

Dividends received from the subsidiary, are recognized as reduction in the value of the investment, and those received from associate or joint venture are directly recognized in the profit for the period when the right of the company to receive payment is reestablished.

The Company analyzes periodically the existence of impairment indicators and if necessary, recognizes losses for impairment in the investment of the subsidiary, associate or joint venture. Impairment losses are recognized in the profit for the period and are calculated as the difference between the recoverable value of the subsidiary, associate or joint venture, that being the higher between the value in use and its fair value less the necessary costs for its sale, and its recorded value.

When control over the subsidiary or significant influence over the associate or the joint control over the joint venture is lost, the company measures and recognizes any residual investment that may keep in it its fair value. The difference between the recorded value of the subsidiary, associate or joint venture and the fair value of the retained residual investment, with the value coming from its sale, is recognized in the result for the period.



The Company discontinues the use of the equity method from the date on which the investment ceases to be a subsidiary, or the date on which the investment is classified as held for sale. Additionally, the company records all amounts previously recognized in other comprehensive income with relation to that subsidiary on the same basis that would have been required if said subsidiary had directly sold the financial assets or liabilities. Therefore, if a profit or loss previously recognized in other comprehensive income by the subsidiary had been reclassified into profits or losses at the moment of the sale of the related assets or liabilities, the company would reclassify the profit or loss from equity into profits or losses (as a reclassification adjustment) upon discontinuation of the usage of the equity method.

2.5 Joint Operations

Is a joint arrangement whereby the parties that have joint control of the arrangement have the right to the assets and obligations related to the liabilities, related to the arrangement.

In joint operations, the company recognizes its share as follows: its assets, including its share in the assets jointly held; its liabilities, including its share in the liabilities jointly incurred in; its revenue from the sale of its share in the product that arises from the joint operation; its share in revenue from the sale of the product that is made by the joint operation; and its expenses, including its share in the jointly incurred in expenses. The company records the assets, liabilities, revenue, and expenses related to its ownership in a joint operation according to the guidelines applicable to the assets, liabilities, revenue, and expenses.



2.6 Functional currency and foreign currency

The functional currency of the Company is the Colombian peso, that is the currency of the main economic environment where it operates, i.e., where it generates and uses cash.

Transactions in foreign currency are initially recorded at the exchange rates of the functional currency in force and effect on the transaction date. Subsequently, the foreign-currency denominated monetary assets and liabilities are translated using the exchange rate of the functional currency, in force and effect as of the period's closing date, the non-monetary items that are measured at their fair value are translated using the exchange rates as of the date when their fair value is determined and the non-monetary items that are measured at historic cost are translated using the exchange rates in force and effect on the date of the original transactions.

All exchange differences are recognized in the statement of comprehensive income in the section profit or loss for the period, except for amendments arising from interest costs that are capitalizable and those arising from loans in foreign currency to the extent that they are considered as adjustments to interest costs and the exchange difference arising from the conversion of the financial statements of subsidiaries abroad for the application of the equity method, which is recognized in the other comprehensive income.

2.7 Income from ordinary activities

Revenue basically corresponds to the result of the company's main activity, which is the rendering of residential public utilities of electric power, natural gas, water supply and sewage, and are recognized when the service is rendered or at the time of the delivery of the goods, to the extent that they comply to the performance obligations of the company. Revenue is measured at the value of the consideration received or to be received, excluding

taxes and other obligations. Discounts, compensations to customers because of the quality of the service and financial components that are granted, are recorded as adjustments to revenue. The financing component is only recognized if the contract with customers has a duration longer than one year.

The most representative income from the power business in Colombia are the following:

- **Reliability Charge:** remuneration paid to a generating agent for the availability of generation assets with the declared characteristics and parameters for the calculation of the steady power for reliability charge (ENFICC, for its Spanish initials), which guarantees compliance with the Steady Power Obligation (OEF, for its Spanish initials) assigned in auction for the assignment of steady power obligations or the mechanism replacing it.
- **Long-Term Contracts:** a contract for the sale of power between traders and generators which is settled in the power exchange, under this modality of power contract generators and traders freely agree on quantities and prices for the purchase and sale of electric power for periods longer than one day.

For long-term power purchase contracts, with price lower than that of the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain revenue, it is considered that it does not comply with the Exception for own use.

- **Secondary Market of Steady Power or Secondary Market:** a bilateral market in which generators negotiate among themselves a back-up contract to ensure, for a given period, partial or total compliance with the steady power obligations acquired by one of them.
- **Non-Regulated Market Power Sales:** is the power sold in the market to customers whose maximum demand exceeds a value in MW (megawatts) or a monthly minimum energy consumption in MWh (megawatt-hour), defined by the regulatory body, by legalized installation, from which it does not use public networks of electric power transport and uses it in the same property or in contiguous estates. Such electricity purchases are made at freely agreed prices between buyer and seller.

- **Regulated Market Power Sales:** is the power sold to customers whose monthly consumption is less than a predetermined value and is not entitled to negotiate the price paid for it, since both concepts are regulated; usually uses power for its own consumption or as an input for its manufacturing processes and not to undertake marketing activities with it.
- **Automatic Generation Regulation (AGC):** is a system for the control of the secondary the frequency within a range of operation and the programmed exchanges. The AGC can be programmed in centralized, decentralized or hierarchical mode.
- **Steady Power (or Firm Energy):** Is the incremental contribution of a company's generation plants to the interconnected system, which is carried out with a 95% reliability and is calculated based on a methodology approved by the commission and the operational planning models used in the national interconnected system.

Natural gas revenue comes from the distribution and sale of natural gas to the regulated and non-regulated markets.

In the water business, revenue comes from the provision of water and sewage utilities.

At the time of recognition of income, the Company assesses, based on specific criteria, whether it acts as a principal or as a commission agent and thus determines whether gross or net income must be recognized for commercial activities.



2.8 Contracts with Customers

When contract results can be reliably measured, the company recognizes revenue and expenses associated with contracts with customers, measuring the advanced level in the fulfillment of the performance requirements using the resource method, as a function of the ratio represented by the costs earned by the work conducted to that date and the estimated total costs up to its completion.

The incurred cost includes the costs, including loan costs directly related to the contract, until the work has been completed. Administrative costs are recognized in the profit or loss for the period.

On the other hand, the incremental costs incurred by the company to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position within the Other assets item and are amortized on a linear basis over the life of the contract, provided that the term of the contract is greater than one year. Otherwise, the company recognizes it directly in the profit or loss for the period.

Payments received from customers before the corresponding work has been carried out are recognized as a liability in the Statement of Financial Position as other liabilities.

The difference between revenue recognized in the statement of income for the year and the billing is presented as an asset in the statement of financial position denominated Trade and other receivables, or as liability denominated as Other liabilities.

For the initial recognition of an account receivable from a contract with a customer, the difference between the measurement of the receivable and the value of the corresponding revenue is presented as an expense in the statement of comprehensive income called Impairment of receivables.



2.9 Government grants

Government grants are recognized at fair value when there is reasonable security that those grants shall be received and that all conditions linked to them shall be met. Grants that pretend to offset costs and expenses already incurred in, without subsequent related costs, are recognized in profit or loss for the period in which they become enforceable. When the grants are related to an asset, it is recorded as deferred income and are recognized in the result for the period on a systematic basis throughout the estimated useful life of the corresponding asset. The benefit of a government loan at an interest rate below market is treated as a government grant, measured as the difference between the amounts received and the fair value of the loan based upon the market interest rate.

2.10 Taxes

The fiscal structure of each country, the regulatory frameworks, and the plurality of operations that the company undertakes to make the company a taxable entity, i.e., a payer of taxes, rates, and contributions on a national and territorial basis. These are liabilities generated from the central government, the states/departments, municipal entities, and other active subjects, once the conditions foreseen in the corresponding acts and laws issued are met.

Amongst the most relevant taxes, the income tax, the value-added tax, and the wealth tax are detailed.



Income Tax

- **Current:** the current income tax assets and liabilities for the period are measured by the amounts that are expected to be recovered or paid to the fiscal authorities. The income tax expense is recognized in the current tax according to the cleaning made between the fiscal income and the recorded profit or loss affected by the income tax rate of the current year and pursuant to the provisions of the tax rules of the country. The tax rates and rules used for computing those values are those that are enacted or substantially approved at the end of the period being reported, in the countries where the company operates and generates taxable profits.

Tax income differs from profit for the period as income and expense items imposable or deductible in other years, and items that shall not be taxable or deductible in the future.

Current Income tax assets and liabilities are also offset if they relate to the same tax authority and if there is the intention to settle them for the net value or to realize the asset and settle the liability simultaneously.

- **Deferred:** the deferred income tax is recognized using the balance sheet method, calculated on the temporary differences between the fiscal bases of the assets and liabilities and their recorded values. The deferred tax liability is generally recognized for all imposable temporary differences, while the deferred tax asset is recognized for all deductible temporary differences and for the future offsetting of fiscal credits and unused fiscal losses to the extent that it is probable the availability of future tax gains against which they can be realized. Deferred taxes are not discounted.

The deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the moment of the transaction, did not affect neither the book gain nor the fiscal profit or loss; and for the deferred tax liability case whenever it arises from the initial recognition of goodwill.

Deferred tax liabilities related to investments in subsidiaries, associates, and participation in joint ventures, are not recognized when the revision opportunity of temporary differences can be controlled, and it is probable that those differences will not be reversed in the near future. Deferred tax assets related to investments in subsidiaries, associates, and participation in joint ventures, shall be recognized only if a reversal in temporary differences for the near future is probable, and that availability of future taxable profits against which those deductible differences will be imputed is also probable.

The recorded value of the deferred tax assets is reviewed on each presentation date and is reduced to the extent that enough taxable profits available for use as a whole or in part of the deferred tax asset is no longer probable. The deferred tax assets that are not recognized are reassessed on each presentation report date and are recognized to the extent that it is probable that future taxable gains profits allow their recovery.

Deferred tax assets and liabilities are measured at the fiscal rates expected to be applied in the period when the asset is realized, or the liability is settled, based on fiscal rates and rules that were approved on the presentation date, or the approval procedure of which is about to be completed for such date. Measurement of deferred tax assets and liabilities will reflect the fiscal consequences to be derived from how the entity expects, at the end of the period being reported, to recover or settle the recorded value of its assets and liabilities.

The deferred tax assets and liabilities must be presented as non-current.

The deferred tax assets and liabilities are offset if there is a legally enforceable right for it and if they are related to the same tax authority.

The deferred tax is recognized in profit or loss for the period, except that related to items recognized outside profit or loss; in this latter case, it will be presented in the other comprehensive income or directly in equity.

With the purpose of measuring the deferred tax liabilities and the deferred tax assets for investment properties that are measured using the fair value model, the recorded value of those properties is presumed that will be fully recovered through their sale unless the presumption is challenged. The presumption is challenged when the investment property is depreciable and is kept within a business model which object is to consume, substantially, all the economic benefits that are generated by the investment property through time, and

not through a sale. Management reviewed the company's investment property portfolio and concluded that none of the company's investment properties is kept under a business model whose objective is to consume, substantially, all economic benefits generated by investment properties over time rather than through the sale. Therefore, the management has determined that the presumption of "sale" established in the modifications to IAS 12 Income tax, is applicable.

Whenever the current tax or deferred tax arises from the initial recording of the business combination, the fiscal effect is considered within the recording of the business combination.

Value-Added Tax - VAT

The company is responsible for this tax in the common regime as it performs sales of movable assets and provides taxed services and obtains exempt income for imports. Currently, the power, water, sewage, and domiciliary gas utilities are excluded from this tax.

The general rate for this tax in Colombia is 19% and exists a differential rate of 5%.

In Colombia, the generation of revenue excluded in the particular case of residential public utilities, VAT paid on purchases is part of a higher cost value. Also, when taxable income is generated, that is to say when taxed goods or services are sold, VAT paid on the purchase or acquisition of inputs for these sales will be deductible from the payable tax value. When the company generates income that is excluded from VAT, but at the same time generates income that is exempt and taxed, in that case a proration of paid VAT must be performed to determine the percentage of VAT to be discounted.

The tax generated is recognized as a sum to be paid to the tax office, from which the tax paid is deducted. Income is recognized without considering the value of the tax.

2.11 Property, Plant, and Equipment

Property, plant, and equipment are measured at cost, net of accrued depreciation, and accrued impairment losses if any. The cost includes the acquisition price; the costs directly related to putting the asset at the necessary place and conditions to operate in the way foreseen by the company, costs corresponding to loans of construction projects that take a substantial period to be completed, recognition requirements are complied with and the present value of the expected cost for the decommissioning of the asset after its use, if the criteria for recognition for a provision are met.

Constructions in progress are measured at cost less any impairment loss recognized and includes indispensable expenditure directly related to the construction of the asset, such as professional fees, work supervision, civil works, and, in the case of those assets qualified, the borrowing costs are capitalized. Said constructions in progress are classified in the proper categories of property, plant, and equipment at the time of their completion and when they are ready to use. The depreciation of these assets starts when they are ready to use in accordance with the same basis as in the case of other elements of property, plant, and equipment.

The Company capitalizes on the greater value of the assets, additions, or improvements made thereof, provided that any of the following conditions are met: a) They increase their useful life, b) They increase their productive capacity and operating efficiency thereof, and c) They reduce costs to the Company. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Inventory of spare parts for specific projects, which are expected to have no turnover in one year and meet the criteria to be capitalized, known as replacement assets, are presented in the other property, plant, and equipment. They depreciate, considering the permanence time in the storage and the technical useful life of the asset once its use begins.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis throughout the estimated useful life of the asset as follows:

Plants, ducts and tunnels	
Civil work	<u>50</u> to <u>100</u> years
Equipment	<u>10</u> to <u>100</u> years
Networks, lines and cables	
Electric transmission network	<u>30</u> to <u>40</u> years
Power distribution network	<u>30</u> to <u>40</u> years
Aqueduct network	<u>40</u> to <u>80</u> years
Network Wastewater	<u>30</u> to <u>80</u> years
Gas network	<u>60</u> to <u>80</u> years
Buildings	<u>50</u> to <u>100</u> years
Communication and computer equipment	<u>5</u> to <u>40</u> years
Machinery and equipment	<u>7</u> to <u>40</u> years
Furniture, fixtures and office equipment	<u>10</u> to <u>15</u> years
Grounds ⁽¹⁾	<u>10</u> to <u>20</u> years

Useful lives are determined considering, among others, the manufacturer's technical specifications, the knowledge of the technicians that operate and maintain the assets, the geographic location, and the conditions to which it is exposed.

The company calculates the depreciation by components, which implies depreciating individually the parts of the asset that should have a different useful life. The depreciation method used is the straight-line; the residual value calculated for the assets is not part of the depreciable amount.

A component of property, plant, and equipment and any significant part initially recognized, is written off once disposed of or when it is not expected to obtain future economic benefits from its use or disposal. The gain or loss at the moment of writing the asset off, calculated as the difference between the net value of the disposal and the recorded value of the asset, is included in the statement of comprehensive income.

Assets temporarily classified as out-of-service continue to depreciate and are tested for impairment within the CGU to which they are assigned.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted, appropriately.

2.12 Leases

The determination of whether an arrangement constitutes or contains a lease is based upon the essence of the arrangement at its initial date, in compliance with the agreement depends upon the use of a specific asset(s) and if it transfers the right-of-use of that asset for a timespan in exchange for a consideration.

At the initial date of the lease contract, the company acting as lessee recognizes an asset for right-of-use and liability for lease, except for leases with a duration of fewer than 12 months or those whose value at new of the underlying asset is less than 15 (fifteen) Current Monthly Minimum Legal Wage (hereinafter "SMMLV" for its Spanish initial).

The company acting as lessor classifies the lease as operating or finance. A lease is classified as a finance lease when the risks and rewards incidental to ownership of the leased asset are substantially transferred to the lessee; otherwise, it is classified as an operating lease.



EPM as a Lessee

Assets leased under finance leases are recognized and presented as assets in the statement of financial position at the beginning of the lease, for the fair value of the asset leased or the present value of the minimum lease payments, whichever is lower. The corresponding liability is included in the statement of financial position as a finance lease liability.

Right-of-use assets are amortized over the useful life of the asset using the straight-line method if ownership of the underlying asset is transferred at the end of the contract or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or if no purchase option on the asset is exercised, the asset is depreciated only up to the end of its useful life or the lease term, whichever comes first.

Lease payments are divided between financial expenses and debt amortization. Finance charges are recognized in profit or loss for the period unless directly attributable to qualifying assets, in which case they are capitalized according to the company's policy for borrowing costs. Variable lease payments, which depend on an index or rate, are included in the valuation of the lease liability. Leases with a duration of less than 12 months or those whose value at new of the underlying asset is less than 15 (fifteen) SMMLV are recognized as operating leases in the profit or loss for the period over the term of the lease.

EPM as a Lessor

Assets leased under finance leases are not presented as property, plant, and equipment since the risks associated with the property have been transferred to the lessee, instead, a receivable is recognized for an amount equal to the net investment in the lease.

When a lease contract includes land and building components together, the company assesses the classification of each component separately as a finance or operating lease. If the lease payments cannot be allocated reliably between these two components, the entire

lease is classified as a finance lease, unless it is clear that both components are operating leases, in which case the entire lease is classified as an operating lease.

Income from variable leases, dependent on an index or rate, is included in the valuation of the net investment at lease.

Initial direct costs such as: commissions, fees, legal, and internal costs that are incremental and directly attributable to negotiating and arranging the lease are included in the measurement of the net investment in the lease at inception and are reflected in the calculation of the implicit interest rate.

2.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial time to be prepared for their destined use or sale, are capitalized as part of the cost of the respective asset until the asset is ready for their intended use. Income from the temporary investment in specific loans pending to be consumed in qualified assets is deducted from the borrowing costs that qualify for their capitalization. All other borrowing costs are recorded as expenses in the period when incurred. Borrowing costs consists of interest and other costs incurred in by the company regarding to the loan of funds. To the extent that the funds derive from generic loans and are used to obtain a qualified asset, the value of the costs susceptible of capitalization is determined by applying a capitalization rate (weighted average cost of loans applicable to general loans outstanding during the period) to expenditure made in that asset.



Capitalization of borrowing costs begins on the date when the following conditions are met:

- Expenditure made in relation to the asset.
- Borrowing costs are incurred.
- Necessary activities to prepare the asset for the intended use or for sale are carried out.

Capitalization of borrowing costs is suspended during periods in which the development of activities of a qualifying asset for periods of more than one year is interrupted. However, the capitalization of borrowing costs over a period is not interrupted if important technical or administrative actions are being undertaken. Neither is capitalization of borrowing costs suspended when a temporary delay is required as part of the process of preparing an asset qualified for its use or sale.

Capitalization of borrowing costs is terminated when all activities necessary to prepare the asset for its use or sale have been substantially completed. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is stopped.

2.14 Investment Property

Investment property, are lands or buildings or part of a building or both, held to obtain rentals or capital revaluations (including the investment property under construction for said purposes). Investment properties are initially measured at cost, including transaction costs. The recorded value includes the replacement or substitution cost of one part of an existing investment property at the moment when the cost is incurred if all criteria for recognition are met, and they exclude the daily maintenance costs of the investment property.

After initial recognition, investment properties are measured at the fair value reflected by market conditions on the presentation date. All profits and losses arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in profit or loss when they arise.

Investment properties are derecognized, either at the moment of disposal, or when they are retired from use permanently, and no future economic benefit is expected. The difference between the net value of disposal and the recorded value of the asset is recognized in the statement of comprehensive income in profit or loss in the period when it was derecognized.

Transfers to or from investment property are conducted only when there is a change in their use. In the case of a transfer from an investment property to property, plant, and equipment, the cost considered for its subsequent posting is the fair value on the date of use change. If a property, plant, and equipment become an investment property, it shall be recorded at its fair value, the difference between the fair value and the recorded value shall be recorded as revaluation surplus applying the IAS 16 Property, plant, and equipment.

2.15 Intangible Assets

Intangible assets acquired separately are measured initially at their cost. The cost of the intangible assets acquired in business combinations is their fair value at the acquisition date. After their initial recognition, the intangible assets are recorded at cost less any accumulated amortization and any accumulated loss for impairment. Intangible assets generated internally are capitalized provided that they meet the criteria for their recognition as an asset and the generation of the asset must be classified as research phase and development phase; if it is not possible to distinguish the research phase from the development phase, expenditure must be reflected in the statement of comprehensive income in the period in which they incurred.

Useful lives of intangible assets are determined as finite or indefinite.

Intangibles assets with finite useful life are amortized throughout their economic useful life in a straight-line and assessed to determine if they presented any impairment, whenever there are indications that the intangible asset may have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset are recorded if the amortization period or method changes, as applicable, and are treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful life is recognized in profit or loss in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangibles assets with indefinite useful life are not amortized, but they are subject to annual tests to determine whether they suffer any impairment, either individually or at the cash generating unit level (CGU). Assessment of the indefinite useful life is revised on an annual basis to determine whether such an indefinite useful life continues to be valid. If that is not the case, the change of useful life from indefinite to finite is made prospectively.

Useful lives of intangible assets are:

Similar concessions and rights	Depending on the term of the contract
Easements	Indefinite
Capitalized development costs	Indefinite
Software and computer applications	Indefinite/ finite 3 ... 5
Licenses	Indefinite/ finite 3 ... 5
Rights	Depending on the term of the contract
Other intangible assets	Indefinite/ finite 7 ... 15



An intangible asset is derecognized upon disposal, or whenever future economic benefits are not expected from their use or disposal. The profits or losses arising when an intangible asset is derecognized are measured as the difference between the value obtained in the disposal and the recorded value of the asset, and it is recognized as profit or loss in the statement of comprehensive income.

Research and Development Costs

Research costs are recorded as expenses as incurred. Development outlays in an individual project are recognized as intangible assets whenever the company can demonstrate:

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale.
- Its intention of finalizing the asset and its capacity to use or sell the asset.
- How the asset will generate future economic benefits, considering, among others, the existence of a market for production that generates an intangible asset for the asset itself, or the profit of the asset for the entity.
- The availability of technical and financial resources to complete the asset and to use and sell it.
- The capacity of reliably measuring the expenditure during development.

In the statement of financial position, the development expenditure asset is recognized from the moment the element meets the conditions for its recognition, and its cost less accrued amortization and the value impairment accrued losses are recorded.

When the development of an intangible asset related to an electricity generation project begins, costs are accumulated as construction is in progress.

Amortization of the asset starts when the development has been completed and the asset is available for use. It is amortized throughout the expected future economic benefit. During the development period, the asset is subject to annual tests to determine whether there is an impairment of its value.

Research costs and development costs that do not qualify for capitalization are recorded as expenses in profit or loss in the statement of comprehensive income.

Goodwill

Goodwill represents the difference between the cost of a group of assets constituting a business over which control is acquired and the fair value at the time of acquisition of this group of acquired assets.

Goodwill is not amortized, it is measured at cost less any value impairment accrued loss and is subject to annual value impairment tests, or more frequently when there are impairment indicators. Value impairment losses are recognized in profit or loss in the statement of comprehensive income.

For the Cash Generating Units (CGU), which have been assigned goodwill, on an annual basis the Company verifies the value impairment, which implies the calculation of the value at the use of the CGUs to which it is assigned. The value at use requires determining the future cash flows that must arise from the CGUs and an appropriate discount rate to calculate the current value. When the actual future cash flows are less than expected, an impairment loss may arise.

2.16 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and simultaneously to a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognized in the statement of financial position when the company becomes a party according to the contractual conditions of the instrument.

2.16.1 Financial Assets

The company recognizes its financial assets at fair value at the outset. Transaction costs directly attributable to the financial asset are added to or deducted from its fair value are subsequently measured at amortized cost or fair value through other comprehensive income or are recognized immediately in the statement of comprehensive income if the assets are measured at fair value through profit or loss.

For subsequent measurement, financial assets are classified at amortized cost or fair value (through other comprehensive income or through profit and loss) depending on the company's business model for managing the financial assets and the characteristics of the instrument's contractual cash flows.

- **Financial assets at fair value through profit or loss:** financial assets at fair value through profit or loss are assets whose contractual cash flows are highly liquid. The company classifies a financial asset in this category if it is acquired mainly for the purpose of being sold in the short term.

This includes investments made to optimize surplus liquidity, i.e., all those resources that are not immediately allocated to the development of the activities that constitute the company's corporate purpose. The investment of surplus liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative purposes (EPM General Management Decree 2015-DECGGL-2059 of February 6, 2015). Profit or losses arising from changes in fair value are included in the statement of comprehensive income under the heading of financial income or expense, in the period in which the changes in fair value occur.

Dividend income is recognized when the company's right to receive payment is established.

At the same time, the company can irrevocably allocate a financial asset as measured at fair value through profit or loss.

- **Financial assets at fair value through other comprehensive income:** debt instruments are classified as assets measured at fair value through other comprehensive income if they are held under a business model whose objective is achieved by obtaining the contractual cash flows and selling the assets and the instrument also provides, on specific dates, cash flows that correspond solely to payments of principal and interest on the outstanding principal value.

Changes in the fair value of the investment are recorded in other comprehensive income, except for impairment losses or recoveries, interest income and foreign exchange gains and losses which are recognized in profit or loss for the period.

The company has made an irrevocable decision to present subsequent changes in the fair value of certain investments in equity instruments that are not held for trading in other comprehensive income. Dividends from such investments are recognized in profit or loss when the right to receive payment is established.

On disposal of equity investments at fair value through other comprehensive income, the accumulated value of the gains or losses is transferred directly to retained earnings and is not reclassified to profit or loss for the period.

- **Financial assets at amortized cost:** a financial asset is subsequently measured at amortized cost using the effective interest rate¹ if the asset is held within a business model whose objective is to maintain it in order to obtain the contractual cash flows and contractual terms of the asset that provide, on specific dates, cash flows that are solely payments of principal and interest on the outstanding principal value.



¹The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocating the income over the relevant period. The effective interest rate is the discount rate that exactly matches the future cash flows of a financial asset (including all fees, commissions and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts) over the expected life of the instrument, or if appropriate, a shorter period, to its recorded value at initial recognition.

Impairment of financial instruments

At each reporting date, the Company recognizes a correction in value for expected credit losses on financial assets measured at amortized cost or at fair value through changes in Other comprehensive income, including receivables from leases, contract assets or loan commitments, and financial guarantee contracts to which the impairment requirements are applied over the life of the asset.

Expected credit loss is estimated considering the probability that an impairment loss of uncollectable debts may or may not occur and is recognized as profit or loss in profit or loss in the Statement of comprehensive income, reducing the value of the financial asset. The company assesses the credit risk of accounts receivable on a monthly basis at the time of presenting the reports in order to determine the value correction for expected credit loss on financial assets.

The company assesses on a collective basis the expected losses for financial assets that are not individually relevant. When the collective assessment of expected losses is performed, receivables are gathered by similar credit risk characteristics, allowing identification of the repayment capacity of the debtor, in accordance with the contractual terms of receivables.

The company determines that a customer's credit risk increases significantly when there is any default event in the financial agreements by the counterpart, or when information, be it internal or obtained from external sources, indicates that the debtor's payment is unlikely, without considering held securities.

Default in agreements is measured generally when having 2 past-due accounts, however, there are agreements or individual contracts that indicate default immediately when a payment or obligation is not met.

The company determines that a financial asset exhibits credit impairment when:

- Evidence default in a customers' payment for two (2) or more accounts.
- It is known or there is evidence of the customer entering processes of corporate restructuring or in insolvency or liquidation.
- The rise of social turmoil, be it of public order or natural disasters, which according to experience are directly correlated with default of accounts.

Credit risk is affected when there are changes in financial assets, the policy of the Company to reassess the recognition of credit loss is basically supported on the customer or counterpart payment record. When there is evidence of an improvement in the historical record of a customer's payments, a reduction in risk is recorded and, if there is an increase in the portfolio default age, an increment in the impairment of the asset is recorded.

The amortized financial assets may still be subject to collection execution activities under the recovery procedures of the company, considering judicial collection when appropriate. Recoveries performed are recognized in the profit for the period.

Derecognition of Financial Assets

A financial asset or part of it, is derecognized from the statement of financial position whenever it is sold, transferred, expires or the company loses control on the contractual rights or on the cash flows of the instrument.

The company derecognizes a financial asset when:

- Possesses information indicating that the counterpart is in severe financial difficulties and there are no realistic prospects of recovery.
- The counterpart has been put into liquidation or has initiated a bankruptcy process or, in the case of receivables.
- Amounts exceed two years due, whichever occurs earlier.

If the company does not transfer nor substantially retains all risks and advantages inherent to that property and continues to retain control of the asset transferred, the company will recognize its share in the asset and the obligation associated with the amounts that it would have to pay, in the same way, if the company retains substantially all risks and advantages inherent to the ownership of a financial asset transferred, the company will continue to recognize the financial asset and will also recognize a guaranteed loan in the shape of collateral for the received income.

In the total derecognition of a financial asset measured at fair value with changes in profit, the difference between the recorded value of the assets and the sum of the consideration received and to be received, is recognized as profit or loss in the Statement of comprehensive

income. In the case of financial assets measured at fair value with change in other comprehensive income, the difference between the recorded value of the asset and the sum of the consideration received and to be received is recognized in profit or loss in the Statement of comprehensive income and the profit or loss that would have been recognized in the Other comprehensive income will be reclassified to accumulated profit.

Refinancing of loans

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9 adopted in Colombia, the company recalculates the gross recorded value of the financial asset and recognizes a profit or loss due to modification in the profit or loss for the period. The gross recorded value of the financial asset is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial asset (or effective interest rate adjusted for credit quality for financial assets with credit deterioration purchased or originated) or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial asset and is amortized over the remaining term of the latter.

2.16.2 Financial liabilities

The company recognizes its financial liabilities at fair value at the outset. Transaction costs directly attributable to the acquisition or obtainment of the financial liability are deducted from its fair value if they are subsequently measured at amortized cost, or are recognized through profit or loss if the liabilities are measured at fair value. Subsequently, financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, include liabilities held for trading, financial liabilities designated at initial recognition as at fair value through profit or loss and derivatives. Gains or losses on liabilities held for trading are recognized in profit

or loss for the period. At initial recognition, the Company did not designate financial liabilities as at fair value through profit or loss.

- Financial liabilities at amortized cost, are measured using the effective interest rate. Profits and losses are recognized in profit and loss for the period.

Compound instruments

Financial instruments that contain both a liability and an equity component (compound financial instruments) are recognized and accounted for separately. Therefore, for the initial measurement, the liability component is determined by the fair value of the future cash flows and the residual value is assigned to the equity component.

For subsequent measurement, the liability component is measured at amortized cost including the effect of amortization costs, interests and dividends. The equity component retains the measurement of the initial recognition.

Financial guarantee contracts

The financial guarantee contracts issued by the company are those contracts that require the making of a specific payment to reimburse the holder for the loss incurred when a specified debtor defaults their payment obligation, according to the conditions of a debt instrument. The financial guarantee contracts are initially recognized as a liability at fair value, adjusted by the transaction costs that are directly ascribable to the issuance of the guarantee. Subsequently, the liability is measured at: (i) the amount of the adjustment in value for the expected losses and (ii) the value initially recognized less, the accrued recognized profit.

Derecognition of financial liabilities

A financial liability or part of it is derecognized from the statement of financial position when the contractual obligation has been settled or has expired.

Whenever an existing financial liability is replaced by another coming from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective recorded values is recognized through profit and loss.

In the event changes are not substantial, the company recalculates the gross recorded value of the financial liability and recognizes a profit or loss from changes in the profit or loss. The gross recorded value of the financial liability is recalculated as the current value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial liability and is amortized over its remaining term.

2.16.3 Equity Instruments

An equity instrument consists of any contract showing a residual interest in an entity's assets, after deducting all its liabilities. Equity instruments issued by the company are recognized through income received, net of direct issuance costs.

The repurchase of the company's own equity instruments is recognized and directly deducted in equity. No profit or loss is recognized in operations, coming from the purchase, sale, issuance, or cancellation of the company's own equity instruments.



2.16.4 Derivative Financial Instruments

A financial derivative is an instrument whose value varies in response to changes in a variable such as an interest rate, exchange rate, the price of a financial instrument, credit rating, or index. This instrument does not require an initial investment or is inferior to other financial instruments with a similar response to changes in market conditions and is generally settled at a future date.

The company uses derivative financial instruments, like term contracts (Forward), futures contracts, financial barbers (Swaps), and options to hedge several financial risks, mainly the interest rate, exchange rate, and commodities price risks. Such derivative financial instruments are initially recognized at their fair value on the date when the derivative contract is entered, and subsequently, they are measured again at their fair value. Derivatives are recorded in the statement of financial position as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

Commodity contracts that meet the definition of a derivative, but that are entered into in conformity with the expected purchase requirements of the company, are recognized in the Statement of comprehensive income as the cost of sales.

Any gain or loss that arises from the changes in derivatives' fair value is directly recognized in the Statement of comprehensive income in the section Statement of income, except for those that are under hedge accounting.

Generally, the derivatives embedded in host contracts are treated as separate derivatives whenever they meet the definition of a derivative and when their risks and characteristics are not closely related to those main contracts and the contracts are not measured at fair value with a change in profit. However, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are never split. Instead, the hybrid financial instrument is assessed for financial asset classification.

Hedge Accounting

At the beginning of a hedging relationship, the company designates and formally documents the hedging relationship to which they want to apply hedging accounting and the objective of the risk management, and the strategy to carry out the hedging. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the company shall assess the effectiveness of the changes in fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or the cash flows, attributable to the risk hedged. Such hedges are expected to be highly efficient in achieving the offsetting of changes in the fair value or the cash flows, and for this end, they are permanently assessed throughout the information periods for which they were designated.

For hedging accounting purposes, hedges are classified and recorded as follows, once the criteria for their recording are complied with:

- **Fair value hedging**, when they hedge the exposure to fair value changes of assets or liabilities recognized or of non-recognized firm commitments.

A change in the fair value of a derivative that is a hedging instrument is recognized in profit or loss in the statement of comprehensive income as finance cost or income. A change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the recorded value of the hedged item and is also recognized in profit or loss in the statement of comprehensive income as finance cost or income.

For the fair value hedging related to items recorded at amortized cost, the adjustments to the recorded value are amortized in profit or loss in the statement of comprehensive income throughout the remaining term until their expiration. Amortization of the effective interest rate may begin as soon as there is an adjustment to the recorded value of the hedged item, but it must start at the latest when the hedged item is no longer adjusted for the changes to its fair value attributable to the risk being hedged. Amortization of recorded value adjustments is based upon the effective interest rate recalculated on the amortization starting date. If the hedged item is derecognized, the non-amortized fair value is immediately recognized in profit or loss in the Statement of comprehensive income.

When a non-recognized firm commitment is designated as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk shall be recognized as an asset or liability with their corresponding profit or loss recognized in the statement of comprehensive income.

- **Cash flow hedging**, when they hedge the attributed cash flow variations exposure, either to a particular risk associated to a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk in a non-recognized firm commitment.

The purpose of cash flow hedge accounting is to recognize in other comprehensive income the fair value of variations of the hedging instrument in order to apply them to the statement of comprehensive income when and at the rate that the hedged item affects them.

The effective portion of the profit or loss for the measurement of the hedging instrument is immediately recognized in the other comprehensive income, whereas the ineffective portion is immediately recognized in profit or loss in the statement of profit or loss as a financial cost.

The effective portion will be equal (in absolute terms) to the lesser of:

The difference between the fair value at the time of valuation and the inception date of the hedging instrument; and the difference between the fair value (present value) of the expected future cash flows of the hedged item at the valuation date and at the inception date. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss for the period.

The ineffective portion shall be the difference between:

The difference between the fair value at the time of valuation and the inception date of the hedging instrument; and the effective portion of the hedge.

The measurement of the effectiveness of hedges is performed monthly.

Values recognized in the Other comprehensive income are reclassified into the profit or loss for the period when the hedged transaction affects the profit, as well as when the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the Other comprehensive income are reclassified at the initially recorded value of the non-financial asset or liability. If the foreseen transaction or the firm commitment is no longer expected to happen, the accrued profit or loss previously recognized in the Other comprehensive income is reclassified into the profit or loss for the period.

If the hedging instrument expires or is sold, it is resolved or is exercised without a replacement or successive renovation of a hedging instrument for another hedging instrument, or if its designation as hedging is revoked, any accrued profit or loss previously recognized in other comprehensive income remains in the other comprehensive income until the foreseen operation or the firm commitment affects profit or loss.

- **Hedging of a net investment abroad**, when they hedge the exposure to the variations in the translation of foreign businesses into the presentation currency of the company associated to the exchange rate risk.

The objective of the foreign-currency net investment hedging is to hedge the exchange rate risks that a Principal or Intermediate Parent Company having businesses abroad may have on the impact on the translation of financial statements from functional currency to presentation currency. The hedging of net investment in foreign currency is a hedging to the exposure in foreign currency, not a hedging of the fair value due to changes in the investment value.

Effectiveness and ineffectiveness are accounted for like cash flow hedges.

Profits or losses of the hedging instrument related to the effective portion of the hedging are recognized in other comprehensive income, whereas any other gains or loss related to the ineffective portion is recognized in the statement of profit or loss. For the disposal of the business abroad, the accrued value of the gains or losses recorded in the other comprehensive income are reclassified through profit or loss for the period.

2.16.5 Off-setting of Financial Instruments

Financial assets and liabilities are subject to off-set in order to inform the net value in the statement of financial position, only if (i) at the current time, there is a legally enforceable entitlement of off-set of recognized values; and (ii) there is the intention of settling them at their net value, or of simultaneously realizing the assets and cancelling the liabilities.

2.17 Inventories

Goods acquired with the intention of selling them during the ordinary course of business or of consuming them in the service rendering process are classified as inventories.

Inventories are valued at cost or net realizable value, whichever is lower. The net realizable value is the estimated sale price in the normal course of business, less the estimated finalization costs and the estimated costs necessary to make the sale.

Inventories include merchandise in stock that do not require transformation, such as electricity, gas and water meters and procurement goods. They include materials such as minor spare parts and accessories for the rendering of services and the goods in transit and held by third parties.

Inventories are valued using the weighted average method, and their cost includes the costs directly related to the acquisition and those incurred to give them their current conditions and location.

2.18 Impairment loss of non-financial assets

As of every presentation date, the company assesses whether they have any indication that a tangible or intangible asset may be impaired. The company estimates the recoverable value of the asset or Cash-Generating Unit (CGU), now it detects an indication of impairment, or annually (as of November 30, and it is reviewed if there are relevant or significant events presented for December that merit analyzing and to be included in the calculation of impairment) for goodwill and intangible assets with indefinite useful life and those that are still being developed.

The recoverable value of an asset is the greatest value between the fair value less the costs of sale, either of an asset or a Cash-Generating Unit (CGU), and its value in use is determined for an individual asset unless the asset does not generate cash flows that are substantially independent of those of other assets or groups of assets, in which case the asset must be grouped to a CGU. When a reasonable and consistent basis for distribution is identified, common/corporate assets are also allocated to the individual CGUs or distributed to the smallest group of CGUs for which a reasonable and consistent basis for distribution can be identified. When the recorded value of an asset or a CGU exceeds its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable amount.

When calculating the value in use, the estimated cash flows, either for an asset or a CGU, are discounted at their current value through a discount rate before taxes that reflects the market considerations of the temporary value of money and the specific risks of the asset. An adequate assessment model is used for determining the reasonable value less the costs of sale.

Losses for impairment of continuing operations are recognized in profit or loss in those expense categories corresponding to the function of the impaired asset. Losses for impairment attributable to a CGU are assigned proportionately based on the recorded value of each asset to the non-current assets of the CGU after exhausting goodwill. The CGU is the smallest identifiable group of assets, which generates cash inflows in favor of the company, which are largely independent of cash flows derived from other assets or groups

of assets. The company defined CGUs considering: 1) The existence of revenue and costs for each group of assets, 2) The existence of an active market for the generation of cash flows and 3) how its operations are managed and monitored. In order to assess impairment losses, the assets are grouped in the following CGU: Generation, Distribution, Wastewater management, Water supply, Gas, and Transmission.

Impairment of goodwill is determined by assessing the recoverable value of each CGU (or group of CGUs) to which the goodwill relates. Impairment related to goodwill cannot be reversed in future periods.

For assets in general, excluding the goodwill, on each presentation date, an assessment is conducted about whether there is any indication that the impairment losses previously recognized no longer exist or have decreased. If such indication exists, the company estimates the asset or CGU recoverable value. An impairment loss previously recognized only can be reverted if there was a change in the assumptions used for determining the recoverable value of an asset since the last time when it was recognized the last impairment loss. The reversal is limited in such a way that the recorded value of the asset neither exceeds its recoverable amount nor exceeds the recorded value that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in the previous years. Such reversal is recognized in profit or loss in the Statement of comprehensive income.

2.19 Provisions

Provisions are recorded when the company has a current, legal or implicit obligation, as a result of a past event. The company must probably give off resources that incorporate economic benefits to settle the obligation, and a reliable estimate can be made for the value of the obligation. In cases in which the company expects the provision to be reimbursed as a whole or in part, the reimbursement is recognized as a separate asset, but only in the

cases when such reimbursement is practically certain, and the asset value can be reliably measured. In the company, each provision is only used for dealing with disbursement for which it was initially recognized.

Provisions are measured with the best estimate from the management of expenditure necessary to settle the present obligation, at the end of the period being reported, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its recorded value corresponds to the present value of said cash flow, using for the discount a rate calculated concerning market yields for the bonds issued by the National Government. In Colombia, the yield of TES Bonds (public debt securities issued by the General Treasury of the Nation) at the end of the reporting period must be used.

The expense corresponding to any provision is presented in profit or loss in the Statement of comprehensive income net of all reimbursement. The increase in the provision due to the time elapsed is recognized as financial expenses.

Provisions for decommissioning

The company recognizes as part of the cost of a fixed asset, to the extent that there is a legal or implicit obligation of decommissioning or restoring, the estimation of the future costs which the company expects to incur in performing the decommissioning or restoring and its balancing entry is recognized as a provision for decommissioning and restoring costs.

The decommissioning cost is depreciated over the estimated useful life of the fixed asset. Decommissioning or restoring costs are recognized at the present value of the expected costs of canceling out the obligation using estimated cash flows. Cash flows are discounted at a particular rate before taxes, which should be determined by taking as a reference the market yield of Bonds issued by the National Government. In Colombia, for risk-free rates, the yield of TES Bonds (public debt securities issued by the National Treasury) must be used.

Future estimated decommissioning or restoring costs are annually revised. Changes in the future estimated costs, on the estimated dates for expenditure, or the discount rate applied are added or deducted from the asset cost, without exceeding the recorded value of the

asset. Any surplus is immediately recognized in profit or loss. The change in the provided value associated with the time elapsed is recognized as a financial expense in profit or loss in the Statement of comprehensive income.

Onerous Contracts

The company recognizes as provisions the current obligations that are derived from an onerous contract, as provisions, and their offsetting is in the statement of profit or loss. An onerous contract is the one in which the unavoidable costs of complying with the obligations it implies, exceed the economic benefits that are expected to receive therefrom.

Contingent Liabilities

The possible obligations that arise from past events and the existence of which shall be only confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under control of the company or the current obligations, that arise from past events, but that it is not probable, but possible, that an outflow of resources including economic benefits shall be required to liquidate the obligation or the amount of the obligation cannot be measured with enough reliability, are not recognized in the Statement of financial position, they are rather disclosed as contingent liabilities. Contingent liabilities generated in a business combination are recognized at fair value on the acquisition date.

Contingent Assets

Assets of a possible nature, that arise from past successes, the existence of which must be confirmed only by the occurrence, or the non-occurrence, of one or more uncertain events in the future, that are not entirely under the company's control, are not recognized in the Statement of financial position, they are instead disclosed as contingent assets when their occurrence is probable. Whenever the contingent fact is true, the asset and the income associated are recognized in the profit or loss for the period. Contingent assets acquired in a business combination are initially measured at their fair values, on the acquisition date. At the end of subsequent periods being reported, those contingent liabilities are measured at the greatest amount it would have been recognized, and the amount initially recognized less the accrued amortization recognized.

2.20 Employee Benefits

2.20.1 Post-Employment Benefits

Defined Contribution Plans

Contributions to defined contribution plans are recognized as expenses in the statement of comprehensive income in the section results for the period at the time the employee has rendered the service that gives him the right to make the contributions.

Defined benefit plans

Post-employment benefit plans are those in which the Group has the legal or implicit obligation to respond for the payment of the benefits that remained at its expense.

For defined benefit plans, the difference between the fair value of plan assets and the present value of the plan obligation is recognized as an asset or liability in the statement of financial position. The cost of providing benefits under the defined benefit plans is determined separately for each plan, through the actuarial valuation method of the projected credit unit, using actuarial assumptions at the date of the reporting period. Plan assets are measured at fair value, which is based on market price information and, in the case of listed securities, is the published purchase price.

Actuarial gains or losses, return on plan assets and changes in the effect of the asset ceiling, excluding from these values included in net interest on the net defined benefit liability (asset), are recognized in the other Integral result. Actuarial gains or losses comprise the effects of changes in actuarial assumptions, as well as experience adjustments.

Net interest on the net defined benefit liability (asset) comprises interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling and is recognized in profit or loss of the period.

The cost of current service, the cost of past service, any liquidation or reduction of the plan is recognized immediately in the statement of comprehensive income in the section results for the period in which they arise.

2.20.2. Short-term benefits

The Group classifies as short-term employee benefits those obligations with employees, which it expects to settle within the twelve months following the end of the accounting period in which the obligation was generated, or the service was provided. Some of these benefits are generated by current labor regulations, by collective agreements or by non-formalized practices that generate implicit obligations.

The Group recognizes short-term benefits at the time the employee has rendered his services as:

A liability, for the value that will be paid to the employee, deducting the amounts already paid previously, and its counterpart as an expense for the period, unless another chapter requires or allows the inclusion of payments in the cost of an asset or inventory, for example, if the payment corresponds to employees whose services are directly related to the construction of a work, these will be capitalized to that asset.

The amounts already paid in advance correspond, for example, to salary advances and per diem advances, among others, which, if they exceed the corresponding liability, the Group must recognize the difference as an asset in the expense account paid in advance, to the extent that the payment in advance gives rise to a reduction in payments to be made in the future or to a cash refund.

In accordance with the foregoing, the accounting recognition of short-term benefits is made at the time the transactions occur, regardless of when they are paid to the employee or third parties to whom the Group has entrusted the provision of certain services.

2.20.3. Long-term benefits

The Group classifies as long-term employee benefits those obligations that it expects to settle after the twelve months following the end of the accounting year or the period in which the employees provide the related services, that is, from the thirteenth month onwards; they are different from short-term benefits, post-employment benefits, and termination benefits.

The Group measures the long term benefits the same way that it measures post employment benefit plans. Although its measurement is not subject to the same degree of uncertainty, the same methodology will be applied for its measurement, as follows:

- The Group must measure the surplus or deficit in a long-term employee benefit plan, using the technique that is applied for post-employment benefits both for the estimation of the obligation and for the assets of the plan.
- The Group must determine the value of the net long-term employee benefits (liabilities or assets) by finding the deficit or surplus of the obligation and comparing the asset ceiling.

The benefits received by employees year after year throughout their working lives should not be considered "long-term", if at the close of the accounting year of each year the Group has delivered them in full.

2.20.4. Termination Benefits

The Group recognizes as termination benefits, the consideration granted to employees, payable as a result of the company's decision to terminate an employee's employment contract before the normal retirement date or the decision of an employee to accept voluntary resignation in exchange for those benefits.

2.21 Service concession arrangements

The company recognizes the service concession arrangements pursuant to the interpretation requirements of the IFRIC 12 Service Concession Arrangements.

This interpretation is applicable to those concessions where:

- The grantor controls or regulates which services the operator with the infrastructure should provide, to whom and at what price.
- The grantor controls, through the ownership, the right-of-use, or otherwise, any significant residual ownership in the infrastructure at the end of the term of the arrangement.

The company does not recognize these infrastructures as property, plant, and equipment, it recognizes the consideration received in the contracts that meet the above conditions at its fair value, as an intangible asset to the extent that the company receives an entitlement to make charges to users of the service, provided that these entitlements are conditioned to the service use level, or as a financial asset, to the extent that there is an unconditional contractual right to receive cash or other financial assets, either directly from the assignor or a third party. In those cases where the company receives payment for the construction services, partly through a financial asset and partly through an intangible asset, each component of the consideration is recorded separately.

Financial assets of service concession arrangements are recognized in the statement of financial position and subsequently are measured at amortized cost, using the effective interest rate. Assessment of impairment of these financial assets is made according to the value impairment policy of the financial assets.

Intangible assets of service concession arrangements are recognized in the Separate statement of financial position as intangible assets denominated "intangible assets for service concession agreements" and are amortized on a linear basis within the term of duration thereof.

Revenue and costs related to the operating services are recognized according to the accounting policy of revenue and the services related to construction or improvement services according to the accounting policy of construction contracts. Contractual obligations assumed by the company for maintenance of the infrastructure during its operation, or for its return to the assignor at the end of the concession arrangement in the conditions specified therein, to the extent that it does not assume an income-generating activity, are recognized following the provisions of accounting policy.

2.22 Fair Value

The fair value is the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another assessment technique.



When estimating the fair value, the company considers the characteristics of the asset or liability in the same way market participants will consider them when setting the value of the asset or liability on the measurement date. Fair value for measurement and disclosure purposes in the present financial statements is determined on that basis, except for the transactions of stock-based payments, lease transactions, and measurements that have certain similarities with fair value, but that are not fair value, such as the net realizable value or the value at use.

The fair value of all financial assets and liabilities is determined on the date of presentation of the financial statements, for recognition or disclosure in the notes to the financial statements.

Fair value is determined:

- Based on prices quoted in assets or liabilities markets identical to those the company can access on the measurement date (level 1).
- Based on inputs applied to valuation methodologies commonly used by market participants, which are different from observable quoted prices for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by the company that are non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

Note 43 Measurement of fair value on a recurring and non-recurring basis provides an analysis of the fair values of financial instruments and non-financial assets and liabilities and more detail of their measurement.



2.23 Cash dividends distributed to the owner of the company

The company recognizes a liability to make the distributions to the owner of the company in cash when the distribution is authorized, and it is no longer at the company's discretion. The corresponding amount is recognized directly in the net equity.

2.24 Changes in accounting policies

2.24.1 Application of new and revised standards

2.24.1.1 Changes in accounting policies

As of December 31, 2021, the accounting practices applied in the Company's separate financial statements are consistent with 2020, except for the following changes:

New standards implemented

During 2021, the Company implemented the changes adopted by Resolutions 035 and 197 of 2021, issued by the General Accounting Office of the Nation, which incorporate the changes in IFRS (new standards, amendments or interpretations) issued by the International Accounting Standards Board (IASB), which are mandatory for the annual period beginning on January 1, 2021.



IFRS 9 IAS 39 IFRS 7 - IBOR - Benchmark Interest Rate Reform - Phase 1.

This amendment, issued in September 2019, is intended to provide relief from the highly probable and prospective assessments required by IFRS 9 and IAS 39 for hedging relationships that are affected by the uncertainties of the IBOR reform. With the same objective, the amendments provide relief from retrospective assessment under IAS 39. The exceptions described in the amendments apply only to those hedging relationships directly affected by IBOR reform uncertainties, including cross-currency interest rate swaps (for the affected interest component).

For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4-6.8.12 of IFRS 9 or paragraphs 102D-102N of IAS 39, the entity shall disclose:

- a. the significant benchmark interest rates to which the entity's hedging relationships are exposed.
- b. the measure of risk exposure that the entity manages that is directly affected by the change in the benchmark interest rate.
- c. how the entity is managing the process of transitioning to alternative benchmark rates; and how the entity is managing the process of transition to alternative reference rates.
- d. a description of the significant assumptions or judgements made by the entity in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from the reform of the benchmark interest rate ceases to be present with respect to the timing and amount of cash flows based on the benchmark interest rate).
- e. the notional amount of the hedging instrument in such hedging relationships.

The company had no impact on the financial statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - IBOR - Benchmark Interest Rate Reform - Phase 2.

This amendment, issued in August 2020, which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, added paragraphs 5.4.5 to 5.4.9, 6.8.13, Section 6.9 and paragraphs 7.2. 43-7.2.46.

The amendments refer to:

- **The practical solution for contract modifications:** even if there are changes in contractual cash flows due to the adopted reform, companies will not have to derecognize or adjust the carrying value of financial instruments, but the Company will update the effective interest rate to reflect the change to the alternative reference rate.
- **Specific exemption for not having to discontinue certain hedging relationships:** even if the company makes the required changes in hedge accounting for adopting the reform, it will not have to discontinue its hedge because the company can update the hedge documentation to reflect the new benchmark. Once the new benchmark has been implemented, the hedged items and hedging instruments must be valued using the new index, and any ineffectiveness that may exist in the hedge will be recognized in profit or loss.
- **Disclosures:** the company shall disclose information about
 - a. How the entity is managing the transition to alternative reference rates, its progress at the reporting date, and the risks to which it is exposed arising from financial instruments due to the transition.
 - b. Quantitative information about financial instruments that have yet to transition to an alternative reference rate at the end of the reporting period, showing separately:
 - (i) non-derivative financial assets.
 - (ii) non-derivative financial liabilities.
 - (iii) derivatives.
 - c. The nature and extent of the risks to which the entity is exposed arising from the financial instruments subject to the interest rate benchmark reform, and how the entity manages these risks.



The Company identified financial instruments (such as financial assets, financial liabilities, and derivatives) that have a relationship with the LIBOR reference interest rate impacted by the reform.

For further details,



See [note 42 Financial risk management objectives and policies](#).

IFRS 16 - Rent reductions related to Covid-19 beyond June 30, 2021.

This amendment, issued in March 2021, extends the deadline for this practical expedient by changing the year of reduction of lease payments from 2021 to 2022.

The Company is not impacted by this amendment because it does not and will not apply lease concessions.

The lessee will apply this amendment for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted, including in financial statements not authorized for issue as of March 31, 2021.

2.24.1.2 Application of new and revised standards

The changes to IFRS (new standards, amendments and interpretations), which have been published during the period, but have not yet been implemented by the Company, are detailed below:

Rule	Application Date is required	Exchange rate
IFRS 17 - Insurance Contract	January 1, 2023	New
IFRS 17 - Insurance Contract - Initial application with IFRS 9 e Comparative information-MASs	January 1, 2023	Modification
IAS 1 - Presentation financial statements and modification Presentation and Disclosure, including liabilities as current or non-current	January 1, 2023	Modification
IFRS 3 - Reference to the Conceptual Framework	January 1, 2022	Modification
IAS 37 - Inexpensive Contract - Costs of fulfilling a contract	January 1, 2022	Modification
NIC 16 - Property, Plant and Equipment - Product prior to intended use	January 1, 2022	Modification
IFRS 1 - Annual Cycle 2018-2020 - Adoption for the first time.	January 1, 2022	Modification
IFRS 9 - Annual Cycle 2018-2020 - Financial instrument rates on the "10 percent" test for Derecognition the market in financial liability accounts.	January 1, 2022	Modification
IAS 1 - Dissemination of accounting policies and IFRS Statement of Practice 2	January 1, 2023	Modification
IAS 8 - Definition of accounting estimates	January 1, 2023	Modification
IAS 12 - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023	Modification



IFRS 3 - Reference to the Conceptual Framework

This amendment, issued in May 2020, updates the reference to the Conceptual Framework for Financial Reporting, since IFRS 3 referred to a previous version of the Conceptual Framework, and in turn adds an exception to the principles of recognition of contingent liabilities that require the application of the criteria of IFRIC 21 or IAS 37 respectively to determine whether there is a present obligation at the acquisition date, in addition, it prohibits the recognition of contingent assets acquired in a business combination.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be mandatorily applied prospectively for annual periods beginning on or after January 1, 2022. Earlier application is permitted.



IAS 37 - Onerous contract - Costs of fulfilling a contract

This amendment, issued in May 2020, included in the measurement and recognition rules the way to measure an onerous contract in a more reliable way through the directly related cost approach, which includes all costs that an entity cannot avoid for the performance of a contract, these direct costs also include the incremental costs of the contract and an allocation of other costs incurred in the activities required to fulfill it; the incremental cost approach -the one contemplated by IAS 37 before this amendment- included only the costs that an entity would avoid if it did not have the contract.

To date, there are no contracts classified as onerous in the company, therefore it is not possible to measure the impact of the effects that the application of this amendment could cause in the presentation of liabilities in the statement of financial position, in the event of a contract of this nature, it will be analyzed in the light of the amendment.

The amendment to IAS 37 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.



IAS 16 Property, plant, and equipment - Product before intended use

This amendment, issued in May 2020, modifies the elements of analysis for the determination of the components of the cost of property, plant, and equipment by eliminating from paragraph 17 (e) the possibility of "deducting the net sales values of any items produced during the process of installation and commissioning of the asset (such as samples produced while the equipment was being tested)" and including that the revenues and costs associated with the production during the installation and commissioning process be recognized directly in the results for the period in accordance with the applicable standards.

The amendment aims, in a simple and effective way, to eliminate the diversity that may arise in the practice adopted by companies when deciding whether to deduct the value of production during the installation and commissioning process and thus improve the homogeneity of financial information.

The Company is evaluating the effects that the application of this amendment could have on the presentation of assets in the statement of financial position.

The amendment to IAS 16 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.



IFRS 1 - Annual cycle 2018-2020 - First-time adoption

This amendment, issued in May 2020, establishes how assets, liabilities and cumulative translation differences should be measured for a subsidiary that becomes a first-time adopter of IFRS subsequent to its parent.

The company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment to IFRS 1 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.



IFRS 9 - Annual Cycle 2018-2020 - Financial instrument rates in the "10 percent" test for derecognition of financial liabilities

This amendment, issued in May 2020, consists of clarifying the fees that an entity includes when assessing whether the terms of a new or modified financial liability are materially different from those of the original financial liability and then defines a borrower to include only fees paid or received between the borrower and the lender, including those paid or received by one or the other on behalf of the other.

The Company is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IFRS 9 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose this fact.





IAS 1 - Disclosures of Accounting Policies and IFRS Statement of Practice 2

This amendment, issued in February 2021, requires companies to disclose significant accounting policy information rather than a description of their accounting policies. The amendment also makes an adjustment to Statement of Practice 2 Making materiality judgments on how to apply the concept of materiality to accounting policy disclosures and adjusts paragraph 21 of IFRS 7 Disclosures of financial instruments, clarifying the disclosure of significant accounting policies.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be applied prospectively for annual periods beginning on or after January 1, 2023. Earlier application is permitted.



IAS 8 - Definition of accounting estimates

This amendment, issued in February 2021, updates the definition of accounting estimates in order to differentiate between changes in estimates and changes in accounting policies, given their prospective or retrospective effect, respectively. To this end, it indicates that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. Sometimes the application of accounting policy will require the application of estimates.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be applied prospectively for annual periods beginning on or after January 1, 2023. Earlier application is permitted.





IAS 12 - Deferred taxes related to assets and liabilities arising from a single transaction

This amendment, issued in April 2021, clarifies that the exception in IAS 12 of not applying deferred tax when an asset or liability that generates equal temporary differences is recognized initially and simultaneously would not apply in the case of leases (IFRS 16) and decommissioning (IAS 37 and IAS 16), cases in which IAS 12 must be applied for deferred tax. Paragraph 22A, which has been added, states that, depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognizes any resulting deferred tax liabilities and assets.

The Company is not impacted by this amendment because it has been applying deferred tax in this manner in such transactions.

This amendment will be mandatory for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.



IFRS 17 Insurance Contracts

Issued in May 2017, replacing IFRS 4 which was approached as an interim standard, which was being developed in phases.

IFRS 17 solves the inconveniences of comparison generated by the application of IFRS 4, given that it was allowed to apply local standards and historical values in insurance contracts, now with this new standard, all insurance contracts will be recorded consistently and at current values, generating more useful information for stakeholders, which will allow a better understanding of the financial position and profitability of insurance companies, providing a more uniform approach to presentation and measurement for all insurance contracts.

The company is evaluating the impacts that could be generated by the application of this new standard.

The amendments will be mandatory for annual periods beginning on or after January 1, 2021, but at the request of international insurers, the IFRS Foundation has extended its application for two additional years, to be enforceable in 2023. Earlier application is permitted if IFRS 9 and IFRS 15 are applied.



IFRS 17 - Insurance Contract - Initial application with IFRS 9 and comparative information

Issued in December 2021, in order to reduce temporary accounting mismatches between financial assets and liabilities of insurance contracts that may arise in the comparative information presented by the initial application of IFRS 17, when IFRS 9 also applies to the entity, the overlapping classification of financial assets is allowed, in order to improve the usefulness of comparative information for investors.

This will allow insurers to have an option for the presentation of comparative information on financial assets. The classification overlay allows the entity to align the classification and measurement of a financial asset in the comparative information with what the entity expects the classification and measurement of that financial asset would be performed in the initial application of IFRS 9, considering the business model and the characteristics of the cash flow it generates. Any difference for this application would go to retained earnings.

If, for example, using the classification overlay, an entity presented a financial asset previously measured at amortized cost rather than measured at fair value through profit or loss, the carrying amount of that asset at the date of transition to IFRS 17 would be its fair value measured at that date. Applying paragraph C28D of IFRS 17, any difference in the carrying amount of the financial asset at the date of transition resulting from the application of the classification overlay would be recognized in opening retained earnings.

This amendment adds paragraphs C28A to C28E and C33A; and will become effective on the date of initial application of IFRS 17, i.e. January 1, 2023.



IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current

This amendment, issued in January 2020, clarifies that the classification of liabilities as current or non-current is based on the rights that existed at the end of the reporting period, specifies that the classification as current or non-current liabilities is not affected by expectations about whether or not the entity will exercise the right to defer settlement of the liability, specifies that the rights exist if at the end of the reporting period the payment arrangements were complied with; In addition, the amendment clarifies that settlement of liability refers to the transfer to the counterparty of cash, equity instruments or other economic resources.

**IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current**

The Company is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IAS 1 will be mandatory for annual periods beginning on or after January 1, 2023, on a retrospective basis. Earlier application is permitted.

Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements.

The following are the significant judgments and assumptions, including those that involve accounting estimates that the company's management used in the application of the accounting policies under IFRS adopted in Colombia, and that have significant effect on the values recognized in the separated financial statements.

Estimates are based upon historic experience and as a function of the best information available on the facts analyzed by the cut-off date. These estimates are used for determining the value of the assets and liabilities in the separated financial statements when it is not possible to obtain such value from other sources. The company assesses its estimates on a regular basis. Actual results may differ from those estimates.

The significant estimates and judgments made by the company are described below:

- **Assessment of impairment indicators for assets, goodwill, and asset valuation for determining impairment.**

The condition of the assets is revised on each report presentation date, in order to determine whether there are indications that any of them has suffered an impairment loss. If there is impairment loss, the recoverable amount of the asset is affected, if the estimated recoverable amount is lower, its value is reduced to its recoverable value and impairment loss is immediately recognized in profit or loss for the period.

Assessment of impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. Assessment is based on financial results, on the legal, social and environmental settings, and on market conditions; significant changes in the scope or in the way in which the asset or CGU is used or expected to be used and evidence of obsolescence or physical deterioration of an asset or CGU, among others.

Determining whether goodwill has suffered impairment implies the calculation of the value at use of the CGUs to which it has been assigned. The calculation of the value at use, requires that the entity determines future cash flows that should arise from CGUs and a discount rate appropriate to calculate the current value. When the actual future cash flows are lower than expected, an impairment loss may arise.



See [note 11 Impairment of Assets](#).

- **The assumptions used in the actuarial calculation of post-employment obligations to employees.**

The assumptions and hypotheses used in actuarial studies include demographic assumptions and financial assumptions, the former refer to the characteristics of current and past employees, and relate to mortality rates and employee turnover rates, the latter relate to the discount rate, future salary increases and changes in future benefits.



See [note 25 Employee benefits](#).

- **Useful life and residual values of the properties, plant, equipment and intangibles.**

The assumptions and hypotheses used to determine the useful lives consider technical aspects such as periodic maintenance and inspections performed on the assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, obsolescence factors, manufacturers' recommendations, weather and geographical conditions and experience of the technicians knowledgeable about the assets. To determine the residual value, aspects such as market values, reference magazines, and historical sales data are considered.



See [note 5 Property, plant, and equipment](#); [note 7 Goodwill and other intangible assets](#).

- **Assumptions used to calculate the fair value of financial instruments including credit risk.**

The Company discloses the fair value corresponding to each class of financial instrument in a manner that allows comparison with the carrying amounts. Macroeconomic projections calculated within the Company are used. The investment portfolio is valued at market price. When there is no market price, a similar one is sought in the market and if not, the following assumptions are used:

- Derivatives are measured at fair value. [\(See note 24 Derivatives and hedging\)](#).
- Accounts receivable are estimated at the prevailing market rate for similar loans [\(See note 12 Trade and other accounts receivables\)](#).
- Accounts receivable from employees are valued in a manner similar to that of other accounts receivable, except for housing loans. [\(See note 12 Trade and other accounts receivables\)](#).
- For equity investments, the methodology is based on cash flow; those listed on the stock exchange are valued at market price. [\(See note 13 Other financial asset\)](#).

- **The probability of occurrence and the value of liabilities of uncertain or contingent value.**

The assumptions used for uncertain or contingent liabilities include the qualification of the legal process by the "Expert judgment" of the professionals of the areas, the type of contingent liability, possible legislative changes, and the existence of jurisprudence of the high court's applicable to the specific case, the existence within the company of similar cases, the study, and analysis of the merits of the matter, the guarantees existing at the time of the occurrence of the events. The Company discloses and does not recognize in the financial statements those obligations classified as possible; obligations classified as remote are neither disclosed nor recognized.



See [note 27 Provisions, contingent assets, and liabilities](#)

- **Future disbursements for decommissioning and asset retirement obligations.**

In the assumptions and hypotheses used for the determination of future disbursements for dismantling and asset retirement obligations, aspects such as estimated future disbursements in which the company must incur for the execution of the activities associated with the dismantling of assets for which legal or implicit obligations have been identified, the initial date of dismantling or restoration, the estimated date of completion and the discount rates were considered.



See [note 27 Provisions, contingent assets, and liabilities](#)

- **Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets.**

The significant assumptions considered in determining the existence of a lease include the evaluation of the conditions if the right to control the use of the asset for a period in exchange for consideration is transferred, i.e., the existence of an identified asset is evaluated; the right to obtain substantially all of the economic benefits from the use

of the asset throughout use; the right to direct how and for what purpose the asset is used throughout use; the right to operate the asset throughout use without changes in operating instructions.



See [note 14 Leases](#).

- **The recoverability of deferred tax assets.**

The deferred tax asset has been generated by temporary differences, which generate future tax consequences in the company's financial position. These differences are mainly represented in tax assets that exceed the assets under IFRS adopted in Colombia, and in tax liabilities, which are lower than the liabilities under IFRS adopted in Colombia, as is the case of the components of pension liabilities, amortized cost of bonds, financial leasing and other miscellaneous provisions and provisions for contingencies.

The company's deferred tax asset is recovered in the net taxable income on the current income tax generated.



See [note 39 Income tax](#)

- **Assessment of portfolio impairment.**

For the calculation of the expected credit loss, each obligation is assigned an individual probability of non-payment, which is calculated based on a probability model involving sociodemographic, product, and behavioral variables.

The model will be applied based on the Scorecard developed considering the company's information. The models are defined according to the information available and the characteristics of the population groups for each one. Although the methodology is applied to all accounts with a balance, some exclusions must be taken into consideration, such as written-off accounts; self-consumption; contributions; public lighting, and, in general, third-party collections. For its calculation, the moment from which an obligation is considered defaulted and will not be recovered is previously defined.

The following formula is used to calculate the credit loss on trade and other accounts receivable (except for accounts receivable between related parties):

PE = SE x PI x PDI, where:

Where, Exposed Asset Balance (SE): corresponds to the principal balance, interest balance, and other current charges of the obligations. Probability of Default (PD): corresponds to the result of a statistical model that provides the probability that each account will default in the following twelve months. This individual probability is placed within a range found to mitigate fluctuations in the value of the general provision from one month to the next and stabilize its behavior, resulting in a standard PI per range.

Loss given default (LGD): this is defined as the economic impairment that the entity would incur if any of the default situations materialize. It is a percentage obtained from the historical analysis of the balances in default and their respective monthly collection, which is applied to the population according to their payment behavior.



See [note 12 Trade and other accounts receivable](#)

- **Estimated revenues.**

The company recognizes income from the sale of goods and the rendering of services to the extent that the performance requirements for the company are met, regardless of the date on which the corresponding invoice is issued, to carry out this estimate information from contracts or agreements with customers is taken and so the value to be recognized in revenue is established.

When the moment at which revenue should be recognized is uncertain, the company determines to recognize revenue at the moment in which the performance obligation is satisfied, for those performance obligations that are satisfied over time it is common to use the method of the measured resource as the actually executed costs compared to the estimated costs.

For other concepts different from the supply of residential public utilities, the company estimates and recognizes the value of revenue from sales of goods or rendering of services based on the terms or conditions of interest rate, period, etc., of each contract that causes the sale.

In the month after recording the estimated revenue, its value is adjusted by the difference between the value of the actual revenue already known against the estimated revenue.

- **Risks and uncertainty arising from climate change**

Given that EPM's major participation in the energy market in Colombia is from a hydraulic generation that may be affected by climate changes, currently in the corporate financial scheme, we have a risk hedge called "Climate Derivative" whose objective is to have the risk hedge coverage in income due to the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments of energy generation. It also serves to hedge the risk exposure for the purchase of energy in the energy exchange in such periods, which consequently also increases.

It is important to note that under this coverage, all the impact that the company could receive due to non-generation and non-compliance with contractual commitments is transferred to the reinsurance market.



Note 4. Significant transactions and other relevant aspects during the period

As of December 31, 2021, the significant transactions and other relevant aspects that occurred during the period, different from those of the normal course of EPM's business, are related to:

4.1 Expenses and others related to the contingency of the Ituango Hydroelectric Project:

- Progress continues to be made on the work to put the project into operation following the proposed schedules.
- The project is 86.9% complete (December 31, 2020: 80.62%).
- The protocol for dealing with events and crises (PADEC) to prevent the spread of the coronavirus (COVID-19) continues.
- On March 11, 2021, the Administrative Court of Antioquia disallowed the lawsuit filed by EPM for \$9.9 billion pesos against the Consorcios Constructor, Interventor, and Consultant Designer of the future Ituango hydroelectric power plant, as well as the insurance companies Suramericana de Seguros and CHUBB. Against this decision, EPM filed an appeal for reconsideration on the 17th of the same month and year. As of the date of the period for which the separate financial statements are reported, the resolution of the appeal is pending.



- In December 2021 EPM signed with Mapfre Seguros Generales De Colombia S.A., a transaction contract for the payment of the indemnity under the All-Risks Construction and Erection policy, for the contingency of the future Ituango hydroelectric power plant, for USD 983.8 million. As of that date, EPM had received as an advance payment USD\$ 350 million.



See [notes 5 and 12](#).

- Regarding the arbitration claim filed against Mapfre Seguros Generales - construction all-risk policy, with the signing of the settlement agreement EPM was obliged to withdraw the claim once the payment of the totality of the amounts subject to indemnification was made, taking into account that the arbitration tribunal was not constituted, and the claim was not admitted.
- In December 2021 EPM received the following payments under the directors' and administrators' policies: \$402,454 (USD 100.67 million) from Seguros Generales Suramericana S.A., \$21,500 from Axa Colpatria Seguros S.A., and \$2,000 from Sbs Seguros Colombia S.A.



See [note 5](#).

Regarding the contingency, EPM has recognized the following items in its separate financial statements as of December 31, 2021:

- Cost and progress of property, plant, and equipment associated with the construction of the future Ituango hydroelectric power plant for \$10,334,272.



See [note 5](#).

- Accounts receivable from the insurance company Mapfre for \$2,529,331 derived from the transaction contract for the payment of the indemnity under the all-risk construction

and assembly policy, of which \$51,524 correspond to the difference in exchange of the accounts receivable expressed in dollars and \$5,953 for the tort liability policy.

 [See note 5.](#)

- Provision balance of \$29,042 for the attention of those affected in Puerto Valdivia, for compensation for consequential damages, loss of profits, and moral damages, due to the rising waters of the Cauca River as a result of the plugging of the project on April 28, 2018. In 2021 the provision was adjusted by \$14,624 as recovery income and \$1,051 for financial expense and payments of \$3,370 have been made.

 [See note 27.1.6.](#)

- A provision of \$699 was recorded for the care of the people who had to be evacuated as a result of this event. During 2021 the provision was adjusted by \$2,758 as recovery income and \$114 financial expense and payments of \$2,272 have been made.

 [See note 27.1.6.](#)

- Provision balance of \$103,635 for environmental and social contingency, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the Cauca river detour tunnel that the project had on April 28, 2018, and by the closing of floodgates that decreased the flow of the river downstream of the project. In 2021, \$44,954 has been recognized as a provision and financial expense, and payments of \$29,867 have been made.

 [See note 27.1.1.](#)

- Provision balance of \$201,919 for the non-compliance from November 2021 to September 2023, to the transporter Intercolombia for the months after the entry into operation of the connection infrastructure of the future Ituango hydroelectric power plant. During 2021 the provision has been adjusted by \$42,918 as provision expense and financial expense and payments have been made for \$15,318.

 [See note 27.1.5.](#)

- In 2021, the provision for environmental sanctions imposed by the National Authority of Environmental Licenses – (hereinafter “ANLA” for its Spanish initials) was updated by \$86, and payments have been made for \$5,595, leaving the balance of such provision at zero.



See [note 27](#).

- Additionally, other expenses of \$4,822 and recoveries of \$7,483 have been recognized in the statement of comprehensive income during 2021 for the attention of the community affected by the contingency.



See [notes 31 and 35](#)

Note 5. Property, plant, and equipment, net

The breakdown of the recorded value for property, plant, and equipment is as follows:

Property, plant and equipment, net	2021	2020
Cost	33,320,617	33,040,921
Accumulated depreciation and impairment loss	(5,184,095)	(4,761,342)
Total	28,136,522	28,279,579

Amounts stated in millions of Colombian pesos



The following is the breakdown of the recorded value for temporarily idle property, plant and equipment:

Properties, plant and equipment temporarily out of service	2021	2020
Networks, lines and cables	1,293	1,045
Plants, ducts and tunnels	110,680	5,132
Grounds and buildings	15,654	15,617
Machinery and equipment	3,285	355
Other properties, plant and equipment	13	824
Total properties, plant and equipment temporarily out of service	130,925	22,973

Amounts stated in millions of Colombian pesos

The company possesses property, plant, and equipment retired from use, and it has not been classified as non-current assets held for sale, corresponding to the Caracolí power plant, the La Sierra power plant, the Rio Piedras power plant that went from Generation to Water Provision, whose business strategy is to recover the mini power plant; Los Cucarachos -Los Naranjos pumping station that is expected to be modernized and the land of the Porce IV project and the Espiritu Santo project that has not yet been started up. The book value of these assets is as follows: for 2021 the cost amounts to \$130,925 (2020 \$22,973), accumulated depreciation is \$60,196 (2020 \$4,385) and accumulated impairment is \$893 (2020 \$895).

The most significant variation in the Plants, Ducts and tunnels item corresponds to the equipment of the Caracolí power plant, which is in the process of modernization and is expected to be put into operation in May 2022, the assets of the La Sierra power plant due to the accident occurred in 2021, the assets of Substations and lines that are left as reserve on-site in case of any technical damage or are stored; in the machinery and equipment item, the variation is represented by Sealing equipment.

The following is the movement of cost, depreciation and impairment of property, plant and equipment:



2021	Networks, lines and cables	Plants, ducts and tunnels	Construction in progress ¹	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other property, plant and equipment ²	Total
Initial balance	6,616,310	7,962,373	12,569,240	5,051,090	270,717	250,061	96,786	224,344	33,040,921
Additions ³	20,017	14,961	3,263,718	4,873	11,776	21,759	1,503	82,179	3,420,786
Advances delivered (amortized) to third parties	-	-	(3,709)	-	-	-	-	-	(3,709)
Transfers (-/+)	470,047	286,412	(894,751)	75,753	45,987	9,006	-	(2,110)	(9,656)
Provisions (-) (sales)	-	-	-	(26)	-	-	-	(645)	(671)
Withdrawals	(10,594)	(29,911)	(15,537)	(804)	(2,101)	(22,827)	(502)	(1,096)	(83,372)
Other changes ⁴	(20,675)	61,058	(2,870,706)	(101,197)	(85,787)	(21,631)	757	(5,501)	(3,043,682)
Cost final balance	7,075,105	8,294,893	12,048,255	5,029,689	240,592	236,368	98,544	297,171	33,320,617
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-
Initial balance of accumulated depreciation and impairment loss	(1,764,719)	(1,928,133)	-	(675,544)	(118,636)	(150,225)	(52,112)	(71,973)	(4,761,342)
Period depreciation	(198,018)	(207,907)	-	(55,358)	(15,856)	(32,370)	(8,764)	(6,297)	(524,570)
Provisions (-) (sales)	-	-	-	-	-	-	-	560	560
Withdrawals	7,340	19,733	-	764	1,506	22,485	501	940	53,269
Other changes	(97)	(8,501)	-	25,766	13,651	19,829	(164)	(2,496)	47,988
Final balance accrued depreciation and impairment loss	(1,955,494)	(2,124,808)	-	(704,372)	(119,335)	(140,281)	(60,539)	(79,266)	(5,184,095)
Total final net balance property, plant and net equipment	5,119,611	6,170,085	12,048,255	4,325,317	121,257	96,087	38,005	217,905	28,136,522
Advances delivered to third parties	-	-	-	-	-	-	-	-	-
Initial Balance	-	-	62,596	-	-	-	-	497	63,093
Movement (+)	-	-	30,697	-	-	-	-	-	30,697
Movement (-)	-	-	(34,406)	-	-	-	-	-	(34,406)
Final balance	-	-	58,887	-	-	-	-	497	59,384

Amounts stated in millions of Colombian pesos



2020	Networks, lines and cables	Plants, ducts and tunnels	Construction in progress ¹	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other properties, plant and equipment ²	Total
Initial balance	6,089,644	7,670,703	11,049,463	5,045,873	232,120	233,971	88,584	246,919	30,657,277
Additions ³	26,911	22,939	2,464,661	5,312	6,187	25,409	906	50,113	2,602,438
Advances delivered (amortized) to third parties	-	-	24,191	-	-	-	-	-	24,191
Transfers (-/+)	485,589	177,210	(726,689)	9,222	31,580	1,262	7,262	(9,689)	(24,253)
Provisions (-) (sales)	(9)	-	-	-	-	-	-	-	(9)
Withdrawals	(5,529)	(10,129)	(19,550)	(48)	(656)	(11,036)	(59)	(129)	(47,136)
Societarian reorganizations	19,979	3,740	31,261	28,966	193	377	93	990	85,599
Other changes	(275)	97,910	(254,097)	(38,235)	1,293	78	-	(63,860)	(257,186)
Cost final balance	6,616,310	7,962,373	12,569,240	5,051,090	270,717	250,061	96,786	224,344	33,040,921
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-
Initial balance of accumulated depreciation and impairment loss	(1,580,844)	(1,689,009)	-	(609,235)	(105,459)	(132,709)	(42,714)	(65,532)	(4,225,502)
Period depreciation	(180,062)	(206,427)	-	(56,410)	(13,155)	(27,804)	(9,312)	(5,648)	(498,818)
Provisions (-) (sales)	1	-	-	-	-	-	-	-	1
Withdrawals	4,036	7,808	-	44	611	10,685	59	108	23,351
Societarian reorganizations	(8,193)	(1,607)	-	(9,742)	(1)	(159)	(63)	(801)	(20,566)
Other changes	343	(38,898)	-	(201)	(632)	(238)	(82)	(100)	(39,808)
Final balance accrued depreciation and impairment loss	(1,764,719)	(1,928,133)	-	(675,544)	(118,636)	(150,225)	(52,112)	(71,973)	(4,761,342)
Total final net balance property, plant and net equipment	4,851,591	6,034,240	12,569,240	4,375,546	152,081	99,836	44,674	152,371	28,279,579
Advances delivered to third parties	-	-	-	-	-	-	-	-	-
Initial Balance	-	-	38,405	-	-	-	-	497	38,902
Movement (+)	-	-	42,964	-	-	-	-	-	42,964
Societarian reorganizations	-	-	8,000	-	-	-	-	-	8,000
Movement (-)	-	-	(26,773)	-	-	-	-	-	(26,773)
Final balance	-	-	62,596	-	-	-	-	497	63,093

Amounts stated in millions of Colombian pesos



¹ Includes capitalized borrowing costs of \$608,351 (2020 \$336,803), of which 177,206 corresponds to exchange difference on capitalizable debt. The weighted average rate used to determine the amount of borrowing costs was 8.682% (2020 7.64%) in pesos and the rate in dollars was 4.530% (2020 4,195%). Additionally, it includes right-of-use assets associated with construction in progress amounting to \$577 (2020 \$2,032).

The main projects under construction are as follows:

Project	2021	2020
Ituango building project ^{1.1}	10,334,272	11,140,307
Caldas Interconnection - La Estrella	93,970	145,294
Western chain	82,434	64,552
Modernization Ayura plant	72,068	46,067
Expansion circuit Yulimar Manantiales	71,437	38,750
Refills Postes and Trafos	65,430	23,057
Adequacy of drinking water plant	52,506	42,202
Update Presa Miraflores	48,127	4,855
Envigado Expansion Capiro Sector	44,926	32,073
SDL Expansion E.R Coverage	44,430	17,043
Connection Uraba Substation New Hill Apartado	40,338	22,025
Northern Iguana Basin	37,314	20,115
San Nicolas Valley	34,018	60,995
Beaches Recovery Project	30,662	72,596
Measure code	29,706	29,718
Modernization of Central Substation	28,458	32,019
Santo Domingo Project	27,635	27,635
United water sanitation agreement	27,386	24,298
Modernization Driving Sant Elena-Cascada	25,960	11,978
South Interceptor	24,908	13,686
Caracoli mini-center	23,075	10,804
Amplification Santa Rosa Substation 110 kV	22,659	6,524
Plans Expansion of Coverage	22,539	17,114
Modernization Refilling Porce II Central Equipment	21,974	5,786
Modernization of Guayabal substation	21,097	14,392
Other projects ^{1.2}	720,926	645,355
Total	12,048,255	12,569,240

Amounts stated in millions of Colombian pesos



^{1.1} As of December 31, 2021, the future Ituango hydroelectric power plant presented physical progress of 86.9% (December 31, 2020: 80.62%), the physical progress presented as of the date of the period for which the separate financial statements are reported, corresponds to the version of the contingency, stabilization and commissioning schedule of the project approved in January 2021.

It is estimated that the commissioning of the first two energy generation units could begin in 2022. However, this start-up date is very dynamic, due to changes in the technical variables, the evolution, and efficiency of the measures implemented to address the contingency and the effects caused by the COVID-19 pandemic on the project.

In January 2021, the concrete patching was completed in gate wells 1, 3, and 4, the construction of the gable wall downstream of units 5 and 6, the regularization of floor concrete in units 1 and 2 of the powerhouse, the pouring of concrete lining in gallery 285, The access to the floodgate chamber of the Auxiliary Diversion Gallery - GAD, the construction of the support pillar in the cavity between the powerhouse and beacon 1, and the area of unit 1 were handed over to General Electric for the assembly of the vacuum pipe of this unit.

In February 2021, the assembly of the suction pipe of unit 1 began, a section of the suction pipe was installed in which a total of three ferrules were joined, in addition, the elbow that is part of the suction pipe was placed on site. Six 112 MVA power transformers entered the powerhouse and were deposited in each of their cells, three for each unit of those planned to operate in 2022. After the transport operation and transportation to the powerhouse, the installation of the beams of the definitive bridge cranes, each weighing 300 tons, began. The manufacture of ferrules for the armoring of the lower pipelines began, and the arrival of sheets for the manufacture of the armoring of pressure shafts 1 to 4 was completed. The pouring of the upstream wall for the portico of units 1 and 2 was completed, and the concrete pouring of the downstream wall of unit 1 began.

In March 2021, the drilling and installation of piping in the 58 micropiles of pre-cap 2 were completed, the lining of the acceleration window in the intermediate discharge was completed, the concrete pouring of the downstream wall of unit 1 to level 217.50 was completed, and the assembly and testing of the first 300 t bridge crane in the powerhouse was completed. Pouring of the second stage of the cavity between the powerhouse and beacon 1 was started, assembly of the inclined elevator in the cable exit shaft was started, assembly of the suction pipe of unit 1 was completed, the area was freed for civil works, and assembly of the suction pipe of unit 2 was started.

On March 24, 2021, the company received from the insurance company Mapfre the terms of continuity of the insurance for the future Ituango hydroelectric power plant, concerning all-risk coverage for assembly, sabotage, and terrorism, and Seguros Generales Suramericana received the continuity for the extra-contractual civil liability policy.

In April 2021, the assembly and testing of the 300-ton bridge crane were completed. Construction of the 58 micropiles and the respective grouting for pre-plug 2 was completed, in the intermediate discharge the concrete coating works in plug A, in the access gallery 285, and in the acceleration window 260 were completed, the pouring of massive concrete in the suction pipe of Unit 1 was started, the construction of the wall downstream of Unit 2 was completed, the assembly of the elevator for the inclined shaft of power cables was completed.

Between May 9 and 12, 2021, activities were suspended throughout the project due to the demonstrations carried out by the communities in different surrounding areas, where there were blockades on their access roads, which prevented personnel from entering the worksite.

As of May 2021, the assembly of the suction pipe of unit 1 was completed, civil works continued, the pouring of concrete in the suction pipe of unit 2 was completed, up to elevation 199, the construction of the portico upstream of unit 1 and 2 was completed, the demolition of concrete and the removal of equipment from units 3 and 4 was completed, the construction of the upstream portico of units 1 and 2 was completed, and the demolition of concrete and the removal of equipment from units 3 and 4 were completed, completed testing of the elevator in the inclined cable shaft, cast the foundation slab for the north service building at elevation 193, began drilling and installation of piping for the five additional micropiles for pre-cap 2, as requested by the designer.

In June 2021, the filling of the cavity between the powerhouse and beacon 1 was completed, the drilling and installation of pipes for the five additional micropiles of pre-cap 2, requested by the designer, also, the drilling of holes for slurries of pre-cap 2 was completed, the entry of spheres for pre-cap 2 began, which are being placed on the platform of the intermediate discharge tunnel, personnel of the National Navy, started the scanning of the down boring wells for the by-pass and launching of spheres, completed the assembly of the suction pipe of unit 2, completed the pouring of the second stage concrete of the suction pipes of units 1 and 2, up to elevation 199.86, completed the pouring of the rail beam of the gantry of

the bridge crane, downstream of unit 2 in the north powerhouse, concrete was cast in the U-shaped enclosure of unit 1, the entry of the ferrule No. 4 was carried out, the concrete of the U-shaped enclosure of unit 2 was cast, and the concrete of unit 3 was cast. 4 The concrete was poured for the replacement of the lower beam modules 2, 3 and 4 of the outlet structures of the discharge tunnel 2.

In July 2021 the concrete pouring of plug 12 of the intermediate discharge was completed, the drilling of holes for slurries of pre-plug 2 was completed, the entry of components and parts for the second 300-ton bridge crane in the powerhouse began, two transformers of unit No. 4, located in cells Nos. 9 and 10, respectively, were entered into the cavern, two transformers of unit No. 4, located in cells Nos. 9 and 10, were completed, respectively. The straight section, spiral chamber, and stationary ring of unit 1 were hoisted and lowered from the assembly room to the final assembly site at elevation 204.10. Activities began for the assembly of the armored extension in the suction tunnel No. 1, started the entry and unloading of ferrules in the powerhouse, for the assembly of the suction pipe of unit 3.

In August 2021, the spiral chamber and stationary ring of unit No. 2 were moved and lowered from the assembly room to level 204.1, the assembly of the 300-ton bridge crane No. 2 on the rail beams of the powerhouse gantry began, in the pressure wells, the activities for the assembly of the hoisting equipment began, by the contractor ATB, in the pipelines, the demolition of the upper conduction elbow 1 was completed, the removal of sediments from pressure well 3, in addition, the demolition of the lower conduction elbow 4 was started, the pouring of the first confining wall type 2 was completed and the pouring of the second confining wall type 2 in unit 4 of the powerhouse was started, the pouring of pedestals type 1 to support the suction pipe in unit 4 of the powerhouse was completed, the arrival and unloading of power cables from the transformers in the 500 kV substation were started.

In August 2021, a third payment of \$383,171 (USD 100 million) was received from the MAPFRE insurance company, which was recorded in the financial statements as follows: \$268,965 in the property, plant, and equipment item as a lower value of the civil works and \$114,206 was recognized as a lower value of the account receivable from the insurance company for equipment write-offs recognized in previous years.

In September 2021, the spiral chamber and stationary ring of unit No. 2 were moved and lowered from the assembly room to level 204.1, the pouring of massive concrete in unit 1 between elevation 204.1 to 205.5 was completed, the construction of channel CR2 was completed in the downstream embankment of the dam, the pouring of the channel wall to free flow in the intermediate discharge was completed, the depressurization of the left detour tunnel - TDI was completed, the water drainage continues, the water drainage is continuing, the water drainage is being carried out, the water is being drained, the water is being drained, and the water is being discharged, water drainage continues, access to the left detour tunnel is achieved through plug III, 90% of which has been demolished, the removal of aggraded material from the bed of the Cauca river downstream of the discharges was started, excavations in the upper part of the gate plaza were completed, the pouring of massive concrete in unit 1, between elevation 204.1 to 205.5 was completed, the construction of the beacon gantry was completed, the tandem test of the bridge cranes No. 1 was carried out, the construction of the bridge crane was completed, and the construction of the new bridge crane was completed. 1 and No.2 of the powerhouse, using the rotor hoisting device.

In October 2021, access to the left deviation tunnel is achieved through the already demolished plug III, in addition, the heightening of plug IV was completed, the pouring of massive concrete began in unit 1, at elevation 205.5, the static load tests were successfully performed at 125% of the equipment capacity in the bridge cranes No. 1 and No. 2 of the powerhouse, static load tests were successfully performed at 125% of the equipment capacity in the bridge cranes No. 1 and No. 2 of the powerhouse, the pouring of massive concrete in unit 1 was completed between elevations 208.80/210.90, and the pouring of concrete in unit 2 between elevations 204.80/210.90 was started. 2 of the powerhouse, the pouring of the massive concrete of unit 1 was completed between elevations 208.80/210.90, likewise, the pouring of concrete in unit 2 began between elevations 204.10/205.5, the installation of steel in the straight part of the suction pipe of unit 4 was started, the first stator room of the generator is entering the assembly room of the powerhouse, started pouring concrete for the re-growth of the spillway basin plug inside the left detour tunnel, massive concrete was poured in unit 2 up to elevation 205.5.

As of November 2021, concrete pouring was completed in unit 2 up to elevation 205.5, mass concrete pouring was completed for unit 1, between elevations 210.9/211.9, slab pouring was completed, sections 2, 3 and 4 of suction tunnel 3, drilling was started towards pre-plug 1,

from the left detour tunnel, water control was completed in conduit No.1, finished pouring the concrete plug in the spillway basin, finished the water control in the pipeline No.1, finished pouring the concrete plug in the spillway basin, finished the water control in the pipeline No.1, the concrete pouring of the plug in the spillway basin was completed, the transfer of ferrules 5 and 6 to the definitive site for the extension of suction pipe 2 was completed, the demolition of the lower elbows of pipelines 3 and 4 between elevations 214 to 203 was completed, the construction of the protection sill in discharge tunnel No. 4 was completed, the installation of instrumentation for the GAD by-pass was completed, the concrete for the restitution of plug 9 of the left detour tunnel was completed, and the pouring of the concrete for the lining of the suction pipe of unit 3 was started.

In December 2021, activities began for the construction of the boarding platform located at the dam, left margin, the activation of the Bypass system to the intermediate discharge - free flow channel was completed, the launching of nylon spheres through the PR3 well for the pre-cap 2 began, pouring of the first stage for the embedding of the armor of the lower elbow of conduction 2 is performed, pouring of the wall of the generator enclosure of unit 1 is completed, between elevations 214.30 and 216.65, - arrival on site of the cylindrical valve for unit 1, assembly of plates for the rotor of unit 1 started, - concrete pouring of the concrete for the generator enclosure of unit 1 is completed, - assembly of plates for the rotor of unit 1 started, the concrete pouring of the main slab level 217,45 of the powerhouse unit 1 is finished, the concrete pouring up to level 211,9 of the powerhouse unit 2 is finished, the massive concrete pouring of the suction pipe of unit 3 is finished, up to level 197, the concrete pouring of the suction tunnel section 4 is started, the first part of the metallic structure of the north services building was received and verified, the assembly of metallic columns in the north services building began, and the pouring of the overhead beams of the gate gantry of the Almenara was completed.

On December 10, 2021, EPM signed with MAPFRE SEGUROS GENERALES DE COLOMBIA S.A., a transaction contract for the payment of the indemnity under the All Risks Construction and Assembly policy, for the contingency of the future Ituango hydroelectric power plant, for USD 983.8 million, thus definitively closing the adjustment process and any possible controversy about it. At that date, EPM had received as an advance payment USD\$ 350 million, which had been recorded in the Financial Statements, as a lower value of the property, plant, and equipment item.

The remaining value of USD 633.8 million was recorded in the financial statements as a lower value in the property, plant, and equipment caption and as an account receivable in the name of the insurance company at the exchange rate in effect on the day the transaction contract was subscribed, equivalent to \$2,471,853.

In addition, on December 21, 2021, EPM received the following payments: \$21,500 from AXA COLPATRIA SEGUROS S.A., under the directors and administrators policy N°6158013902, and \$2,000 from SBS SEGUROS COLOMBIA S.A., under the directors and officers policy N°1002911 in which the insured are the directors and officers of HIDROITUANGO S.A. E.S.P. and on December 23 EPM received a payment for \$402,454 (USD 100.67 million) from SEGUROS GENERALES SURAMERICANA S.A., under the directors and officers civil liability policy No. 475631 issued to cover the directors and officers of the Grupo EPM. These payments were recorded in the financial statements as a lower value of property, plant, and equipment.



^{1,2} Other projects: it is due to the other projects that the company has, of which the most significant are goods for projects for \$118,670, Modernization of the Manantial Plant for \$19,430, among others.

² Includes equipment and vehicles of the vehicle fleet, medical and scientific equipment, property, plant and equipment in assembly, property, plant and equipment in transit and replacement assets, transportation, traction and lifting equipment, dining room, kitchen, pantry, and hotel equipment.

³ Includes purchases, capitalizable disbursements that meet the recognition criteria, goods received from third parties and costs for dismantling and removal of items of property, plant and equipment. At the end of December 2021 and December 2020, no government grants were received.

⁴ Corresponds mainly to -\$2,746,128 (2020: \$271,875) for the lower value of the construction in progress of the future Ituango hydroelectric power plant, which is originated by the higher indemnified value in relation to the value of the damaged asset. Additionally, there are other items such as the amortized cost for -\$106,578, reclassifications to rights of use for -\$148,784.



Additions to property, plant and equipment of \$3,420,786(2020 \$2,602,438) less the movement of advances of \$3,709 (2020 \$24,191), capitalized interest on debt of \$608,351 (2020 \$336,803), additions to right of use of \$577(2020 \$2,032) plus environmental and decommissioning provisions of \$25,283 (2020 \$18,579) from the statement of cash flows are taken as effective items.

Assets subject to operating leases are as follows: Electrical infrastructure for the installation of networks by telecommunications operators specifically poles.

At the end of the period, the assets related to the Generation, Distribution, Transmission, Gas, Water Provision and Wastewater Management CGU and which have intangible assets with indefinite useful life were tested for impairment, which did not show any impairment.

As of December 31, 2021, there are restrictions on the realization of property, plant and equipment, associated with some equipment of the vehicle fleet for a net book value of \$2 (2020 \$2). These restrictions are due to theft and have been pledged as collateral for the fulfillment of obligations.

The Company's most significant commitments for the acquisition of property, plant and equipment on December 31, 2021 amount to \$3,546,862 (2020 \$2,809,340).

The following is the historical cost of the fully depreciated property, plant and equipment still in operation on December 31, 2021, and 2020.

Group	2021	2020
Communication and computer equipment	16,459	18,574
Plants, ducts and tunnels	21,464	15,340
Machinery and Equipment	13,828	14,946
Networks, lines and cables	8,033	7,808
Furniture, fixtures and equipment Office	4,435	3,695
Other properties, plant and equipment	3,348	3,524
Buildings	2,174	1,437
Total	69,741	65,324

Amounts stated in millions of Colombian pesos

Note 6. Investment property

The fair value of investment property is based on an appraisal made by experts with recognized professional capacity and recent experience in the category of real estate investments subject to assessment; this value has been determined by Valores Ingeniería Inmobiliaria S.A.S and TecniTasa Colombia. This activity is performed at least once a year. To determine the fair value of investment property, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand, and valuations of similar or comparable properties, previous time adjustments, conformation, and location; the residual method, which applies only to buildings and is based on the determination of the updated cost of the construction less the depreciation for age and state of conservation; and the renting method, which is used to determine the possible value of a good according to its capacity to generate income, taking into account the probable monthly rental fee that tenants would be willing to pay in the lease market.



See note 43. Fair value measurement on a recurring and non-recurring basis.

Investment property	2021	2020
Initial balance	152,365	126,822
Purchases	200	-
Net profit or loss due to the adjustment of fair value	(226)	(17,040)
Dispositions - sales (-)	-	(256)
Transfers (-/+)	-	42,839
Total	152,339	152,365

Amounts stated in millions of Colombian pesos

The valuation obtained has been adjusted for use in the financial statements, as shown in the following reconciliation:

Concept	2021	2020
Estimated market value per independent valuer	152,339	152,365
Used for financial reporting purposes fair value measurement	152,339	152,365

Amounts stated in millions of Colombian pesos

As of December 31, 2021, income from the leasing of investment properties for the period amounted to \$2,150 (2020: \$478) and direct expenses for the period related to investment properties amounted to \$247 (2020: \$71).

As of December 31, 2021, there are restrictions on the property located in the Mamatoco sector of the municipality of Santa Marta, currently, a direct reparation process is being carried out against said municipality since by omission of the municipal administration a massive invasion process was generated to the property, which makes its recovery difficult through police protection processes; the fair value is \$1,501 (2020: \$1,392).

Note 7. Goodwill and other intangible assets

The breakdown of the recorded value for Goodwill and other intangible assets is as follows:

Intangible	2021	2020
Cost	1,364,965	1,266,953
goodwill	260,950	260,950
Concessions and franchises	483,507	469,032
Rights of use	8,488	8,488
Licenses	118,628	99,393
Software	285,640	218,493
Easements	176,217	168,866
Disbursements Development Phases	30,150	40,346
Other intangibles	1,385	1,385
Accrued amortization and impairment	(514,771)	(455,108)
Concessions and franchises	(304,733)	(279,736)
Rights of use	(2,528)	(2,118)
Licenses	(58,230)	(48,548)
Software	(147,420)	(122,955)
Easements	(1,279)	(1,261)
Other intangibles	(581)	(490)
Total	850,194	811,845

Amounts stated in millions of Colombian pesos

The movement of cost, amortization and impairment of intangible assets is detailed below:

2021	Goodwill	Similar concessions and rights	Capitalized development disbursements	Software and computer applications	Licenses	Rights	Other intangible assets ¹	Total
Initial balance cost	260,950	469,032	40,346	218,493	99,393	8,488	170,251	1,266,953
Additions ²	-	3,467	6,618	46,263	14,776	-	852	71,976
Transfers (-/+)	-	6,883	(16,814)	8,693	5,053	-	5,746	9,561
Disposal	-	(24)	-	(2,083)	(718)	-	-	(2,825)
Other changes	-	4,149	-	14,274	124	-	753	19,300
Final balance cost	260,950	483,507	30,150	285,640	118,628	8,488	177,602	1,364,965
Initial balance accrued amortization and impairment	-	(279,736)	-	(122,955)	(48,548)	(2,118)	(1,751)	(455,108)
Amortization for the period ³	-	(25,020)	-	(26,449)	(10,191)	(410)	(986)	(63,056)
Disposal	-	23	-	2,074	593	-	-	2,690
Other changes	-	-	-	(90)	(84)	-	877	703
Final balance accrued amortization and impairment	-	(304,733)	-	(147,420)	(58,230)	(2,528)	(1,860)	(514,771)
Final balance of intangible assets, net	260,950	178,774	30,150	138,220	60,398	5,960	175,742	850,194

Amounts stated in millions of Colombian pesos

2020	Goodwill	Similar concessions and rights	Capitalized development disbursements	Software and computer applications	Licenses	Rights	Other intangible assets ¹	Total
Initial balance cost	260,950	452,743	33,522	186,842	85,491	7,984	170,150	1,197,682
Additions ²	-	2,093	6,824	29,535	8,433	-	1,517	48,402
Transfers (-/+)	-	13,021	-	3,971	5,483	-	137	22,612
Disposals	-	-	-	(1,860)	(495)	-	(1,593)	(3,948)
Societarian reorganizations ⁴	-	-	-	5	400	504	38	947
Other changes	-	1,175	-	-	81	-	2	1,258
Final balance cost	260,950	469,032	40,346	218,493	99,393	8,488	170,251	1,266,953
Initial balance accrued amortization and impairment	-	(251,226)	-	(102,039)	(41,015)	(1,727)	(3,228)	(399,235)
Amortization for the period ³	-	(27,966)	-	(22,702)	(7,691)	(391)	(983)	(59,733)
Disposals	-	-	-	1,808	489	-	1,593	3,890
Societarian reorganizations ⁴	-	-	-	(5)	(265)	-	(24)	(294)
Other changes	-	(544)	-	(17)	(66)	-	891	264
Final balance accrued amortization and impairment	-	(279,736)	-	(122,955)	(48,548)	(2,118)	(1,751)	(455,108)
Final balance of intangible assets, net	260,950	189,296	40,346	95,538	50,845	6,370	168,500	811,845

Amounts stated in millions of Colombian pesos



¹ Includes easements, customer-related intangibles, and other intangibles corresponding to premiums at Gas Service Stations.

² Includes purchases, capitalizable expenditures that meet the recognition criteria, and concessions. In 2021, purchases associated with capitalized development disbursements were allocated to IT projects: Project b2b-b2c, Project sentinel, Project treasury digital transformation.

³ See [note 33 Costs of provision of services](#) and [note 34 Administrative expenses](#).

⁴ In 2020 corresponds to the merger with the subsidiary EP Rio on January 1, 2020, represented as follows: cost of \$947, accumulated depreciation, and impairment of \$-294.

At the end of the period, impairment testing was performed on assets for those intangibles with an indefinite useful life, which showed no evidence of impairment.

Amortization of intangibles is recognized as costs and expenses through profit or loss in the Statement of comprehensive income, in the item Costs of services rendered and administrative expenses.

The historical cost recorded at the cut-off date and the remaining amortization period for significant assets is:

Significant intangible assets	Useful Life	Remaining Amortization period	2021	2020
Ituango Generation Plant Project	Indefinite	-	177,666	177,666
Espirítu Santo	Indefinite	-	82,980	82,980
Easement Corridor Lines 53	Indefinite	-	63,040	63,040
Bello circuit distribution network	Defined	492	58,337	58,337
Loca and Hato secondary network	Defined	32	35,086	35,086

Amounts stated in millions of Colombian pesos

The following intangible assets have an indefinite useful life: goodwill and easements, the latter is agreed upon in perpetuity. An easement is the real, perpetual or temporary right over another property, under which it can be used, exercise certain rights of disposal, or prevent the owner from exercising some of their property rights (Art. 2970 of the Colombian Civil Code). In EPM, easements are not treated individually, since they are constituted for public utility projects, where the general interest prevails over the individual, considering that the objective is to improve the quality of life of the community; the projects do not have a definite temporality, that is why they are constituted in perpetuity supported in their use. However, there are some easements with a definite useful life, because they are tied to the useful life of the main asset required by the easement.

As of December 31, 2021, they have a historical cost of \$436,377 and 2020 for \$429,778.

Intangible assets with indefinite useful life	2021	2020
Goodwill		
Ituango Generation Plant Project	177,667	177,667
Espiritu Santo	82,980	82,980
Necocli Surtigas	303	303
Subtotal goodwill	260,950	260,950
Other intangible assets		
Easements	175,427	168,828
Subtotal other intangible assets	175,427	168,828
Total intangible assets with indefinite useful life	436,377	429,778

Amounts stated in millions of Colombian pesos



Note 8. Investment in subsidiaries

The breakdown of the subsidiaries of the EPM at the date of the reporting period is the following:

Name of the subsidiary	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Empresa de energía del Quindío S.A. E.S.P. EDEQ	Colombia	It provides public utilities for electric power, purchase, sale, and distribution of electric power.	19.26%	19.26%	12/22/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	Colombia	It provides public power services, operating power generating plants, transmission and subtransmission lines, and distribution networks, as well as the marketing, import, distribution and sale of electric power.	24.44%	24.44%	09/09/1950
Electrificadora de Santander S.A. E.S.P. ESSA	Colombia	It provides public electricity services, the purchase, sale, marketing and distribution of electrical energy.	0.28%	0.28%	9/16/1950
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	Colombia	It provides public electricity services, purchase, export, import, distribution and sale of electric power, construction and operation of generating plants, substations, transmission lines and distribution networks.	12.54%	12.54%	10/16/1952
Caribemar de la Costa S.A.S. ESP AFINIA	Colombia	It provides public electricity distribution and marketing services, as well as the implementation of all related activities, works, services and products.	85.00%	85.00%	10/1/2020
Hidroecológica del Teribe S.A. HET	Panama	It finances the construction of the Bonyic hydroelectric project, required to meet the growth of the energy demand of the Panama isthmus.	99.68%	99.68%	11/11/1994
Gestión de Empresas Eléctricas S.A. GESA	Guatemala	It provides consulting and consulting services to electricity distribution, generation and transportation companies.	99.98%	99.98%	12/17/2004
Aguas Nacionales EPM S.A. E.S.P.	Colombia	It provides residential public services of aqueduct, sewerage and toilet, waste treatment and use, complementary activities, and engineering services that are specific to these public services.	99.97%	99.97%	11/29/2002
Aguas Regionales EPM S.A. E.S.P.	Colombia	It guarantees the provision of public domestic services of aqueduct, sewerage and toilet, and compensates for the lag in the infrastructure of these services in the partner municipalities.	72.45%	72.45%	1/18/2006
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	Colombia	It provides residential public services of aqueduct and sewerage, as well as other complementary activities of each of these public services.	56.01%	56.01%	11/22/1999
Aguas de Malambo S.A. E.S.P. ¹	Colombia	Dedicated to ensuring the provision of domestic public services of aqueduct, sewerage and toilet in the jurisdiction of Malambo municipality, department of the Atlantic.	98.10%	98.03%	11/20/2010
Empresas Varias de Medellín S.A. E.S.P.	Colombia	A subsidiary dedicated to the provision of the public toilet service within the framework of the integral management of solid waste.	64.98%	64.98%	1/11/1964
EPM Inversiones S.A.	Colombia	Dedicated to capital investment in domestic or foreign companies organized as utilities.	99.99%	99.99%	8/25/2003
Maxinsurances EPM Ltd.	Bermuda	Negotiation, contracting and management of reinsurance for policies that cover the estate.	100.00%	100.00%	4/23/2008
Panama Distribution Group S.A. PDG	Panama	Capital investment in companies.	100.00%	100.00%	10/30/1998
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	Guatemala	It makes capital investments in companies engaged in the distribution and marketing of electrical energy, and provides telecommunications services.	99.99%	99.99%	3/12/1999
EPM Capital Mexico S.A. de CV	Mexico	Develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, drinking water plants, sewage, sewage treatment, buildings, as well as their operation and services.	51.28%	51.28%	04/05/2012
EPM Chile S.A.	Chile	Develops projects in energy, lighting, gas, telecommunications, sanitation, drinking water plants, sewage and wastewater treatment, as well as the provision of such services and participation in all types of tenders.	99.99%	99.99%	2/22/2013
Patrimonio Autónomo Fundación Social	Colombia	Manages the resources and payments of the social financing program created to facilitate the purchase of appliances, appliances and information technology products by users.	100.00%	100.00%	4/14/2008

¹ In May and March 2021 EPM capitalized Aguas de Malambo S.A. E.S.P. for \$567 and \$1,433, respectively.

The above items are disclosed as part of the acquisition and capitalization of subsidiaries or businesses item in the statement of cash flows.

Subsidiaries in which less than 50% of direct participation, control is obtained through the indirect participation that the other companies of the Grupo EPM have.

The value of investments in subsidiaries at reporting date was:

Subsidiary	december 31, 2021					december 31, 2020				
	Investment value				Total	Investment value				Total
	Cost	Equity method	Depreciation	Dividends ¹		Cost	Equity method	Depreciation	Dividends ¹	
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,009,257	1,448,361	-	(381,710)	2,075,908	1,009,257	914,538	-	(12,740)	1,911,055
Aguas Nacionales EPM S.A. E.S.P.	1,665,513	403,307	-	(39,371)	2,029,449	1,665,513	225,321	-	(58,794)	1,832,040
EPM Inversiones S.A.	1,561,331	358,202	-	(124,366)	1,795,167	1,561,331	163,254	-	(233,678)	1,490,907
EPM Chile S.A.	1,044,935	388,960	-	-	1,433,895	1,044,935	309,135	-	-	1,354,070
Caribemar de la Costa S.A.S. E.S.P.	1,716,561	215,938	(879,062)	-	1,053,437	1,721,528	(63,770)	(879,062)	-	778,696
Panama Distribution Group S.A. PDG	238,116	460,611	-	(28,259)	670,468	238,116	336,755	-	-	574,871
Hidroecológica del Teribe S.A. HET	524,536	(166,718)	(86,963)	-	270,855	524,536	(226,059)	(86,963)	-	211,514
Maxinsurances EPM Ltd.	63,784	178,256	-	-	242,040	63,784	135,839	-	-	199,623
Patrimonio Autónomo Fundación Social (2)	61,914	132,670	-	-	194,584	71,914	106,314	-	-	178,228
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	140,663	29,457	-	(19,975)	150,145	140,663	25,698	-	(34,292)	132,069
Empresas Varias de Medellín S.A. E.S.P.	32,967	94,050	-	(11,138)	115,879	32,967	96,213	-	(13,921)	115,259
Aguas Regionales EPM S.A. E.S.P.	60,816	36,379	-	-	97,195	60,816	26,130	-	-	86,946
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	57,052	7,163	-	-	64,215	57,052	(9,621)	-	-	47,431
Gestion de Empresas Electricas S.A. GESA	25,782	24,252	-	(4,248)	45,786	25,782	17,167	-	(4,370)	38,579
Empresa de energia del Quindío S.A. E.S.P. EDEQ	28,878	13,794	-	(5,563)	37,109	28,878	12,489	-	(6,989)	34,378
Aguas de Malambo S.A. E.S.P.	72,718	(43,823)	(1,641)	-	27,254	70,718	(34,623)	(1,641)	-	34,454
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	2,774	3,121	-	-	5,895	2,774	2,576	-	-	5,350
Electrificadora de Santander S.A. E.S.P. ESSA	2,514	597	-	(190)	2,921	2,514	290	-	(410)	2,394
EPM Capital Mexico S.A. de C.V.	177,436	(177,436)	-	-	-	177,436	(177,436)	-	-	-
Total	8,487,547	3,407,141	(967,666)	(614,820)	10,312,202	8,500,514	1,860,210	(967,666)	(365,194)	9,027,864

Amounts stated in millions of Colombian pesos



¹ Dividends were declared for \$614,820 (2020 \$365,194), which were paid in full.

² A reimbursement of contributions for autonomous patrimony social financing (SOMOS card) for \$10,000 was made.

The detail of the equity method recognized in the result for the period and in the other comprehensive income for the period is as follows:

Subsidiary	december 31, 2021			december 31, 2020		
	Period share method		Total	Period share method		Total
	Period Result	Another comprehensive result		Period Result	Another comprehensive result	
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	360,253	185,674	545,927	210,220	131,565	341,785
EPM Inversiones S.A.	380,072	48,551	428,623	224,323	40,269	264,592
Aguas Nacionales EPM S.A. E.S.P.	236,780	-	236,780	133,769	-	133,769
EPM Chile S.A.	143,943	(64,169)	79,774	79,534	170,719	250,253
Panama Distribution Group S.A. PDG	60,189	66,475	126,664	37,603	46,881	84,484
Maxinsurances EPM Ltd.	9,744	32,645	42,389	25,288	5,541	30,829
Hidroecológica del Teribe S.A. HET	29,785	29,530	59,315	(49,709)	15,416	(34,293)
EPM Capital Mexico S.A. de CV	1,240	21,122	22,362	(1,767)	(2,229)	(3,996)
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	36,117	1,935	38,052	18,838	(354)	18,484
Patrimonio Autónomo Fundación Social	27,663	-	27,663	19,776	-	19,776
Empresas Varias de Medellin S.A. E.S.P.	9,832	1,925	11,757	13,216	(2,478)	10,738
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	13,428	3,356	16,784	8,517	(1,403)	7,114
Aguas Regionales EPM S.A. E.S.P.	10,250	-	10,250	6,740	-	6,740
Gestion de Empresas Electricas S.A. GESA	8,535	2,920	11,455	4,968	(9)	4,959
Empresa de energia del Quindío S.A. E.S.P. EDEQ	7,541	753	8,294	5,347	43	5,390
Aguas de Malambo S.A. E.S.P.	(9,190)	-	(9,190)	(2,441)	-	(2,441)
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	544	-	544	814	3	817
Electrificadora de Santander S.A. E.S.P. ESSA	651	66	717	382	(10)	372
Caribemar de la Costa S.A.S. E.S.P.	279,559	150	279,709	(63,702)	(69)	(63,771)
Total	1,606,936	330,933	1,937,869	671,716	403,885	1,075,601

Amounts stated in millions of Colombian pesos

The financial information of the Company's subsidiaries as of the date of the reporting period is as follows. All subsidiaries are accounted for by the equity method in the separate financial statements:

december 31, 2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other comprehensive result	Total comprehensive income
						continuing operations		
Empresa de energia del Quindio S.A. E.S.P. EDEQ	103,775	234,203	65,187	93,104	295,185	38,866	3,911	42,777
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	288,653	977,153	202,999	509,105	920,769	148,255	7,916	156,171
Electrificadora de Santander S.A. E.S.P. ESSA	388,898	1,840,249	484,737	873,006	1,464,882	235,644	24,027	259,671
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	313,913	1,036,048	264,205	604,966	985,344	107,107	26,774	133,881
Hidroecológica del Teribe S.A. HET	33,451	467,114	22,763	178,506	61,643	28,941	38,522	67,463
Gestion de Empresas Electricas S.A. GESA	23,242	-	193	-	9,331	8,537	2,920	11,457
Caribemar de la Costa S.A.S. ESP AFINIA	2,143,228	1,566,650	794,616	641,734	3,799,964	328,893	176	329,069
Aguas Nacionales EPM S.A. E.S.P.	180,088	2,150,100	46,688	260,705	380,131	175,624	-	175,624
Aguas Regionales EPM S.A. E.S.P.	48,934	195,541	33,654	71,103	71,425	14,227	-	14,227
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	5,247	6,828	971	578	4,175	972	1	973
Aguas de Malambo S.A. E.S.P.	4,212	38,644	5,962	5,211	17,820	(9,380)	-	(9,380)
Empresas Varias de Medellin S.A. E.S.P.	142,656	218,006	153,775	146,171	265,554	15,254	2,962	18,216
EPM Inversiones S.A.	1,873	1,744,230	292	9,005	-	374,265	53,527	427,792
Maxinsurancas EPM Ltd.	418,990	171,460	82,791	265,619	36,346	9,744	32,645	42,389
Panama Distribution Group S.A. PDG	616,951	2,711,849	960,030	1,401,980	2,029,939	120,959	76,395	197,354
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,641,004	4,187,316	1,237,069	2,126,700	3,995,855	380,207	592,594	972,801
EPM Capital Mexico S.A. de CV	408,114	532,339	263,169	291,202	217,382	33,840	41,473	75,313
EPM Chile S.A.	357,119	3,828,008	220,741	2,530,326	734,016	143,960	(64,176)	79,784

Amounts stated in millions of Colombian pesos

december 31, 2020	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other comprehensive result	Total comprehensive income
						continuing operations		
Empresa de energia del Quindio S.A. E.S.P. EDEQ	100,519	224,823	78,856	80,686	258,682	27,739	221	27,960
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	285,823	913,502	340,088	379,975	832,197	77,062	(1,447)	75,615
Electrificadora de Santander S.A. E.S.P. ESSA	335,426	1,688,591	516,386	826,830	1,268,295	138,137	(3,613)	134,524
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	286,548	1,024,373	243,313	720,700	856,035	67,938	(11,193)	56,745
Hidrocológica del Teribe S.A. HET	20,715	417,035	16,837	189,106	51,483	(50,793)	18,162	(32,631)
Gestión de Empresas Eléctricas S.A. GESA	15,973	-	132	-	7,479	4,969	(9)	4,960
Caribemar de la Costa S.A.S. ESP AFINIA	2,758,089	560,676	486,607	881,855	783,380	(74,944)	(82)	(75,026)
Aguas Nacionales EPM S.A. E.S.P.	140,308	1,936,991	55,382	135,364	264,676	152,943	-	152,943
Aguas Regionales EPM S.A. E.S.P.	55,267	175,462	38,346	66,890	60,355	9,294	-	9,294
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	5,049	6,301	1,363	434	3,871	1,454	6	1,460
Aguas de Malambo S.A. E.S.P.	4,218	49,503	7,674	6,983	14,437	(2,504)	-	(2,504)
Empresas Varias de Medellín S.A. E.S.P.	158,260	202,056	145,164	155,513	249,378	20,607	(3,814)	16,793
EPM Inversiones S.A.	4,018	1,438,131	470	8,300	9	224,823	7,653	232,476
Maxinsurancas EPM Ltd.	291,721	174,402	266,499	-	32,073	25,288	5,541	30,829
Panama Distribution Group S.A. PDG	755,021	2,140,089	1,240,398	868,903	2,076,607	74,435	(2,478)	71,957
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,135,205	3,214,700	1,265,884	1,240,847	3,516,067	280,624	34,510	315,134
EPM Capital Mexico S.A. de CV	241,735	522,088	157,328	299,745	181,164	7,988	(4,613)	3,375
EPM Chile S.A.	268,773	3,802,449	177,674	2,539,322	639,210	79,543	170,688	250,231

Amounts stated in millions of Colombian pesos

8.1 Changes in Participation of Subsidiaries that did not result in Loss of Control

During 2021, there were changes in the participation of the subsidiary Aguas de Malambo S.A. E.S.P., which increased to 98.10%, due to the capitalization of EPM. This variation influenced the application of the equity method, decreasing the investment in \$10 recognized directly in equity.

Note 9. Investments in associates

The breakdown of Investment in Associates of EPM at the date of the reporting period is:

Name of associate	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy at the national and international levels of the Ituango hydroelectric plant.	46.33%	46.33%	12/29/1997
Hidroeléctrica del Río Aures S.A. E.S.P.	Colombia	Generation and commercialization of electric power through a hydroelectric power plant, located in the jurisdiction of the municipalities of Abejorral and Sonson, department of Antioquia.	32.99%	32.99%	5/14/1997
UNE EPM Telecomunicaciones S.A.	Colombia	Provision of telecommunications services, information and communication technologies, information services and follow-up activities.	50.00%	50.00%	6/29/2006
Inversiones Telco S.A.S.	Colombia	Invest in companies whose social object is the provision of telecommunications services, information and communication technologies, information services and complementary activities, as well as in companies based on the provision of services for the terciarization of business processes.	50.00%	50.00%	11/5/2013

The amount of investment in associates at the reporting date was:



Name of associated	2021			2020		
	Investment value		Dividends ¹	Investment value		Dividends ¹
	Cost	Total		Cost	Total	
Hidroeléctrica Ituango S.A. E.S.P.	34,227	34,227	-	34,227	34,227	-
Hidroeléctrica del Río Aures S.A. E.S.P.	2,478	2,478	-	2,478	2,478	-
UNE EPM Telecomunicaciones S.A.	2,342,488	2,342,488	-	2,342,488	2,342,488	12,547
Inversiones Telco S.A.S.	55,224	55,224	8,805	55,224	55,224	14,508
Total investments in associates	2,434,417	2,434,417	8,805	2,434,417	2,434,417	27,055

Amounts stated in millions of Colombian pesos



¹ In 2021, dividends of \$19,073 were received from Telco Investments, of which \$10,268 were declared in 2020.

Note 10. Investment in joint ventures

The breakdown of joint ventures of EPM at the reporting date is as follows:

Name of the joint venture	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Parques del Río S.A.S. ¹	Colombia	Construction, operation, administration and support of the Medellín River Parks project, as well as acting as urban project manager.	33%	33%	12/26/2015



¹ Joint venture established on November 26, 2015, with the participation of the Municipality of Medellín, Interconexión Eléctrica S.A. E.S.P. (ISA), Empresa de Transporte Masivo del Valle de Aburrá Ltda. (Meitro) and EPM. The Entity seeks to be the manager of the next urban developments of the city, the department and the country, taking advantage of synergies in infrastructure, mobility, environmental and social issues, among others.

The value of investments in joint Ventures at the reporting date was:

Name of the joint venture	2021		2020	
	Investment value		Investment value	
	Cost	Total	Cost	Total
Parques del Río S.A.S.	99	99	99	99
Total investments in joint ventures	99	99	99	99

Amounts stated in millions of Colombian pesos

Note 11. Impairment of Assets

11.1 Impairment of investments in subsidiaries, associates and joint ventures

At the date of presentation of the financial statements, no impairment losses were recognized in the statement of comprehensive income related to investments in subsidiaries, associates and joint ventures.

The following table presents the cumulative effect of impairment losses recognized:

Investment	Recorded Value	
	2021	2020
Subsidiary		
Hidroecológica del Teribe S.A. HET	86,963	86,963
Aguas de Malambo S.A. E.S.P.	1,641	1,641
Caribemar de la Costa S.A.S. E.S.P.	879,062	879,062
Total Subsidiaries	967,666	967,666

Amounts stated in millions of Colombian pesos

11.2 Impairment of cash generating units (CGU)

The recorded value of goodwill and intangible assets with indefinite useful life associated with each CGU is broken down below:

Cash Generating Unit	Value in Books	
	2021	2020
Segment Energy Generation		
Goodwill	260,647	260,647
Easements	444	444
CGU - Energy Generation-	261,091	261,091
Energy Transmission Segment		
Easements	128,637	128,555
CGU - Energy Transmission-	128,637	128,555
Energy Distribution Segment		
Easements	35,942	29,473
CGU - Energy Distribution-	35,942	29,473
Gas segment		
Good Will	303	303
Easements	3,692	3,692
CGU - Natutal Gas-	3,995	3,995
Water Provision Segment		
Easements	5,160	5,112
CGU Water Supply-	5,160	5,112
Sanitation segment		
Easements	1,552	1,552
CGU - Sanitation-	1,552	1,552

Amounts stated in millions of Colombian pesos



Description of the CGUs is broken down below:

- CGU Energy Generation, whose activity consists of the production of energy and commercialization of large blocks of electric energy, based on the acquisition or development of a portfolio of energy proposals for the market.
- CGU Energy Distribution, whose activity consists of transporting electric energy through a set of lines and substations, with their associated equipment, operating at voltages lower than 220 KV, the commercialization of energy to the end-user of the regulated market, and the development of related and complementary activities. It includes the Regional Transmission System (STR), the Local Distribution System (SDL), the public lighting service, and the provision of associated services.



- CGU Energy Transmission, whose activity consists of transporting energy in the National Transmission System (Sistema de Transmisión Nacional -STN-), is composed of a set of lines, with their corresponding connection equipment, operating at voltages equal to or higher than 220 KV. The National Transmitter (TN) is the legal entity that operates and transports electric energy in the STN or has incorporated a company whose purpose is the development of such activity.
- CGU Distribution and Commercialization of Natural Gas, whose activity consists of transporting gas from the city gate to the end-user, through medium and low-pressure pipelines. It includes the sale of gas through different systems, including distribution by the network, natural gas for vehicles, compressed natural gas, and service stations.
- CGU Water Supply, whose activity consists of conceptualizing, structuring, developing, and operating water supply systems. It includes the commercial management of the portfolio of services related to the supply of water for different uses, in addition to the use of the production chain, specifically in the production of energy, and the supply of raw water.
- CGU Sanitation, includes the activities of conceptualizing, structuring, developing, and operating wastewater and solid waste management systems, in addition to the exploitation of the production chain, specifically in the production of energy and gas.

Goodwill is mainly assigned to the segment/Generation CGU, which presented a balance as of December 31, 2021 for \$260,647, as a result of the liquidation of the subsidiary EPM Ituango S.A E.S.P. and Espíritu Santo whose assets were transferred to EPM, additionally, goodwill in the Natural Gas CGU, as a result of the business combination with Surtidora de Gas del Caribe S.A. E.S.P. in the municipality of Necoclí for \$303.

The intangible easement with indefinite useful life is assigned to the CGUs: Eergy Generation, Energy Transmission, Energy Distribution, Natural Gas, Water Supply, and Sanitation, which have a balance of \$175,427 (2020 \$168,828).

As of December 31, 2021, and 2020, impairment tests were performed on the CGUs that had associated intangible assets with indefinite useful lives, but there was no evidence of impairment associated with them.

The value in use and carrying value of the CGUs at the end of 2021 with indefinite useful lives are detailed below:

CGU	Value in use	Recorded value
Energy Generation	25,744,212	18,338,578
Energy Distribution	7,627,538	4,637,674
Energy Transmission	1,215,189	788,720
Natural Gas	1,695,744	748,805
Water Supply	3,674,470	3,056,164
Sanitation	1,752,611	1,302,579
Total UGE	41,709,764	28,872,520

Amounts stated in millions of Colombian pesos

Note 12. Trade and other accounts receivables

The breakdown of trade and other receivables as of the dates of the periods being reported is as follows:



Trade and other account receivables	2021	2,020
Non-current		
Public utility debtors ¹	410,696	465,156
Impairment loss of public utilities	(157,287)	(154,032)
Related parties ²	934,372	1,148,697
Employee loans	108,480	96,224
Impairment loss of public employee loans	(41)	(10)
Indemnities ³	-	110,865
Other account Receivable ⁴	71,347	63,081
Impairment loss of other debtors	(3,500)	(3,626)
Non-current total	1,364,067	1,726,355
Current		
Public utility debtors ¹	2,339,682	1,735,304
Impairment loss of public utilities	(223,704)	(217,395)
Related parties ²	-	15,079
Employee loans	34,198	25,325
Dividends and shares receivable	-	10,269
Impairment loss of public employee loans	(33)	(58)
Construction contracts	-	245
Indemnities ³	2,529,759	317,620
Other services	6,347	7,827
Other account receivable ⁴	373,487	335,118
Impairment loss of other debtors	(190,394)	(56,757)
Total current	4,869,342	2,172,577
Total	6,233,409	3,898,932

Amounts stated in millions of Colombian pesos

The portfolio presents a variation of \$2,334,477, equivalent to 60%, mainly explained by an increase in the account receivable for severance payments.



¹ The account Receivables from public utilities show a variation of \$549,918 mainly explained by an increase in the accounts receivable of the energy service affected by the recognition of estimated revenues for the application of the tariff option since March 2020 in attention to a national mandate, as a consequence of the pandemic; in accounting terms, it has been recorded since April 2021.

In relation to the accounts receivable generated by the financing granted in the framework of the pandemic by the decrees of the central government and those granted by EPM, a decrease in the balance of \$124,912 is observed, which, in turn, leads to a lower value of its accumulated impairment of \$7,638.

² The balance of the economic-related parties account is represented by the account receivable from the subsidiary HIDROSUR. The decrease was mainly explained by the full payment of the debt of the subsidiary HET.



³ The increase in the indemnities account is mainly due to the accounts receivable from the insurance company Mapfre for damage to civil works and the total loss of machinery and equipment covered by the all-risk and construction policy.

⁴ Other accounts receivable increased mainly due to balances collected that, as a result of the accounting closing, are still in the possession of the collecting entities.

The accounts receivable from public utilities debtors do not generate interest and the term for their collection depends on the type of use of the utility. In residential use, the collection of invoices is projected to occur 10 days after the invoice is generated. Individual contracts with large customers or in the energy sector contemplate terms agreed in particular negotiations; in the latter case, the term is generally 30 days.

Long-term accounts receivable are measured at amortized cost under the effective interest rate method and short-term accounts receivable are presented at their nominal amount, except for accounts receivable that are measured at fair value of: (i) Municipality of Rionegro originated by the merger with Empresas Públicas de Rionegro, for its valuation is considered the discount of payment flows applying the weekly capture rates for 360-day CDT published by Banco de la República; and (ii) the account receivable associated with the firm supply contract of liquid fuel (ACPM) for the Termoeléctrica La Sierra and Termodorada plants whose update is made according to the value of the fuel unit stipulated in the contract.



See [note 43† measurement on a recurring and non-recurring basis.](#)

Expected credit losses over the life of the asset

The company measures portfolio impairment for expected losses using the simplified approach, which consists in taking the present value of credit loss arising from all possible default events at any time during the lifetime of the operation.

This alternative is taken given that the volume of customers is very high and the measurement and control of the risk by stages can lead to errors and to an underassessment of impairment. The expected loss model corresponds to a forecasting tool that projects the probability of portfolio default in the next twelve months. Each obligation is assigned an individual probability of default calculated from a probability model that involves sociodemographic, product and behavioral variables.

Although the forecast of impairment for the annual period is obtained based on payment behavior data of customers during the period under consideration; it is not the same when the monthly records that comprise the annual period register impairment. In the latter case,

impairment recorded for the month under assessment is obtained with the payment behavior data of the previous month.

At the cut-off date, the ageing analysis of accounts receivable at the end of the reporting period that are impaired is as following:

	2021		2020	
	Gross book value	Credit loss value	Gross book value	Credit loss value
Public utility debtors				
Without Mora	2,362,986	(172,247)	1,874,779	(169,469)
Less than 30 days	141,173	(8,447)	105,558	(7,989)
30-60 days	23,444	(3,299)	17,081	(3,749)
61-90 days	14,281	(6,688)	6,856	(3,027)
91-120 days	8,491	(4,317)	5,216	(3,076)
121-180 days	9,769	(5,305)	4,528	(3,182)
181-360 days	17,866	(12,933)	13,026	(11,077)
Greater than 360 days	172,368	(167,755)	173,416	(169,858)
Total debtors for public utility	2,750,378	(380,991)	2,200,460	(371,427)
Other debtors				
Without Mora	3,841,086	(7,595)	2,054,058	(7,001)
Less than 30 days	11,477	(1,559)	2,607	(534)
30-60 days	1,593	(386)	1,819	(455)
61-90 days	1,295	(466)	1,008	(324)
91-120 days	474	(309)	818	(282)
121-180 days	2,062	(1,555)	1,530	(996)
181-360 days	136,117	(135,610)	6,245	(3,187)
Greater than 360 days	63,886	(46,488)	62,265	(47,672)
Total Other Debtors	4,057,990	(193,968)	2,130,350	(60,451)
Total debtors	6,808,368	(574,959)	4,330,810	(431,878)

Amounts stated in millions of Colombian pesos

Concerning the age of delinquency, it is observed that the portfolio is concentrated in the current age range of the concepts related to other debtors. Also, noteworthy is the increase in the balances in the age range of 181 to 360 days explained by the rolling of the account receivable for goodwill on the land of the Aguas Claras Treatment Plant to the Municipality of Bello.

The reconciliation of the expected credit losses of the portfolio is as follows:

Expected credit losses over the life of the assets	2021	2020
Value correction at the beginning of the period	(431,878)	(370,981)
Changes in impairment of accounts receivable were held at the beginning of the period ^{(1) (3)}	(367,974)	(284,426)
Write-off	2,760	784
Cancellation policy ⁽³⁾	208,842	225,257
Social Reorganization	-	(2,648)
Changes in Risk Models/Parameters ⁽²⁾⁽³⁾	13,281	-
Other movements	11	135
Final Drive Account Balance	(574,958)	(431,879)

Amounts stated in millions of Colombian pesos

The increase of \$143,079, equivalent to 33.13%, is mainly due to the following:



¹ The application of the impairment to the account receivable associated to the recognition of the goodwill to the Municipality of Bello, generated by the valuation of the land owned by EPM associated to the Aguas Claras treatment plant. This account presents a balance of \$131,733 and is one hundred percent impaired.

² The amount of \$13,281 indicated in the item "changes in risk models/parameters", corresponds to the result of adjustments to the portfolio impairment model. In this case, the Loss Given Default (LGD) component was modified by extending the age ranges of default and their expected loss percentages.

³ It is disclosed as part of the account receivable impairment, net of the statement of cash flows.

The reconciliation of the portfolio is as follows:

Portfolio balance	2021	2020
Initial balance	4,330,810	4,107,586
New financial assets originated or purchased	21,002,999	13,463,717
Financial asset cancellation	(18,642,928)	(13,342,709)
Write-offs	(2,760)	(784)
Social Reorganization	-	9,315
Valuation at amortized cost	22,438	(17,631)
Difference in Chargeable Change	97,809	111,316
Final balance	6,808,368	4,330,810

Amounts stated in millions of Colombian pesos

The Company writes off, against the impairment of value recognized in an allowance account, the values of the impaired financial assets when it is evidenced that there are obligations that cannot be recovered through enforcement, coercive collection, or ordinary channels, actions of which the supports must be attached in the files where the write-off request is documented.

The grounds for requesting the approval of the portfolio write-off in EPM are as follows:

- The accounts receivable recorded do not represent certain rights, goods, or obligations for EPM.
- The rights or obligations lack documents and suitable support that allow advancing the pertinent procedures for their collection or payment.
- It is not possible to collect the right or obligation, by coercive or judicial collection, once the pre-legal collection stage has been exhausted.
- When it is impossible to identify and individualize the natural or legal person to collect the portfolio.
- When, having evaluated and established the cost-benefit ratio, it is more onerous to pursue the collection process than the value of the obligation.
- When there is a statute of limitations of the security and enforceable title or the expiration of the right.
- When having advanced the executive process, there are no assets to make effective payment of the obligation.
- When having advanced the liquidation process of the natural or legal person in terms of the law, and the assets received instead of payment are not sufficient to cover the total amount of the debt; in this case, the unpaid balance is written off.

Responsible instances for punishment

Write-offs in EPM are approved by the Portfolio Write-off Committee, which is chaired by the Accounting and Financial Services Manager, assisted by the Director of Financial Transactions and the head of the Credit and Portfolio Management Unit. The Committee meets periodically or when a particular situation warrants it.



Note 13. Other financial assets

The breakdown of other financial assets at the closing of the period is as follows:

Other financial assets	2021	2020
Non-current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts ⁽¹⁾ (see note 27)	100,009	46,269
Total derivatives designated as hedging instruments under hedge accounting	100,009	46,269
Financial assets measured to Fair Value Measurement market with changes in the period result		
Equity securities ⁽²⁾	137,030	119,210
Fiduciary rights ⁽²⁾	362,316	423,094
Total financial assets measured at Fair Value Measurement through profit or loss	499,346	542,304
Financial assets designated to Fair Value Measurement the market with changes through the other end-to-end result		
Investment property ⁽³⁾	2,195,900	2,518,382
Total financial assets designated to Fair Value Measurement TAPs with changes through the other end-to-end result	2,195,900	2,518,382
Financial leasing	-	-
Total other non-current financial assets	2,795,255	3,106,955
Current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts ⁽¹⁾ (see note 27)	31,568	16,105
Option Contracts (see note 27)	3,673	-
Total derivatives designated as hedging instruments under hedge accounting	35,241	16,105
Financial assets measured to Fair Value Measurement market with changes in the period result		
Derivatives that are not under hedge accounting ⁽⁴⁾	102,209	128,204
Fixed income securities ⁽¹⁾ ⁽⁵⁾	165,709	1,994,631
Investments pledged	704	796
Total financial assets measured at Fair Value Measurement through profit or loss	268,622	2,123,631
Total other current assets	303,863	2,139,736
Total other financial assets	3,099,118	5,246,691

Amounts stated in millions of Colombian pesos



¹ Corresponds to the right of the swaps under hedge accounting, the net value of the swaps is disclosed in note 24. Derivatives and hedges.

Includes derivative principal payments for cash flow hedging purposes of \$25,604; reflected in the statement of cash flows.

² Includes the following items: acquisition of investments in financial instruments for \$417,055, disposition of investments in financial instruments for \$2,523,443 reflected in the statement of cash flows.

³ The decrease was originated by the decrease in the price of Interconexión Eléctrica S.A. E.S.P. shares since their fair value is determined by the market price.

⁴ Corresponds to the weather derivative contracted to hedge the existing risk of dry seasons that imply a decrease in the hydraulic generation and the increase in energy prices in the stock exchange. This financial instrument is intended to provide a hedge to EPM parent company when events materialize that may prevent the fulfillment of contractual commitments that imply buying energy in the stock exchange at market prices that may be unfavorable. With the weather derivative, part of this impact is transferred to the market, which would allow reducing the effect on the company's financial results.

⁵ The variation was mainly explained by the disinvestment in fixed income securities in dollars (Time Deposit), which was used to prepay the IDB loan for US\$450 million.

Conventional purchases and sales of financial assets are accounted for on the trade date.

13.1 Other financial assets measured at fair value with changes in other comprehensive income

13.1.1 Other financial assets measured at fair value through other comprehensive income

The breakdown of other financial assets measured at fair value through other comprehensive income, different from equity investments, is:

Equity investment	2021	2020
Interconexión Eléctrica S.A. E.S.P. ¹	2,189,027	2,511,518
Other investments	6,873	6,864
Total	2,195,900	2,518,382
Dividends recognized during the period related to investments that remain recognized at the end of the period ²	134,081	72,825
Dividends recognized during the period	134,081	72,825

Amounts stated in millions of Colombian pesos



¹ As of December 31, 2021 the stock exchange price of Interconexión Eléctrica S.A. E.S.P. closed at \$22,400 (2020: \$25,700) pesos, respectively.

² Dividends from financial instruments have been caused in 2021 for \$134,081 (2020: \$72,825) which are disclosed in the item dividends from investments in the statement of cash flows.

The equity investments indicated in the table above are not held for trading purposes, instead they are held for medium and long-term strategic purposes. The Company's Management considers that the classification for these strategic investments provides more reliable financial information, which reflects the changes in their fair value immediately in the result for the period.

13.2 Reclassifications of financial assets

EPM has not made any changes in the business model of management and administration of financial assets; therefore, no financial assets have been reclassified.

Note 14. Leases

14.1 Finance lease as a lessor

At the cut-off date, the recorded value of assets with right-of-use is as follows (excluding assets with right-of-use associated with construction in progress, which are included in note 5 Property, plant, and equipment):



2021	Right to use land	Right to use buildings	Right I use plants, ducts and tunnels	Right I use networks , lines and cables	Right to Use Machinery and Equipment	Right to use computer and communication equipment	Right-hand use Transport equipment Traction and lift	Total
Cost opening balance	5,701	482,291	1,727,738	16,787	8,796	4,109	10,775	2,256,197
Additions ¹	238	17,649	136,241	1,420	566	91	1,756	157,961
Transfers	-	94	-	-	-	-	-	94
Disposal (-)	-	(3,387)	-	-	-	-	(533)	(3,920)
Other changes ²	7	148,777	-	-	-	-	-	148,784
Cost final balance	5,946	645,424	1,863,979	18,207	9,362	4,200	11,998	2,559,116
Accrued amortization and impairment								
Begginig balance of accumulated amortization and impairment	(686)	(103,316)	(85,069)	(1,706)	(2,337)	(2,095)	(7,819)	(203,028)
Amortization of the period	(426)	(18,504)	(45,394)	(954)	(1,094)	(289)	(3,694)	(70,355)
Disposal (-)	-	1,994	-	-	-	-	533	2,527
Other changes ²	-	(51,564)	-	-	-	-	(16)	(51,580)
Final balance accrued Amortization and impairment	(1,112)	(171,390)	(130,463)	(2,660)	(3,431)	(2,384)	(10,996)	(322,436)
Total balance assets per net use right	4,834	474,034	1,733,516	15,547	5,931	1,816	1,002	2,236,680

Amounts stated in millions of Colombian pesos

2020	Right to use land	Right of use of buildings	Right of use plants, ducts and tunnels	Right of use networks , lines and cables	Right of use machinery and equipment	Right of use communication and computing equipment	Right of use transport, traction and lifting equipment	Total
Cost opening balance	5,370	461,274	1,696,549	15,983	3,859	4,006	10,775	2,197,816
Additions ¹	331	21,335	31,189	804	4,937	103	-	58,699
Transfers	-	1,758	-	-	-	-	-	1,758
Disposal (-)	-	(717)	-	-	-	-	-	(717)
Other changes	-	(1,359)	-	-	-	-	-	(1,359)
Cost final balance	5,701	482,291	1,727,738	16,787	8,796	4,109	10,775	2,256,197
Accrued amortization and impairment								
Begginig balance of accumulated amortization and impairment	(289)	(87,720)	(41,975)	(806)	(1,325)	(1,813)	(3,769)	(137,697)
Amortization of the period	(397)	(15,710)	(43,094)	(900)	(1,012)	(282)	(4,029)	(65,424)
Disposal (-)	-	118	-	-	-	-	-	118
Other changes	-	(4)	-	-	-	-	(21)	(25)
Final balance accrued amortization and impairment	(686)	(103,316)	(85,069)	(1,706)	(2,337)	(2,095)	(7,819)	(203,028)
Total final balance assets for net right of use	5,015	378,975	1,642,669	15,081	6,459	2,014	2,956	2,053,169

Amounts stated in millions of Colombian pesos



¹ Corresponds to the subsequent measurement of the liability for finance leasing, which generates increases each time there are changes in the tariff in its component Average Cost of Investment in pesos per cubic meter charged by Aguas Nacionales to EPM, this increase is regulated every time the Consumer Price Index (CPI) accumulates 3% and additional on the dates when the increases by tariff are applied.

² This includes reclassifications of assets due to changes in their use, in operating conditions and identification of improvements in accounting classification.

As of the cut-off date, the minimum future payments and the present value of the minimum lease liability payments are distributed as follows:

Finance lease	2021		2020	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
One year	211,789	202,026	191,870	182,920
More than one year and up to five years	779,095	585,197	717,211	539,408
More than five years	16,677,609	1,764,820	16,304,571	1,623,258
Total leases	17,668,493	2,552,043	17,213,652	2,345,586
Minus - Value of unearned interest	15,116,450	-	14,868,066	-
Present value of minimum lease payments	2,552,043	2,552,043	2,345,586	2,345,586

Amounts stated in millions of Colombian pesos

The most relevant finance lease arrangements are:

Sewer Interconnection Contract CT- 2013-002297-A421 dated November 26, 2018, entered into between EPM (THE BENEFICIARY) and Aguas Nacionales EPM (THE PROVIDER), regulates the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by Aguas Nacionales, for the provision of service by EPM of the public sewage service to users of the interconnected system of the Aburrá Valley. This interconnection will also allow the drying and final disposal of the biosolids resulting from the treatment of wastewater from the entire interconnected system.

The termination of the contract is July 1, 2021, date on which the validity of the tariff formula ends, in accordance with the provisions of Article 113 of Resolution CRA 688 of 2014, modified by Article 41 of Resolution CRA 735 of 2015. If, in accordance with the provisions of the last paragraph of Article 126 of Law 142 of 1994, the validity of the tariff formula is extended, the contract will be understood to be in force as long as the Drinking Water and Basic Sanitation Regulatory Commission does not determine a new formula.

The contract was renewed effective July 1, 2021 for 5 years.

Before the expiration of the term of the contract, the parties by mutual agreement may extend or extend the term of the contract by means of a written document, so it is understood that there will be no automatic extension of the term of the contract.

EPM has no intention of financially acquiring the Aguas claras wastewater treatment plant or (PTAR for its Spanish initials) or agreeing any purchase option for such asset.

The lease payments of the contract that EPM pays to Aguas Nacionales EPM are for Average Investment Cost (CMI), determined in pesos per cubic meter of treated wastewater and are updated as indicated in the following paragraph and in Annex No. 4 of the Contract:

- **Paragraph first.** The supplier will apply to the reference costs an update factors per Average Investment Cost every time the Consumer Price Index, reported by National Administrative Department of Statistics (DANE, by its Spanish initials) accumulates a variation of at least three percent (3%).
- **According to Annex No. 4 of the contract:** the increases per tariff path are as follows:
 - January 2019: 5.75%
 - January 2020: 2.40%
 - January 2021: 2.16%
 - January 2022: 1.63%

The Lease Contract for the Empresas Públicas de Medellín Building CT-085 of February 12, 2002, executed between EPM (THE COMPANIES) and the MUNICIPALITY OF MEDELLIN (MUNICIPALITY), the MUNICIPALITY is obliged to deliver by way of lease to THE COMPANIES and the latter are obliged to receive by the same title, the use and enjoyment of the real property of their property called "Edificio Empresas Públicas de Medellín", with all its constructions and improvements.

The term of the contract is 50 years from December 21, 2001, date on which the MUNICIPALITY OF MEDELLIN began to appear as owner of the property.

The lease payments under the contract are readjusted each year by a percentage equal to the Consumer Price Index (CPI) at the national level, certified by DANE for the immediately preceding year.

Lease liabilities are included in other financial liabilities in the statement of financial position. Interest arising from lease liabilities amounts to \$240,141 ([see note 36 Financial income and expenses](#)).

Total cash outflows for leases during the period are \$189,476.

14.2 Operating lease as lessor

The most significant operating lease agreements are for electrical infrastructure for the installation of networks by telecommunications operators. These can be renewed for a term not exceeding five years. Lease payments are updated according to the pole support rates regulated by the CRC (resolution 5890/2020) and multiplied by the number of poles that each customer uses; this charge is made monthly, and the rate is updated annually according to the PPI.

The value of non-cancelable operating lease payments is:

Operating Lease	2021	2020
Year One	51,887	62,223
Year Two	17,135	2,811
Year Three	15,864	1,553
Year Four	15,539	1,494
Year five	15,958	1,494
More than five years	-	11,952
Total leases	116,383	81,527

Amounts stated in millions of Colombian pesos

14.3 Leases that do not generate assets by right-of-use as a lessee

The most significant operating lease agreements are for space for the installation and operation of antennas at the meteorological stations, shift management system, user printing infrastructure, among others, which are unrestricted.

As of the cut-off date, future short-term lease commitments are \$5,692.

Total future minimum non-cancelable sublease payments for assets acquired under operating leases are \$47. Lease payments recognized as expenses for the period are \$5,733.

Total cash outflows from leases during the period are \$4,402.

Note 15. Guarantees

The Company has not given collateral on which the third party is authorized to sell or pledge without default on the part of the Company.

The company has not received collateral in which it is authorized to sell or pledge without default by the owner of the collateral.



Note 16. Other assets

The breakdown of other assets at the end of the periods being reported is as follows:

Concept	2021	2020
Non-current		
Employee benefits	43,556	41,005
Prepayments ¹	22,783	7,631
Deferred loss due to retro lease or lease back operation	20,257	20,933
Advances delivered to suppliers ²	5,369	9,088
Goods received in payment allocation	1,285	1,286
Total other non-current assets	93,250	79,943
Current		
prepayments ¹	90,525	67,714
Advances delivered to suppliers ²	54,942	67,097
Other Account Balances taxes in favor	221	388
Other advances or Account Balances taxes and contributions in favor	94	93
Sales tax	-	99
Total other current assets	145,782	135,391
Total Other Assets	239,032	215,334

Amounts stated in millions of Colombian pesos



¹The non-current portion includes the premium on legal stability contracts for \$5,575 (2020: \$6,466), all risks for \$17,208. For 2021 there is no non-current portion of leases (2020: \$1,165).

The current portion includes insurance for \$73,349 (2020: \$55,333), consisting mainly of all risk policies for \$59,677 (2020: \$37,655), and other insurance for \$13,672 (2020: \$17,678); goods and services for \$9,803 (2020: \$8,274) and leases and maintenance for \$7,373 (2020: \$4,108).

²Corresponds to advances and resources delivered in administration, mainly from agreements with:

Non-current portion: Empresa de Desarrollo Urbano - EDU for \$5,369 (2020: \$9,067), current portion: advances for goods and services for \$28,230 (2020: \$39,975), advances XM for \$12,745 (2020: \$17,377), Corporación Cuenca verde for \$2,868 (2020: \$2,242) advance agreement Ruta N for \$3,224 (2020: \$1,081) and other advances for \$7,875 (2020: \$6,422).

Note 17. Inventories

Inventories at the end of the period were represented like this:

Inventories	2021	2020
Material for rendering of service 1	164,407	141,583
Goods in stock 2	7,300	4,105
Goods in transit	1,002	4,501
Total inventories at cost or net realizable value, whichever is lower	172,709	150,189

Amounts stated in millions of Colombian pesos



¹Includes materials for the rendering of services held by third parties, which are those delivered to contractors that perform activities related to the rendering of services.

²Includes goods in stock that do not require transformation, such as electricity, gas and water meters, and supply goods, as well as those held by third parties.

Inventories of \$35,989 (2020: \$75,948) were recognized as cost of goods sold or cost of providing service during the period.

The Company has not generated impairment losses when comparing the net realizable value with the average cost of inventories.

The Company has not pledged inventories as collateral for liabilities.

Note 18. Cash and cash equivalents

The composition of cash and cash equivalents at the end of the period is as follows:

Cash and cash equivalents	2021	2020
Cash in cash and banks	586,424	610,057
Other cash equivalents	1,211,663	254,574
Total cash and cash equivalents presented in the financial position	1,798,087	864,631
Cash and cash equivalents presented in the state of Statement of cash flows	1,798,087	864,631
Restricted cash ¹	523,042	97,417

Amounts stated in millions of Colombian pesos



¹Of this \$21,588 (2020: \$71,708) corresponds to non-current restricted cash and \$501,454 (2020: \$25,709) to current cash.

Cash investments mature in a term equal to or less than three months from the date of acquisition and bear interest at market rates for this type of investment.

The Company has restrictions on cash and cash equivalents detailed below. At December 31, 2021 the fair value of restricted cash equivalents is \$523,042 (2020: \$97,417).

Fund or agreement	Destination	2021	2020
Recursos proyecto hidroituango	Receipt of the resources paid by the insurers AXA, SBS and SURA and whose destination is exclusive for the Hidroituango project.	426,174	-
Fondo de Vivienda Sinpro	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	37,760	27,943
Fondo de Vivienda Sintraemdes	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	27,910	28,506
Renta premio Corpb. 6972005469	Attend to possible contingencies after the acquisition of EPRI by EPM	8,871	8,797
Ministerio de Minas y Energía - Fondo Especial Cuota Fomento	Co-financing agreement for the construction, distribution infrastructure and connection to lower-income users in the municipalities of Amaga, Santafé de Antioquia, Sopetran, San Jeronimo and Ciudad Bolivar. Compressed Natural Gas and connection to users of Don Matias, Entrerrios, San Pedro, Santa Rosa and Yarumal. Convention No 106: Construction of the infrastructure for connecting users of the Valley of Aburra, the Bee, the Union and the Retiro. Convention 179: Includes the municipality of Sonson.	5,414	5,771
Contrato No. CT-2019-001105	Contract for the supply of energy and electric power for the unregulated market and support of contracts from energy distributor and distributor S.A. E.S.P, DICEL S.A. E.S.P.	2,589	2,478

Fund or agreement	Destination	2021	2020
Fondo de Educación Sinpro	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,552	2,389
Fondo de Educación Sintraemdes	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,252	2,172
Fondo Entidad Adaptada de Salud y Fondo Fosyga	Mechanism of control and follow-up to the collection of contributions from the contributory scheme of the General Social Security System in Health.	2,210	2,283

Amounts stated in millions of Colombian pesos

Fund or agreement	Destination	2021	2020
Convenio puntos SOMOS	Provision of services for the operation of the key capabilities associated with the Points element of the Large-Scale Loyalty Program for the EPM Group.	1,809	1,775
Fondo de Calamidad Sintraemdes	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,637	1,587
Fondo de Calamidad Sinpro	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,420	1,397
Procesos judiciales o administrativos	Accounting garnishment by judicial or administrative proceedings	986	45
Fondo de Reparación de motos	To promote the welfare of official workers who operate in the regional market and use motorcycles of their own for the performance of their duties.	409	396
Convenio Marco Municipio Medellín No. 4600049285	Construction by EPM of platforms and other road elements in the city center, taking advantage of the Centro Parrilla project, that is, the renovation of aqueduct and sewerage networks.	222	-
Programa Aldeas	To take advantage of the wood that completes its cycle of maturation in the forests planted by EPM around its reservoirs, to build housing of social interest in the municipalities of Antioquia outside the Valley of Aburra and to deliver them to families of scarce resources, preferably in situations of forced or voluntary displacement.	219	217
Convenio 5 Esc. Indígenas 2019-20	Co-finance the development of indigenous education centers within the framework of the Villages program to improve the quality of life of indigenous communities in the Department of Antioquia	196	413
Convenio interadministrativo CT -2017-001388 (460007009)	Convention for the construction of 7 indigenous schools in 5 municipalities	92	292

Amounts stated in millions of Colombian pesos



Fund or agreement	Destination	2021	2020
Depósitos Ley 820	Guarantee required by the landlord to the tenant for payment of public services. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	82	75
Administración de recursos para la construcción de infraestructura en Madera para Emvarias en el relleno sanitario La Pradera.	Management of resources for the construction of infrastructure in Wood for Emseveral in the sanitary landfill La Pradera.	65	64
Municipio de Medellín - Terrenos	Acquisition of sites identified and characterized within the protection zones of watersheds supplying aqueduct systems in the municipality of Medellín.	64	63
Espíritu Santo	EPM - Holy Spirit Liquidation	64	63
Municipio de Medellín - Aguas	Integrated water management for human consumption of the inhabitants of the municipality of Medellín.	24	205
Convenios tasas de alumbrado público y de aseo con los municipios	Agreement to manage the resources of the territorial authorities for payment to the municipalities with agreements to collect the fees of public lighting and toilet, are resources exempt from 4x1000.	20	202
IDEA Convenio 4600003283	Join efforts to build gas home operations in the different subregions of the Department of Antioquia under the "Gas Without Borders" program.	1	1
cuenta de garantía Ituango	Deposit the resources (approximately 6.00,000,000) that EPM must contribute, in order to support the issuance of a bank guarantee for the Ituango project.	-	6,666
Convenio firmado entre el Área Metropolitana del valle de aburra y Empresas Públicas de Medellín E.S.P., Acta de ejecución N°4 del convenio marco No. CT 2015-000783 de 2015	Support the construction of the southern interceptor of the Aburra River - Medellín	-	2,654
Contrato interadministrativo Número Pc-2017-001532 De 2017,	Construction and intervention of aqueduct and sewerage network connections in Pepe Sierra I, Barrios de Jesus, El Progreso and Canada del Nino neighborhoods	-	611
Crédito BID 2120	Disbursement for the construction of the Bello Wastewater Treatment Plant (WWTP).	-	351
Aporte Municipios de Pueblorrico y Ciudad Bolívar	Convention for the Construction of 7 Rural Indigenous Schools	-	1
Total Restricted Resources		523,042	97,417

Amounts stated in millions of Colombian pesos



Note 19. Equity

19.1 Capital

The company does not have its capital divided into shares and has not had any increase or decrease in capital in the period reported.

19.2 Reserves

Of the items that conform equity, the reserves at the cut-off date were constituted by:

Reserves	2021	2020
Legal reserves		
Initial balance	1,027,697	1,123,219
Release	(56,304)	(95,521)
Final balance of legal reserves	971,393	1,027,698
Occasional reserves		
Initial balance	574,008	574,008
Final balance of occasional reserves	574,008	574,008
Other reserves		
Initial balance	7,591	7,591
Final balance other reserves	7,591	7,591
Total reserves	1,552,992	1,609,297

Amounts stated in millions of Colombian pesos



The nature and purpose of the company's equity reserve are described below:

Legal Reserves

The company has constituted legal reserves, in compliance with the tax provisions of Colombia that were contained in Articles 130 of the Tax Code, which was repealed by Law 1819 of 2016 (reserve of 70% for the excess of tax depreciation over the accountable) and Decree 2336 of 1995 (for revenue incorporated to income or loss in the application of the equity method applied under local regulation).

Occasional Reserves

In accordance with article 211 of the Tax Code, the company has created the reserves in order to enjoy the special tax treatment and obtain cuts in the income and complementary taxes.

Other Reserves

Includes equity funds (resources appropriated prior to 1999 for granting housing loans to workers, Financing plan, self-insurance fund, housing fund).

The Board of Directors, at its meetings of March 23, 2021 and March 26, 2020, approved:

- Release reserves of \$56,304 (2020: \$95,521) appropriated in prior periods as authorized by the Board of Directors.

19.3 Retained Earnings

The changes in retained earnings during the period were as follows:



Retained Results	2021	2020
Initial balance	20,555,215	19,408,329
Movement of reserve	56,304	95,521
Surpluses or dividend decreed	(1,396,953)	(1,488,319)
Equity method for change in equity	(2,783)	(231)
Total cumulative profit before net income or loss for the year	19,211,783	18,015,300
Net profit for the period	3,365,046	2,539,915
Total retained profit	22,576,829	20,555,215

Amounts stated in millions of Colombian pesos

Surpluses paid during the year were \$1,396,953 (2020: \$1,488,319), \$761,974 (2020: \$811,810) ordinary and \$634,979 (2020: \$676,509) extraordinary.

Note 20. Accumulated other comprehensive income

The breakdown of each component of the other comprehensive income for the separated statement of financial position and the corresponding tax effect is as follows:

Accumulated other comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Reclassification of property, plant and equipment and other assets reclassified to investment property	13,439	(1,360)	12,079	13,439	(1,360)	12,079
New measurements of defined benefit plan	569	1,575	2,144	(65,393)	25,314	(40,079)
Equity investments measured to Fair Value Measurement the estate through the estate	3,037,953	-	3,037,953	3,360,436	(1)	3,360,435
Participation in the other comprehensive income of subsidiaries	1,234,934	(19,562)	1,215,372	861,965	21,604	883,569
Cash flows hedges	(533,604)	169,464	(364,140)	(16,064)	(19,795)	(35,849)
Coverage of net investments in foreign business	(61,509)	21,106	(40,403)	-	-	-
Total	3,691,782	171,223	3,863,005	4,154,383	25,762	4,180,155

Amounts stated in millions of Colombian pesos

During the period, net losses of \$889,289 (2020: net gains of \$375,299) previously recognized in other comprehensive income were reclassified to profit or loss for the period, as a result of cash flow hedges.

A reconciliation of the beginning and ending balances at the balance sheet date is presented below for each component of comprehensive income:

20.1 Component: reclassification of property, plant and equipment to investment property

The reclassification of property, plant and equipment to investment property component of other comprehensive income corresponds to transfers from property, plant and equipment to investment property, which are measured at fair value. Changes in fair value are not reclassified to profit or loss.

Reclassification of property, plant and equipment to investment property	2021	2020
Initial balance	12,079	12,079
Total	12,079	12,079

Amounts stated in millions of Colombian pesos

20.2 Component: new measurements of defined benefit plans

The component of new measurements of defined benefit plans represents the accrued value of actuarial profits or losses, the return on plan assets and changes in the effect of the asset ceiling, excluding the values included in the net interest on the liability (asset) of net defined benefits. The net value of the new measurements is transferred to retained profit and does not reclassify to the results of the period.

Component new measurements of defined benefit plans	2021	2020
Initial balance	(40,079)	(28,926)
Profit or loss for the period due to new measurements of defined benefit plans	65,962	(17,430)
Associated income tax (or equivalent)	(23,739)	6,277
Total	2,144	(40,079)

Amounts stated in millions of Colombian pesos

20.3 Component: Fair value of equity investments

The component of other comprehensive income from equity investments measured at fair value through equity represents the accumulated value of the profits or losses from the assessment at fair value less the values transferred to retained profit when these investments have been sold. Changes in fair value do not reclassify to the result of the period.

Equity investments measured at fair value through equity	2021	2020
Initial balance	3,360,435	2,766,176
Net profit (losses) due to changes in fair value measurement of investment property	(322,482)	596,096
Associated income tax (or equivalent)	-	(1,837)
Total	3,037,953	3,360,435

Amounts stated in millions of Colombian pesos

20.4 Component: participation in other comprehensive income of subsidiaries

The component of other comprehensive income from participation in other comprehensive income of subsidiaries represents the accumulated value of applying the equity method to profits or losses of other comprehensive income of subsidiaries. The accrued value of the profits or losses will be reclassified to the profit or loss for the period or to the accrued profit or loss, depending on the items that originated the equity method, when these investments have been sold.



Participation in the other comprehensive income of subsidiaries	2021	2020
Initial balance	883,569	479,732
Reclassification of property, plant and equipment and other assets	139	-
New defined benefit plan measurements	77,951	(30,673)
Equity investments measured at fair value through equity	(87,762)	191,471
Hedging operations	3,605	(2,759)
Result for conversion of foreign operation	356,438	243,207
Assets held for sale or to be distributed to owners	-	51
Associated income tax (or equivalent)	(19,438)	2,586
Total other comprehensive income for the period	330,933	403,883
Acumulative profit (losses) transferred to retained profit/loss - new defined benefit plan measurements	24	(1)
Acumulative profit transferred to retained profit - equity investments measured at fair value through equity	(13)	(51)
Acumulative profit (losses) transferred to retained profit/loss - Hedge Operations	401	-
Acumulative profit (losses) transferred to retained profit/loss - results from conversion to foreign business	583	40
Associated Income Tax (or Equivalent) - retained profit (losses) transferred to accumulated profit/Loss	(125)	(34)
Total accumulated other comprehensive income	870	(46)
Total	1,215,372	883,569

Amounts stated in millions of Colombian pesos

20.5 Component: cash flow hedges

The component of other comprehensive income from cash flow hedges represents the accumulated value of the effective portion of the gains or losses that arise from changes in the fair value of hedged items in a cash flow hedge. The accumulated value of the profits or losses will reclassify to the profit or loss for the period only when the hedged transaction affects the profit or loss for the period or the highly probable transaction is not expected to occur, or is included, as part of its recorded value, in a heading non-financial item.

Cash flow hedges	2021	2020
Initial balance	(35,849)	(21,864)
Profit (loss) due to changes in fair value of hedging instruments	371,740	(399,370)
Income tax (or equivalent) due to changes in fair value of hedging instruments	(98,537)	121,948
Accumulated profit (loss) due to changes in fair value of hedging instruments reclassified as a profit /loss for the period	(889,289)	375,299
Income tax (or equivalent) of fair value for the reclassified hedging instruments at the profit or loss statement	287,795	(111,862)
Total	(364,140)	(35,849)

Amounts stated in millions of Colombian pesos

20.6 Component: hedges of net investment in a foreign operation

The component of other comprehensive income of hedges of net investments in foreign operations represents the cumulative value of the effective portion of the gains or losses arising from changes in the value of the hedging instrument. The cumulative gain or loss is reclassified to profit or loss for the period only when the total or partial disposal of the hedged foreign investment affects profit or loss for the period.

Coverage of net investments in foreign business	2021	2020
profit (loss) from changes in fair value of hedge instruments	(61,509)	-
Associated income tax (or equivalent)	21,106	-
Total	(40,403)	-

Amounts stated in millions of Colombian pesos



Note 21. Credits and loans

The following is the breakdown of the recorded value of loans and borrowings:

Loans and borrowings	2021	2020
Non-current		
Commercial bank loans	1,076,618	539,567
Multilateral bank loans	1,128,180	2,765,208
Development bank loans	1,568,450	835,299
Bonds and securities issued	13,010,320	12,274,729
Total other non-current loans and borrowings	16,783,568	16,414,803
Current		
Commercial bank loans	1,294,929	1,004,022
Multilateral bank loans	198,770	196,978
Development bank loans	229,750	698,992
Bonds and securities issued	326,079	332,028
Total other current loans and borrowings	2,049,528	2,232,020
Total other loan and borrowings	18,833,096	18,646,823

Amounts stated in millions of Colombian pesos



The company's new credits and loans were acquired for the purpose of:

Entity	Destination of resources
END	To finance exclusively liquidity to relieve the pressure arising from the reduction in ordinary income resulting from the Economic, Social and Ecological Emergency provided for in Decree 417 of 2020
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the bills of users of strata 1 and 2 above basic or subsistence consumption; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the bills of users of strata 1 and 2 above basic or subsistence consumption; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the invoices of users of strata 3 and 4; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
JP MORGAN	Debt management operation
BANCO SANTANDER SA	Working Capital
BNP PARIBAS	Working Capital





During 2021

the following loan disbursements were received:

January

- TER Development Loan for COP 60,677.

May

- Long-term loans with BBVA (Findeter Rediscount Line) for COP 50,324.

September

- BNDES long-term loan for USD 8.9 million (COP 34,317).

November

- Long-term loan BNDES for USD 6.5 million (COP 26,184).
- EPM carried out a Debt Management Operation consisting in contracting a loan with JPMorgan and Bank of Tokyo -MUFG- to make a voluntary prepayment for an amount of USD250 million (COP 986,093) of the HSBC loan.

December

- Long-term loan BNDES for USD 6.7 million (COP 26,465).
- Short-term loan with Banco Santander for USD 200 million (COP 800,908).
- Short-term loan with BNP Paribas for USD 115 million (COP 448,485).

The detail of credits and loans is as follows:

Entity or loan	Original currency	Start Date	term	Nominal interest rate	2021				2020			
					IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
IPC III BONDS TRANCHE	COP	4/21/2009	15	CPI + 6.24%	11.83%	198,400	4,273	202,673	7.66%	198,400	3,728	202,128
IPC IV TRAM BONDS 2	COP	12/14/2010	12	CPI + 4.2%	10.03%	119,900	166	120,066	5.56%	119,900	715	120,615
IPC IV TRAM BONDS 3	COP	12/14/2010	20	CPI + 4.94%	10.53%	267,400	29	267,429	6.47%	267,400	1,291	268,691
CPI BONDS V TRANCHE II.	COP	12/4/2013	10	CPI + 4.52%	10.28%	96,210	270	96,480	6.26%	96,210	(31)	96,179
IPC V TRAM III BONDS	COP	12/4/2013	20	CPI + 5.03%	10.73%	229,190	(980)	228,210	6.72%	229,190	(1,399)	227,791
CPI BONDS VI TRANCHE II.	COP	7/29/2014	12	CPI + 4.17%	9.91%	125,000	869	125,869	5.88%	125,000	277	125,277
IPC VI TRAM III BONDS	COP	7/29/2014	20	CPI + 4.5%	10.19%	250,000	771	250,771	6.17%	250,000	(205)	249,795
CPI V TRAM IV BONDS	COP	3/20/2015	9	CPI + 3.65%	10.12%	130,000	707	130,707	6.11%	130,000	458	130,458
CPI BONDS VII TRANCHE II.	COP	3/20/2015	12	CPI + 3.92%	9.48%	120,000	(128)	119,872	5.43%	120,000	425	120,425
IPC VII TRAM III BONDS	COP	3/20/2015	20	CPI + 4.43%	9.94%	260,000	258	260,258	5.94%	260,000	1,500	261,500
IDB-1664-1	COP	3/31/2016	10	7.8%	8.98%	189,846	1,089	190,935	8.68%	237,308	2,415	239,723
IDB 2120-1	COP	5/27/2014	9	6.272%	8.56%	190,295	(144)	190,151	8.32%	190,295	(1,454)	188,841
BANK OF TOKYO-MITSUBI	USD	9/29/2008	15	LIBOR 6M + 0.95%	0.59%	132,652	1,252	133,904	1.18%	171,584	3,225	174,809
GLOBAL 2021 COP	COP	1/31/2011	10	8.375%	0.00%	-	-	-	14.04%	130,822	9,484	140,306
GLOBAL 2024 COP	COP	9/10/2014	10	7.625%	7.73%	965,745	19,616	985,361	7.73%	965,745	18,867	984,612
AGRICULTURAL	COP	6/24/2014	16	IBR + 2.4%	6.85%	96,273	(953)	95,320	4.55%	110,200	(1,944)	108,256
AFD	USD	8/10/2012	15	4.311%	4.40%	673,204	11,752	684,956	4.40%	677,165	11,580	688,745
IDB 2120-2	COP	8/23/2016	18	7.5%	9.10%	312,980	(75)	312,905	8.96%	338,019	(68)	337,951
BNDES	USD	4/26/2016	24	4.887%	5.01%	273,977	(1,096)	272,881	5.36%	166,345	(4,892)	161,453
GLOBAL 2027 COP	COP	11/8/2017	10	8.375%	8.45%	4,165,520	51,358	4,216,878	8.45%	4,165,519	51,489	4,217,008
IDB 2120-3	COP	12/8/2017	16	6.265%	7.61%	155,819	656	156,475	7.47%	168,285	873	169,158
CAF	USD	10/3/2016	18	LIBOR 6M + 3.1%	3.70%	796,232	(1,770)	794,462	3.58%	686,500	(2,407)	684,093
IDB INVEST SECTION 12 YEARS	USD	12/29/2017	12	LIBOR 6M + 2.75%	0.00%	-	-	-	4.01%	1,287,188	(54,183)	1,233,005
IDB INVEST SECTION 8 YEARS	USD	12/29/2017	8	LIBOR 6M + 2.125%	0.00%	-	-	-	3.70%	257,438	(9,669)	247,768
BANCOLOMBIA	COP	2/11/2019	3	IBR 6M + 2.5%	0.00%	-	-	-	3.90%	450,000	4,962	454,962
HSBC	USD	11/26/2018	3	LIBOR 6M + 1.65%	0.00%	-	-	-	2.60%	858,125	1,536	859,661
1023 USD BONUSES	USD	7/18/2019	10	4.25%	4.39%	3,981,160	52,805	4,033,965	4.39%	3,432,500	43,268	3,475,768
POPULAR BANK	COP	5/5/2020	1	IBR 6M + 2.1%	0.00%	-	-	-	3.81%	120,000	710	120,710
IDB 2120-4	COP	6/17/2020	14	5%	6.04%	338,243	4,336	342,579	5.88%	365,302	5,628	370,931
BONDS USD 2030	USD	7/15/2020	11	4.375%	4.60%	2,289,168	8,693	2,297,861	4.60%	1,973,688	12,516	1,986,204
Financial of Territorial Development S.A	COP	1/28/2021	3	0%	0.00%	45,967	-	45,967	0.00%	-	-	-
BBVA	COP	5/18/2021	3	IBR 1M + 0.1%	3.02%	1,145	2	1,147	0.00%	-	-	-
BBVA	COP	5/18/2021	3	IBR 1M + 0.1%	3.02%	14,907	28	14,935	0.00%	-	-	-
BBVA	COP	5/18/2021	2	IBR 1M + 0.1%	3.01%	25,704	44	25,748	0.00%	-	-	-
JP MORGAN	COP	11/24/2021	5	IBR OIS + 2.477%	5.54%	979,250	(401)	978,849	0.00%	-	-	-
1052 BANCO SANTANDER TESORERIA	USD	12/1/2021	1	LIBOR 1M + 1.45%	1.55%	796,232	1,062	797,294	0.00%	-	-	-
1053 BNP TESORERY	USD	12/10/2021	1	LIBOR 1M + 1.4%	1.50%	457,833	420	458,253	0.00%	-	-	-
1051 Commissions	COP	9/15/2021	0	LIBOR 6M + 1.62%	0.00%	-	(65)	(65)	0.00%	-	-	-
						18,678,252	154,844	18,833,096		18,548,128	98,695	18,646,823

Amounts stated in millions of Colombian pesos

At the end of the period, the following movements associated with credits and loans are disclosed in the statement of cash flows:

- i) obtaining public credit and treasury \$2,426,610 (2020: \$4,612,201).
- ii) payments of public credit and treasury \$3,809,887 (2020: \$1,225,080).
- iii) transaction costs for issuance of debt instruments \$37,492 (2020: \$28,553).

Interest paid on loan transactions was for 2021: \$1,102,595 and (2020: \$998,372).

The net foreign exchange loss related to debt recognized in profit or loss for the period was for 2021 \$349,110 and \$334,034 for 2020 and the capitalized foreign exchange difference on qualifying assets was 2021: \$177,206.

As of the cut-off date, the loans used as hedging instruments for net investments in foreign operations are CAF, JBIC and AFD and have been designated 2021 USD 374 million and the exchange difference has been reclassified from profit or loss for the period to other comprehensive income for 2021 \$61,509.



Information on the bonds issued is as follows:

Subseries	Original currency	Start Date	Term	Nominal interest rate	2021			2020			Amount awarded											
					IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value	Amount awarded to 2019	Amount awarded to 2018	Amount awarded to 2017	Amount awarded to 2016	Amount awarded to 2015	Amount awarded to 2014	Amount awarded to 2013			
A10A	COP	12/4/2013	10	CPI + 4.52%	10.28%	96,210	270	96,480	6.26%	96,210	(31)	96,179	96,210	96,210	96,210	96,210	96,210	96,210	96,210	96,210	96,210	
A10A	COP	3/20/2015	9	CPI + 3.65%	10.12%	130,000	707	130,707	6.11%	130,000	458	130,458	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	96,210	96,210
A12a	COP	12/14/2010	12	CPI + 4.2%	10.03%	119,900	166	120,066	5.56%	119,900	715	120,615	119,900	119,900	119,900	119,900	119,900	119,900	119,900	119,900	119,900	119,900
A12a	COP	7/29/2014	12	CPI + 4.17%	9.91%	125,000	869	125,869	5.88%	125,000	277	125,277	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
A12a	COP	3/20/2015	12	CPI + 3.92%	9.48%	120,000	(128)	119,872	5.43%	120,000	425	120,425	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	-
A15a	COP	4/21/2009	15	CPI + 6.24%	11.83%	198,400	4,273	202,673	7.66%	198,400	3,729	202,129	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400
A20a	COP	12/14/2010	20	CPI + 4.94%	10.53%	267,400	29	267,429	6.47%	267,400	1,291	268,691	267,400	267,400	267,400	267,400	267,400	267,400	267,400	267,400	267,400	267,400
A20a	COP	12/14/2013	20	CPI + 5.03%	10.73%	229,190	(980)	228,210	6.72%	229,190	(1,399)	227,791	229,190	229,190	229,190	229,190	229,190	229,190	229,190	229,190	229,190	229,190
A20a	COP	7/29/2014	20	CPI + 4.5%	10.19%	250,000	771	250,771	6.17%	250,000	(205)	249,795	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	-
A20a	COP	3/20/2015	20	CPI + 4.43%	9.94%	260,000	258	260,258	5.94%	260,000	1,500	261,500	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	-
A5A	COP	3/20/2015	5	CPI + 2.72%	0.00%	-	-	-	0.00%	-	-	-	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	-	
A6A	COP	7/29/2014	6	CPI + 3.57%	0.00%	-	-	-	0.00%	-	-	-	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-	
International bond	COP	1/31/2011	10	8.375%	0.00%	-	-	-	14.04%	130,822	9,484	140,306	130,822	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	
International bond	COP	9/10/2014	10	7.625%	7.73%	965,745	19,619	985,364	7.73%	965,745	18,867	984,612	965,745	965,745	965,745	965,745	965,745	965,745	965,745	965,745	-	
International bond	COP	11/8/2017	10	8.375%	8.45%	4,165,518	51,358	4,216,876	8.45%	4,165,519	51,489	4,217,008	3,530,000	2,300,000	2,300,000	-	-	-	-	-	-	
International bond	USD	7/18/2019	10	4.25%	4.39%	3,981,160	52,805	4,033,965	4.39%	3,432,500	43,268	3,475,768	3,277,140	-	-	-	-	-	-	-	-	
International bond	USD	7/15/2020	11	4.375%	4.60%	2,289,166	8,693	2,297,859	4.60%	1,973,688	12,516	1,986,204	-	-	-	-	-	-	-	-	-	
TOTAL						13,197,689	138,710	13,336,399		12,464,373	142,382	12,606,756	9,944,807	6,556,845	6,556,845	4,256,845	4,256,845	3,626,845	3,626,845	2,161,100		

Amounts stated in millions of Colombian pesos, the exchange rate used was the TRM at the end of each period



- **Covenant debt / EBITDA**

EPM has different financial commitments (covenants), established in the loan agreements signed with the French Development Agency - AFD, Inter-American Development Bank, CAF- Development Bank of Latin America, National Bank for Economic and Social Development - BNDES, JPMorgan, and Bank of Tokyo - MUFG, and Guarantee of Japan Bank for International Cooperation - JBIC. These contracts include one or more of the following covenants: Debt/EBITDA LTM, Net Debt/EBITDA LTM, EBITDA/Financial Expenses, Net EBITDA/Financial Expenses, and Long-Term Debt/Equity.

Contractually, one of the management schemes to avoid incurring non-compliance with this type of commitment is the issuance of waivers by creditors.

It should be noted that when Grupo EPM exceeds the Debt/EBITDA covenant agreed, it does not generate a direct activation of the declaration of default by the banks, nor of prepayment, since it is an action contractually subject to the decision of the bank(s) to exercise or not that declaration and additionally to the fact of having remedial periods agreed in the contracts to meet an eventual default.

The Grupo EPM must report compliance with the Long-Term Financial Debt/EBITDA indicator as follows: to the Japan Bank for International Cooperation -JBIC- quarterly and the French Development Agency -AFD- on a semi-annual basis.

The Grupo EPM obtained the waiver required for the JBIC loan for the entire 2021 term for the Debt/EBITDA covenant, additionally, it was established that, during this year, the Net Debt/EBITDA covenant will be reported as stipulated in the other contracts, it is highlighted that this indicator complies as of December 2021. In addition, on September 30, an amendment to the credit agreement with AFD was signed where the current financial covenant Debt was contractually modified, leaving the measurement as of that date in Net Debt/EBITDA ≤ 4 times.

- **IDB Invest contract management**

In connection with the credit agreement signed with IDB Invest on December 29, 2017 intended for the partial financing of the future Ituango hydroelectric power plant, on December 1, 2021, EPM and the bank agreed on the voluntary and early prepayment of the total outstanding balance of this credit. Therefore, on December 22, 2021, in compliance with the aforementioned agreement, EPM paid the principal balance of the loan for USD \$450 million (COP 1,798,326).

- **Bancolombia contract management**

In connection with the credit agreement signed with Bancolombia on November 22, 2018, EPM voluntarily paid in advance the principal balance of the loan (Ps. 450 thousand million) on December 27, 2021.

Compliance

During the accounting period, the Company has complied with the payment of principal and interest on its loans.

Note 22. Creditors and other accounts payable

Creditors and other accounts payables are measured at amortized cost and consist of:



Creditors and other accounts payable	2021	2020
Non-current		
Adquisition of goods and services	628	628
Deposits received as collateral	11,570	11,329
Resources received for management	998	998
Construction contracts	57	57
Total creditors and other non-current accounts payable	13,253	13,012
Current		
Creditors ¹	663,808	383,378
Adquisition of goods and services ²	741,630	570,611
Assigned grants	40,509	24,152
Deposits received on collateral	310	310
Received advanced payments	506	506
Resources received for management	1,679	5,562
Other accounts payables	318	318
Construction contracts	557	713
Fees payable	2,110	2,110
Total creditors and other current Accounts payable	1,451,427	987,660
Total Creditors and other Accounts payable	1,464,680	1,000,672

Amounts stated in millions of Colombian pesos



¹ The most significant increase is reflected in the account payables for compensation, due to the purchase of energy resulting from the commercial operation, the others, due to the increase in temporary liabilities for both domestic and imported purchases.

² The increase corresponds to invoices payable for the execution of the future Ituango hydroelectric power plant caused in December.

The term for payment to suppliers is generally 30 days with the exception of:

- Payments less than ten (10) (SMMLV).
- Those intended to cover penalties, fines and indemnities and taxes.
- And others that apply according to business rule 2019-RN-107.

Non-compliance

During the accounting period, the Company has not defaulted on payments of creditors and other accounts payable.

Note 23. Other financial liabilities

The other financial liabilities consist of:

Other financial liabilities	2021	2020
Non-current		
Finance leases	2,483,975	2,323,709
Financial liabilities measured to fair value market with changes in the period result	43,742	79,410
Pension bonds	177,141	214,099
Derivatives for the purpose of the coverage of Statement of cash flows ⁽¹⁾ (see note 24)	164,270	347,399
Total other non-current financial liabilities	2,869,128	2,964,617
Current		
Finance leases ⁽²⁾	68,071	21,877
Financial liabilities measured to fair value market with changes in the period result	47,574	41,018
Pension bonds ⁽²⁾	372,839	346,619
Derivatives for the purpose of the coverage of Statement of cash flows ⁽¹⁾ (see note 24)	-	69,196
Total other current financial liabilities	488,484	478,710
Total other financial liabilities	3,357,612	3,443,327

Amounts stated in millions of Colombian pesos



¹ Within the market risk management plan, the company finalized the closing of hedging operations for US\$475 million in 2021, of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

² Includes the following items: payment of pension bonds for \$40,660 and payment of lease liabilities for \$12,746 reflected in the statement of cash flows.

23.1 Financial liabilities designated at fair value through profit or loss

Financial liability for premiums payable for the weather derivative, which has been contracted to hedge against dry seasons that imply a decrease in hydroelectric generation and the increase in energy prices in the stock market. It is measured at fair value through profit or loss, in order to achieve the asymmetry or "matching" of the financial asset (derivative/option, measured at fair value through profit or loss) with the financial liability (premiums payable).

23.1.2 Financial liabilities designated at fair value through profit or loss, with the effects of the change in the liability's credit risk recognized in profit or loss for the period

Concept	2021	2020
Gain (loss) from changes in fair value measurement the term attributable to changes in credit risk recognized in the period result	1,139	2,057
Difference between book value and value payable at time liquidation:	(3,833)	(2,626)
Recorded value of liability(ies)	91,317	120,429
Value to be paid at the time of settlement	95,150	123,055
Total	91,317	120,429

Amounts stated in millions of Colombian pesos

The Company has determined that presenting the effects of changes in the credit risk of a liability in other comprehensive income would create or increase an accounting asymmetry in the result for the period, this asymmetry is generated given that EPM's rating is BBB and NewRe is AA. It should be clarified that this liability arises from a contract that is linked to an option type derivative instrument, which represents an asset for EPM. The derivative instrument (asset) is valued at fair value (including credit risk) with changes in results since it is not designated in hedge accounting.

Note 24. Derivatives and hedging

The company has the following types of coverage:

- Cash flow hedges, which consist of hedging the variation in future cash flows attributable to certain risks, such as interest rate and foreign exchange rate that may impact results, whose fair values at the end of the reporting period amount to:

- Swaps: A right of \$131,577 ([see note 13. Other financial assets](#)) and a liability of \$164,270 ([see note 23. Other financial liabilities](#)) for a net \$32,693 liability (2020: \$354,221 liability).
- Options: a right of \$3,673 (2020: \$0) ([see note 13. Other financial assets](#)).
- Hedges of net investments in foreign operations, whose objective is to hedge the equity for the exchange rate risks that EPM may have, by the equity method in the effect of translation of financial statements in the investments in subsidiaries with functional currency dollar for further details [see note 21 Credits and loans and note 20 Accumulated other comprehensive income](#).



The risks that have been hedged in these operations are presented below, for further details see [note 42 Financial risk management objectives and policies](#):

Coverage Presentation and Disclosure	Description	Risk Covered	Leg	Covered heading	Value in books Item covered	Value in books instrument of coverage	Changes in Fair Value Measurement the time period of the hedging instrument	Changes in Fair Value Measurement the item's time-frame covered	Coverage ineffectiveness recognized in the outcome of the period	Effectiveness of coverage recognized in the other end result	Reclassification of the other result integral to the result of the period ¹
Swaps	Cross Currency Swap	Exchange rate USD/COP and debt service fixed/libor interest rate	Part of the AFD loans and international bonds	Credit in Dollars	7,016,781	(32,693)	321,528	6,265,574	N.A.	321,528	889,289
Collar	Zero Cost Collar Option	Exchange rate USD/COP	50% of the account per square in USD	Account to balance in USD	2,523,378	3,673	3,673	N.A.	N.A.	3,673	N.A.
Net investment coverage abroad	Coverage of net investments in foreign operations	Exchange rate USD/COP	Investments in subsidiaries in HET, PDG and MaxSeguros.	Investments in subsidiaries with USD reporting currency	1,183,364	1,488,091	147,867	72,600	16,723	61,509	N.A.

Amounts stated in millions of Colombian pesos





The reclassification of the other comprehensive income to the income for the period, for the swap instruments affected the interest, exchange difference, interest exchange difference and principal of the right. Additionally, \$15,075 were capitalized as loan costs mainly for the future Ituango hydroelectric power plant.

The exchange risk hedging operations are part of the public indebtedness regulated in Decree 1068 of 2015, therefore, they require the general approval of the operation via resolution and additionally of official authorization of each of the confirmation letters of the financial entities that may possibly have the participation of the respective specific operations. This approval process, according to the concept of the entities that govern the subject in the country, can only be initiated once the respective resources have been disbursed.

This means that during the period in which the approval process is carried out, the company is exposed to the exchange risk without having the possibility of executing this type of exchange hedging operation.

In 2021 the company finalized the closing of hedging operations for US\$475 million of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

Cash flow hedges

The Company expects cash flows under cash flow hedge accounting to be realized in the period from January 1, 2022 to February 15, 2031, for further details [see note 42 Financial risk management objectives and policies, paragraph 42.1 Market risk.](#)



The characteristics of the main cash flow hedging instruments that are under hedge accounting are as follows:

Current Hedges

Characteristics									
Covered underlay	AFD Credit	AFD Credit	AFD Credit	AFD Credit	AFD Credit	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029
Close Date	03-feb-17	06-feb-17	10-feb-17	24-mar-17	30-mar-17	08-jun-20	07-jul-20	10-jul-20	15-jul-20
Derivative type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	BNP Paribas	BNP Paribas	BNP Paribas	CITI BANK	CITI BANK	BNP PARIBAS	JP Morgan	JP Morgan	Scotia Bank
Nominal (USD)	64,750,000	47,381,250	85,312,500	13,164,375	85,312,500	100,000,000	50,000,000	100,000,000	100,000,000
Strike	2,850	2,855	2,850	2,899	2,878	3,597	3,627	3,617	3,606
Maturity date	31-jul-22	31-jul-22	31-jul-22	31-jul-22	31-jul-22	18-jul-29	18-jul-29	18-jul-29	18-jul-29

* CCS : Cross Currency Swap

Current Hedges

Characteristics									
Covered underlay	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2031	Bonds 2031	Bonds 2031
Close Date	15-jul-20	09-nov-20	12-nov-20	18-may-21	02-jun-21	03-jun-21	11-sep-20	16-sep-20	22-oct-20
Derivative type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	Goldman Sachs	Goldman Sachs.	BBVA	Merrill Lynch International	BBVA	Merrill Lynch International	JP Morgan	JP Morgan	Sumitomo Mitsui Banking Corporation, New York Branch
Nominal (USD)	100,000,000	125,000,000	125,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Strike	3,608	3,657	3,642	3,649	3,638	3,647	3,709	3,708	3,774
Maturity date	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap



Current Hedges

Characteristics				
Covered underlay	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031
Close Date	23-oct-20	29-ene-21	11-mar-21	04-jun-21
Derivative type	CCS	CCS	CCS	CCS
Counterparty	JP Morgan	BNP Paribas	Goldman Sachs	CITIBANK
Nominal (USD)	100,000,000	75,000,000	75,000,000	25,000,000
Strike	3,774	3,568	3,525	3,602
Maturity date	15-feb-31	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap

Characteristics		
Covered underlay	50% insurance CXC MAPFRE	50% insurance CXC MAPFRE
Close Date	20-dic-21	21-dic-21
Derivative type	Zero Cost Collar Option	Zero Cost Collar Option
Counterparty	Goldman Sachs	Bank of America
Nominal (USD)	250,000,000	66,000,000
Strike PUT	3,899.87	3,899.87
Strike CALL	4,138.00	4,141.00
Maturity Date	31-ene-22	31-ene-22
Settlement Date	01-feb-22	01-feb-22

Termination of hedge

It is reported that during 2021 the hedging operation for USD250 million corresponding to the underlying loan with HSBC matured.

Non-hedging weather derivative

EPM currently has a risk hedge called "Derivative Climate" which is based on a put option and whose objective is to have the risk hedge coverage in revenues for the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments of

energy generation. It also serves to hedge the exposure to risk due to the purchase of energy in the stock exchange during such periods, which consequently also increases. Under this coverage, all the impact that the company could receive due to non-generation and non-compliance with contractual commitments, is transferred to the reinsurance market.

Embedded derivatives

The Company has not entered into any contracts containing embedded derivatives.

Note 25. Employee benefits

The item of employee benefits recognized at the reporting date have the following composition:

Employee Benefits	2021	2020
Non-current		
Post-employment benefits	327,648	344,000
Long-term benefits	46,978	50,712
Total employee benefits non-current	374,626	394,712
Current		
Short-term benefits	146,788	119,271
Post-employment benefits	17,942	51,749
Total employee benefits current	164,730	171,020
Total	539,356	565,732

Amounts stated in millions of Colombian pesos

25.1 Post-employment benefits

Consists of the defined benefit plans and the defined contribution plans detailed below:

25.1.1 Defined benefit plans

Defined benefit plans	Pensions ¹		Retroactive severances ²		Educational assistance plan ³		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Current value of liabilities due to defined benefit								
Initial balance	470,107	460,939	92,711	92,986	49	66	562,867	553,991
current service cost	-	-	2,753	2,889	-	-	2,753	2,889
Profit or (loss) due to interests cost	27,944	29,346	4,241	5,115	1	2	32,186	34,463
Assumptions by experience	(10,279)	(561)	15,827	22	(15)	6	5,533	(533)
Financial assumptions	(70,100)	17,535	(10,837)	4,101	-	1	(80,937)	21,637
Payments made by the plan ⁴	(37,636)	(37,152)	(13,526)	(12,402)	(13)	(26)	(51,175)	(49,580)
Current value of liabilities as at December 31	380,036	470,107	91,169	92,711	22	49	471,227	562,867
Fair Value of plan assets								
Initial balance	167,118	194,531	-	-	-	-	167,118	194,531
Contributions made to the plan	-	-	-	-	-	-	-	-
Payments made by the plan ⁴	(40,753)	(42,551)	-	-	-	-	(40,753)	(42,551)
Interest income	8,711	11,464	-	-	-	-	8,711	11,464
Expected plan yields (excluding profit due to interests)	(9,438)	3,674	-	-	-	-	(9,438)	3,674
Fair value of plan assets as of December 31	125,638	167,118	-	-	-	-	125,638	167,118
Surplus or (deficit) of the defined benefit plan	254,398	302,989	91,169	92,711	22	49	345,589	395,749
Net assets (or liabilities) of the defined benefit plan	254,398	302,989	91,169	92,711	22	49	345,589	395,749
Total defined benefits	254,398	302,989	91,169	92,711	22	49	345,589	395,749

Amounts stated in millions of Colombian pesos



¹ Includes a plan of retirement pensions recognized prior to the effective date of the General Pension System of Law 100 of 1993 with their respective substitutions, which are distributed in the actuarial calculation by groups, differentiating the life pensions, those shared with Colpensiones, pension substitutions, and those that generate pension quota. The plan is comprised of EPM retirees and retirees belonging to the pension commutation for the liquidation of Empresa Antioqueña De Energía EADE. It includes social security contributions and funeral allowance. Retirement pensions are of legal order under the parameters of Law 6 of 1945 and Law 33 of 1985. No risks have been identified for EPM, generated by the plan. During the period the plans have not suffered modifications, reductions, or liquidations that represent a reduction in the present value of the obligation.

² Includes a plan for retroactive severance payments, a post-employment benefit that applies to approximately 8% of EPM's employees, consisting of the recognition of an average monthly salary multiplied by the years of service, payable through advances and at the time of termination of the contract. The source of the plan is the "Law Six" of 1945 which establishes certain provisions on



labor agreements, professional associations, collective conflicts and special labor jurisdiction, and National Decree 1160 of 1989, which partially regulates Law 71 of 1988, which establishes rules on pensions and other provisions. For the retroactive severance plan, no possible risks or significant modifications are identified during the period.

³ Includes an educational allowance plan that is granted for each of the children of EPM retirees entitled to it, including allowances for secondary, technical, or university studies. It has its origin in Article 9 of Law 4 of 1976, which establishes rules on pension matters for the public, official, semi-official and private sectors and provides that companies or employers shall grant scholarships or allowances for secondary, technical, or university studies to the children of their retired personnel, under the same conditions that they grant or establish for the children of active workers.

⁴ Includes \$51,175 (2020: \$49,580) of amounts paid for plan settlements, corresponding to pensions, retroactive severance payments and educational assistance plan.

The weighted average duration in years of the defined benefit plan obligations at the balance sheet date is presented below:

Benefit	2021		2020	
	From	To	From	To
EPM Pension	7.3	9.8	8.5	11.5
EPM Educational Assistance	0.9	0.9	1.1	1.1
Retroactive Severance	4.2	4.2	5.2	5.2

The Company has no restrictions on the current realization of the defined benefit plan surplus.

The Company made no defined benefit contributions during 2021 and does not expect to make contributions for the next annual period.



The fair value of plan assets is composed as follows:

Assets that support the plan	2021		2020	
	% participation	Fair Value Measurement	% participation	Fair Value Measurement
Cash and cash equivalents	0.18%	223	3.25%	5,437
Equity instruments				
AAA	86.68%	108,902	85.01%	142,075
AA+	1.16%	1,459	0.97%	1,621
AA	7.09%	8,907	5.81%	9,713
No rating	3.56%	4,474	-	-
Investment funds	1.33%	1,673	4.95%	8,272
Total debt instruments	99.82%	125,415	96.75%	161,681
Other assets				
Total assets that support the plan	100.00%	125,638	100.00%	167,118

Amounts stated in millions of Colombian pesos

The main actuarial assumptions used to determine the defined benefit plan obligations are as follows:

Assumptions	Post-employment benefits	
	2021	2020
Discount rate (%)	8.40 - 5.50	6.10 - 2.70
Annual Salary Increase Rate (%)	4.6	4.6
Real rate of return of the assets plan	0.48	6.96
Future rate of increase in annual pension	3.5	3.5
Annual inflation rate (%)	3.5	3.5
Mortality rate table	Valid Rentiers 2008	

The following table shows the effect of a plus 1% and a minus 1% change in the salary increase, in the discount rate and in the increase in the benefit on the defined benefit post-employment benefit obligation:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%	Increase in profit by +1%	Decrease in profit increase by -1%
Pension EPM	269,126	307,810	-	-	-	-
Social Security Contributions EPM	19,585	22,262	-	-	-	-
EPM Educational Relief	22	22	-	-	22	22
Pension EADE	64,532	77,584	-	-	-	-
Contributions to social security EADE	826	964	-	-	-	-
Retroactive Cesantias	87,915	94,656	97,411	85,235	-	-
Total Post-Employment Benefits	442,006	503,298	97,411	85,235	22	22

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of the Obligations (DBO) were performed using the same methodology as for the actuarial calculation as of December 31, 2021: Projected Unit Credit (PUC). The sensitivity does not present any limitations or changes in the methods and assumptions used to prepare the analysis for the current period.

Calculation of pension liabilities and pension commutations in accordance with tax requirements.

Resolution 037 of 2017 issued by the General Accounting Office of the Nation established the obligation to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and Decree 1833 for pension commutations; therefore, the figures presented below do not correspond to the requirements of IFRS adopted in Colombia.

Pension liabilities

The pension actuarial calculation was prepared using the following technical bases:

Actuarial assumptions - Pensionary obligation	2021	2020
Real technical interest rate	4.8	4.8
Rate of salary increase	2.6	3.64
Pension increase rate	2.6	3.64
Mortality table	RV08 (Valid Rentlists)	

The following table is the calculation of the pension liability with the above parameters:

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Personnel pensioned entirely by the Company	603	149,507	627	155,709
Personnel pensioned with amounts share with Colpensiones (state pension system)	358	50,177	389	55,820
Personnel benefit shared with Colpensiones	471	60,720	469	61,440
Personnel pensioned with amounts share with other institutions	431	44,722	384	42,753
Total	1,863	305,126	1,869	315,722

Amounts stated in millions of Colombian pesos



The pension bonds related to pension obligations are detailed below:

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Retirement payment type A Modality 1	240	3,040	243	2,832
Retirement payment type A Modality 2	3,962	181,399	4,080	179,414
Retirement payment type A	2,074	308,415	2,227	315,403
Retirement payment type T	5	311	5	280
Contributions_Law 549	174	5,834	174	5,349
Difference	6,455	498,999	6,729	503,278

Amounts stated in millions of Colombian pesos

The differences between pension liabilities calculated under IFRS as adopted in Colombia and tax pension liabilities are shown below:

	2021	2020
Pension commutation liabilities	308,640	377,122
Fiscal pension commutation liabilities	804,147	819,000
Difference	(495,507)	(441,878)

Amounts stated in millions of Colombian pesos

Pension commutation liabilities

The actuarial calculation of pension commutation was prepared on the following technical basis:

Actuarial assumptions - Pensionary commutation	2021	2020
Real technical interest rate	4.8	4.8
Rate of salary increase	2.6	3.64
Pension increase rate	2.6	3.64
Mortality table	RV08 (Valid Rentlists)	

The following table is the calculation of the pension commutation with the above parameters:

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Personnel pensioned entirely by Company	66	16,560	86	21,911
Personnel pensioned with amounts share with Colpensiones (state pension system)	341	44,718	355	47,999
Personnel benefit shared with Colpensiones	60	6,658	42	4,284
Personnel pensioned with amounts share with other institutions	24	3,318	21	2,510
Total	491	71,254	504	76,703

Amounts stated in millions of Colombian pesos

The pension bonds related to the pension commutation liability are detailed below:

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Retirement payment type A modality 1	12	43	12	39
Retirement payment type A modality 2	241	11,596	255	11,309
Retirement payment type B	202	21,572	206	20,662
Retirement payment type T	3	7	3	22
Other -Include type of pension bond-	1	45	1	42
Difference	459	33,263	477	32,074

Amounts stated in millions of Colombian pesos

The differences between the pension commutation liability calculated under IFRS as adopted in Colombia and the tax pension commutation liability are shown below:

	2021	2020
Pension commutation liabilities	71,418	93,034
Fiscal pension commutation liability	104,516	108,777
Difference	(33,098)	(15,743)

Amounts stated in millions of Colombian pesos

The Company's accounting police is to prepare actuarial calculations for the annual closing of the period, therefore, the estimated data for 2020 is presented.

25.1.2 Defined contribution plans

The company made contributions to defined contribution plans of \$71,523 (2020: \$65,726) recognized in the result for the period as expense \$22,176 (2020: \$20,573), cost \$38,742 (2020: \$35,909) and investment projects \$10,604 (2020: \$9,244).

25.2 Long-term employee benefits

Long-term benefits	Seniority Premium ¹	
	2021	2020
Current value of liabilities due long-term benefits		
Initial Balance	50,711	46,049
Cost of the present service	5,534	4,848
Income or (expenses) by interest	2,909	2,902
Assumptions by experience	3,346	1,420
Financial assumptions	(7,949)	1,960
Payments made by the plan	(7,573)	(6,468)
Final balance of current value of liabilities	46,978	50,711
Net liabilities due to long-term benefits	46,978	50,711

Amounts stated in millions of Colombian pesos

For these benefits, the company does not have assets to support the plan.



¹ Includes a seniority premium plan. It is a long-term benefit granted to employees through the Collective Bargaining Agreement, in EPM it is granted based on the years of continuous or discontinuous service. It is recognized and paid only once in the respective period and according to the established terms: every 5 years 12, 17, 23, 30, 35 and 40 days of basic salary will be paid, respectively. The form of payment may be in cash, time off or a combination of the two at the employee's choice. For personnel who resign from the company to access the old age or disability pension, they are entitled to proportional payment for the time of service, if they are less than one year short of the next five-year period at the time of termination. No potential risks have been identified for the Seniority Premium plan.

The weighted average duration in years of the long-term benefit plan obligations at the balance sheet date is presented below:

Benefit	2021		2020	
	From	To	From	To
Seniority Premium	6.3	6.3	7	7

The Company does not expect to make contributions to the plan for the next annual period.

The main actuarial assumptions used to determine the obligations for long-term employee benefit plans are as follows:

Assumptions	Concept	
	2021	2020
Discount rate (%)	8.3	5.8
Annual Salary Increase Rate (%)	4.85	4.85
Annual inflation rate (%)	3.5	3.5
Survival tables	RV08 (Valid Rentlists)	

The following table shows the effect of a plus 1% and a minus 1% change in the salary increase, in the discount rate and in the increase in the benefit on the long-term benefit obligation:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%
Seniority Premium	44,398	49,873	50,181	44,082
Total long-term benefits	44,398	49,873	50,181	44,082

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of the Obligations (DBO) were performed using the same methodology as for the actuarial calculation as of December 31, 2021: Projected Unit Credit (PUC). The sensitivity does not present any limitations or changes in the methods and assumptions used to prepare the analysis for the current period.

25.3 Short-term employee benefits

The composition of the short-term benefits is as follows:

Short-term benefits	2021	2020
Payroll to be paid	28,034	8,249
Severance	46,575	42,193
Interests to the severances	5,465	4,956
Holidays	21,048	20,126
Vacation Premium	42,365	41,175
Christmas bonus	256	27
Bonuses	2,573	2,460
Other premiums	472	85
Total short-term benefits	146,788	119,271

Amounts stated in millions of Colombian pesos



Note 26. Taxes, contributions and fees payable

The detail of taxes, contributions and rates, other than income tax, is as follows:

Taxes, contributions and fees payable	2021	2020
Current		
Tax withholdings at source and stamp tax ¹	162,860	79,669
Industry and commerce tax	25,092	21,543
Customs tax and surcharges	170	2,939
Control tax and audit fees	-	2,726
Contributions ²	2,516	81,855
Fees	32,313	28,895
National consumption tax	6	5
Other national taxes	26,246	696
Other municipal taxes	9	2
Value added tax	4,444	4,063
Total taxes, fees and current contributions	253,656	222,393

Amounts stated in millions of Colombian pesos



¹ The increase is explained by the higher values calculated for self-withholdings (Income and Special Income), due to the compensation received for the future Ituango hydroelectric power plant, higher energy income and realized exchange difference.

² The decrease is explained by the causation of the additional contribution to the SSPD for the year 2020, which was paid in 2021 for \$81,314.

Note 27. Provisions, contingent assets and liabilities

27.1 Provisions

The reconciliation of provisions is as follows:

Concept	Dismantling or restoration	Litigation	Contingent - Business combination and Compensation	Subsidiary Implicit Obligations	Guaranties	Other provisions	Total
Initial balance	182,543	206,558	155,378	63,024	174,318	93,246	875,067
Additions	1,250	305,900	-	-	-	55,964	363,114
Uses	(33,628)	(9,122)	(791)	-	(15,318)	(60,741)	(119,600)
Reversals, Unused Amounts (-)	(124)	(40,464)	(13,266)	-	-	(20,221)	(74,075)
Adjustment for changes in estimates	47,412	750	-	(22,391)	39,230	1,605	66,606
Capitalizable decommissioning	(25,283)	-	-	-	-	-	(25,283)
Exchange rate difference	-	(344)	21,910	-	-	-	21,566
Other Changes_Financial Expense_	6,359	4,015	1,983	-	3,689	2,091	18,137
Final balance	178,529	467,293	165,214	40,633	201,919	71,944	1,125,532
Non-current	96,214	317,615	163,572	40,633	42,659	47,805	708,498
Current	82,315	149,678	1,642	-	159,260	24,139	417,034
Total	178,529	467,293	165,214	40,633	201,919	71,944	1,125,532

Amounts stated in millions of Colombian pesos

As of December 31, 2021, the significant behavior of EPM's provisions is as follows:

- Increase in the provision for Litigations for \$260,735, which was mainly explained in seven group actions against Empresas Públicas de Medellín and Hidroeléctrica Ituango S.A. E.S.P., which went from possible to probable probability of success. (numeral 27.1.2.)
- Increase in the provision Guarantee for \$27,601, which contemplates the default from November 2021 to September 2023, to the transporter Intercolombia for the months after the entry into operation of the connection infrastructure for the future Ituango hydroelectric power plant (Item 27.1.5).
- Decrease in the provision Implicit Obligations in Subsidiaries for \$22,391, which was originated by the adjustment to the valuation of the investment in EPM Mexico in the fourth quarter of 2021 (Numeral 27.1.4).
- Decrease in Other Provisions for \$9,203, mainly in the provision for Contingency destined for the attention of the injured people and the recovery of the infrastructure affected by the plugging of the future Ituango hydroelectric power plant, since the estimate of the valuations in the long term was reviewed and adjusted, since some activities are being closed, such as the economic support to the evacuated families. (Numeral 27.1.6).

27.1.1. Decommissioning or environmental restoration

EPM is obliged to incur in dismantling or restoration costs of its facilities and assets. Currently there are three provisions for dismantling or restoration:

- **Environmental provision in the construction of infrastructure projects:** this arises as a legal obligation derived from the granting of the environmental license to compensate for the loss of biodiversity during the construction phase, as well as compensation for the subtraction of reserve areas, the affectation of banned species and forest

exploitation; obligations that are formalized through resolutions of the ANLA (National Environmental Licensing Authority), CAR - Regional Autonomous Corporation and/or MADS - Ministry of Environment and Sustainable Development.

The execution of the project's biotic environmental compensations extends beyond the time in which the asset begins to operate technically, being necessary to implement the figure of the provision with the intention that such disbursements remain as a greater value of the construction in progress. The company has committed to compensate the loss of biodiversity, subtraction and closures from 2016 to 2019 according to the resolutions: Res. 1313/2013 ANLA, Res. 519/2014 ANLA, Res LA. 0882/04/08/2014 ANLA, Res. 1166/2013 MADS, Res. 1852/2013 CAR, Res. 2135/2014 CAR, Resolution 1189/22/07/2104 MADS, Res. 1120907/17-03-2015 CORNARE, Res. 141011201207/17-03-2015 CORNARE, Res. LA. 0882/04/08/2014 ANLA, Res LA. EIA1-9872 21/04/2014 CVS, among others. The provision is recognized for the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are estimated costs, CPI _Consumer Price Index_ and fixed rate of return TES (Colombian Government debt security).

- **Environmental compensation and 1% mandatory investment:** Law 99 of 1993, established the mandatory nature of environmental licensing for the development of any activity that may produce serious deterioration to renewable natural resources or the environment, or introduce considerable or notorious modifications to the landscape and depending on the type of activity, the size and location of the project, and assigned the competencies in relation to environmental licensing to the National Environmental Licensing Authority, the Regional Autonomous Corporations, or the metropolitan areas.

Article 321 of Law 1955 of 2019, indicates that all holders of an environmental license that had pending investments as of May 25, 2019 may benefit from the percentage increase in the value of the liquidation base of the forced investment of not less than 1%, according to the year of commencement of activities authorized in the environmental license and defined the requirements and procedures to update pending investments and benefit from new terms of execution subject to the approval of the ANLA.

For EPM, the obligations related to the use of water taken directly from natural sources in the projects carried out in La Sierra, Porce II, Porce III and the future Ituango hydroelectric power plant are contemplated.

- **Jepírachi:** The Jepírachi Wind Farm will generate until 2023, when it will be removed or disconnected from the operation of the National Interconnected System and the respective dismantling will be carried out. The main assumptions considered in the calculation of the provision are estimated costs, CPI and TES fixed rate. As of December 31, 2021, the provision was recorded for \$579.

For environmental contingency of the future Ituango hydroelectric power plant, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the Cauca river detour tunnel, due to the closing of floodgates; and for the contingency events that may arise in the technical milestones pending to be reached, as well as for the execution of the project itself, this item has been adjusted by \$44,954, during 2021, to reach a provision of \$103,635 as of December 31, 2021.

The social and environmental recovery plan for the future Ituango hydroelectric power plant took into account the evaluation of the concentrations of mercury, lead, nickel, chromium, cadmium and arsenic, methylmercury in fish, water, sediments and suspended material, cyanobacteria in water and possible effects on the health of the riverside inhabitants of the middle and lower Cauca river basin; and the Humboldt Framework Agreement: Biodiversity (Standardization of monitoring in the middle and lower Cauca River basin, compliance with pending commitments in the compensation plan, analysis of possible reserve area) which was adjusted to December 2021 by \$17,581.

The specific action plan for recovery should consider three framework programs:

- a. Recovery of affected bogs.
- b. Recovery of affected fish fauna.
- c. Reestablishment of aquatic habitats located in the affected area.

These three programs correspond to the environmental component as a response to the identification of the impacts caused, as well as discretionary actions. They also include social programs, economic activities, infrastructure, risk management, among others.

The different actions are developed between the municipalities of Valdivia and Nechí; however, if impacts are identified in the municipalities that are part of La Mojana, they will also be the object of the intervention.

27.1.2. Litigation

This provision covers the estimated probable losses related to labor, civil, administrative and tax litigation arising from EPM's operations. The main assumptions considered in the calculation of the provision are: CPI (Consumer Price Index) average to actual data in previous years and projected data in future years, fixed rate TES (Colombian Government debt security) in pesos to be discounted, estimated value to be paid, start date and estimated date of payment, for those litigations qualified as probable. To date, there is no evidence of future events that could affect the calculation of the provision.

In order to reduce the uncertainty conditions that may arise with respect to the estimated payment date and the estimated value payable of a lawsuit classified as probable, the company has business rules based on statistical studies with which it obtained the average duration of the processes per action and also the application of case law to the maximum limits that it defines for the value of non-pecuniary or immaterial claims when they exceed their amount, as described below:



Average duration of processes per action

Administrative and tax

Action	Average years
Abbreviated	4
Compliance Action	4
Group Action	6
Popular Actions	4
Preliminary conciliation	2
Constitution of a civil party	4
Contractual	13
Delinade and amooning	5
Executive	5
Executive singular	3
Exporpiation	4
Integral (criminal) reparation incident	2
Imposition of servitude	4
Invalidity of administrative acts	5
Nullity and restoration of law	10
Nullity and restoration of labor law	11
Ordinary	7
Ordinary membership	5
Criminal Prosecution (Law 906 of 2004)	4
Divisive processes	4
Protection of consumer law	6
Police charges	3
Vindication	7
Direct repair	12
Verbal	5

Labor proceedings

Action	Average years
Solidarity	3.5
Pension	3.5
Overtime	3.5
Refund	4
Salary step leveling	3.5
Compensation Unfair dismissal	3.5
Relaxation Social benefits	3.5
Indeminization work accident	4
Return Health_Pension Contributions	4

Application of case law

- **Typology:** the values of the claims for compensation for non-pecuniary damages will be recorded according to the following typology:
 - Moral damage.
 - Damage to health (physiological or biological damage), derived from a bodily or psychophysical injury.
 - Damage to relationship life.
 - Damages to constitutional and conventional goods.

The values of other non-pecuniary claims not recognized by jurisprudence will not be recorded, unless it can be inferred from the claim that, despite being denominated otherwise, they correspond to one of the admitted typologies. Claims for non-pecuniary compensation for damage to property will not be recorded either.

- **Quantification:** the amount of non-patrimonial claims shall be recorded uniformly as follows, regardless of their typology:

For direct victim	100 Minimum statutory monthly salaries in force
For indirect victim	50 Minimum statutory monthly salaries in force

The following are the recognized litigations:

Third	Pretension	Value
Maikol Arenales Chaves	To declare the defendants administratively responsible, as the perpetrators of the antilegal damage having destroyed the fishing resource of the Montecristo Cienagas Complex, which is due to the construction of the IHP.	221,777
Oscar Elias Arboleda Lopera	It includes 173 claimants who worked for EADE; and, they say that in the dissolution and liquidation of this company there was an employer replacement with EPM, which obliges it to all the work credits.	108,228
Roger Alberto Gil Barragan	To recognize as compensation for each of the members of the group "ASOBAPEBEL", which are one hundred and ninety-three (193) for the anti-legal damage caused, the moral, material injury and the violation of fundamental rights such as decent living, vital minimum, decent housing, work, Food security and the destruction of its source of subsistence, the displacement of its territory and the antilegal psychic and physical transformation of its lives, bearing as a title of imputation the exceptional risk due to the emergency that caused the damage to the Cauca river.	15,420
Miscellaneous Administrative	litigation with an average of 29 and less than 1,956.	15,281
Luis Fernando Anchico Indaburo	To declare EPM administratively responsible, as the cause of the antilegal damage due to the destruction of the fishing resource of the Montecristo cienagas complex, which is due to the construction of the IHP (Ituango Hydroelectric Project) and it requests recognition and payment of a minimum wage for each household from february 2019 until the sentence is handed down, this is called by the defendants as consolidated loss of profits.	15,208
Various workers	125 processes with average of 110m7s and less than 200m7s.	13,715
Santiago Andrés Ortiz Mora	To declare administrative and extra-contractually liable to EPM for the illegal damage caused, the moral, material and the violation of fundamental rights, caused to members of the "SAN ROQUE" group, for the destruction of their source of subsistence, The displacement of their territory and the unjustified psychic and physical transformation of their lives by the affectation originated in the project "Hidroituango" in April 2018. The amount to be recognized as compensation for each of the 161 members of the group is fixed at 100 Minimum Legal Monthly Salaries in force (SMMLV), giving a total of fourteen thousand one hundred thirty-two million six hundred twenty-eight thousand three hundred pesos (5,14,132,628,300). One hundred and forty-six million four hundred and thirty-one thousand and thirty-four pesos are claimed for loss of profits (1 146,431,034.00).	12,093
Rodrigo Antonio Munoz Arenas	To declare the State's out-of-contract patrimonial responsibility for the deficiencies or omissions in which the defendants incurred, by not measuring the danger, threat and damage, which would be caused by the indiscriminate felling of trees in the area of influence of the dam, to which, communities attribute changes in river behavior and landslides in the area. To condemn the defendants, who, as an emergent injury, pay the claimants and members of the group concerned the sums corresponding to the minimum life lost during the time that the emergency lasted, Settled for family groups on the date of filing of the group action FOUR THOUSAND TEN SEVEN MILLION HUNDRED THREE THOUSAND TWO HUNDRED PESOS (307.103.200.00).	10,451
Javier Maure Rojas	To declare EPM administratively responsible, as the cause of the antilegal damage when it destroyed the fishing resource of the Montecristo cienagas complex, which is due to the construction of the IHP (Ituango Hydroelectric Project); that a minimum wage be recognized and paid for each household from february 2019 until the sentence is passed and the recognition of a future loss of profits from the time of the sentence to the probable life of each of the claimants.	9,568
Departamento del Valle del Cauca	In order to restore the right, the Department of Cauca Valley is ordered to return the amounts withheld from Estampillas Pro-Hospitals of Public University and Pro-Universities of the Valley with the respective interests to which there is place.	8,316
Esilda Rosa Romero Aguas	They request that EPM be declared administratively responsible as a result of the damages caused to the claimants and that the amount of SMLMV 80 be recognized in the form of moral injury for each of the claimants: 39 in total.	6,580
Gustavo Jiménez Perez	To declare EPM E.S.P. responsible for the illegal damage caused, moral, material and fundamental rights violations caused to the 75 members of the "ASOMIBA" group; for the destruction of their source of subsistence, the displacement of their territory and the repair of the damage; The members of the group "ASOPEISLA" are asked to pay the intangible and material damages caused since the beginning of the emergency arising from the project "Hidroituango", of compensation for each of the members of the group "ASOMIBA", is set at one hundred (100 SMLV).	6,256
Municipio de Yumbo (Valle)	Industry and trade and its complementary notices and panels and street lighting.	5,254
John Walter Jaramillo	That the invalidity of the dismissal, with their respective salaries and increases, be declared the social benefits for as long as they remain unlinked; likewise it will be on the account of the demanding social security contributions until it is effectively reintegrated.	4,400
General Fire Control Ltda.	To declare the nullity of the Communications subscribed by EPM, by which the fines imposed, on the day 04/07/2011 to USD 153.957,00, on 09/03/2009, for breach of delivery, by USSE263,368,60, are updated, based on the number 5.13 Conditions of the Recruitment Process No. 029158, and on the occasion of the execution of Contract No. 29990329557.	2,378
Multiple prosecutors	processes with an average of 11 and less than 5.253.	2,156
Temporary Union Solar Energy S.A. and Arbi Ltda Structures.	That it be stated that the tender submitted by the complainants to tender No. ES-2043-GI, convened by EPM, was legally eligible to take it into account at the time of awarding the respective contract of tender No. ES-2043-GI.	2,056
Pico and Pala Ltda constructions.	That resolutions 95070 of 05/04/1999, issued by EPM, which unilaterally liquidated contract 1/DJ-682/15 concluded between EPM and Consorcio Trainco S.A., and 113701 of 15/03/2000, likewise issued by EPM, are null and void, by which the appeal for replenishment brought against resolution 95070 of 05/04/1999 was negatively resolved.	1,956

Third	Pretension	Value
Francisco Javier Munoz Usman	That the nullity of the conciliation act signed by vice in the consent is decreed and consequently the reinstatement of the contract of employment, the reinstatement, the payment of all the salaries and benefits left to receive, in the same way that social security contributions are canceled from the moment of dismissal and even when the actor is actually reintegrated.	1,751
Carlos Olimpo Cardona	That the shareholders are reinstated to the same position or office or another of equal or higher category that they have been performing, that as a consequence of compensation must be canceled all wages and legal social benefits that have been left to receive, in addition, all contributions caused in favor of the Integral Social Security System.	1,365
EP Account Balances RIO PPA load	EPRI's PPA. Account Balance	1,195
Omar Augusto Lugo Hoyos	That the nullity of the conciliation act signed by vice in the consent is decreed and consequently the reinstatement of the contract of employment, the reinstatement, the payment of all the salaries and benefits left to receive, in the same way that social security contributions are canceled from the moment of dismissal and even when the actor is actually reintegrated.	1,100
General Fire Control Ltda.	EPM is condemned to the return of monies held in connection with the imposition of fines for not meeting the technical specifications and guaranteed characteristics, Plus the delinquent interest caused from the date of the withholding and to the date of the actual refund based on the number 5.13 DEDUCTIONS FOR NON-COMPLIANCE (FINES), of the contract process specifications No. 029158, and on the occasion of the execution of contract No. 29990329557.	870
Manual reclassify of payment	CNC-526.3_2068 Accounting adjustment in December 2021 _due to incorrect account usage.	-63
July payments	Partial payment process in July 2021 that remains in effect.	-18
Total disputes recognized		467,293

Amounts stated in millions of Colombian pesos

27.1.3. Contingent consideration - Business combinations

Corresponds to the contingent consideration related to the acquisition of the following group of assets that constitute a business: subsidiary Espiritu Santo Energy S. de R.L. and subsidiary Empresas Varias de Medellín S.A E.S.P. - EMVARIAS, the balance on December 31, 2021, is \$152,924 (2020: \$141,590) and \$12,290 (2020: \$13,788), respectively.

The main assumptions considered in the calculation of the contingent consideration related to the acquisition of Espiritu Santo are the estimated date of occurrence of the milestones associated with the contingent payment, the associated probability of occurrence; and, additionally, the discount of the payment flows was considered by applying a discount rate (Libor rate) according to the risk of the liability. To date, there is no evidence of future events that could affect the calculation of the provision.

The main assumptions used on the future events of the contingent consideration related to the EMVARIAS acquisition are litigation in progress against EMVARIAS at the date of the transaction, the definition of the year of materialization of each of the litigations, the definition of the value linked to each of the litigations, estimate of the future contingent disbursements linked to the litigations estimated for each year and discount rate (TES fixed rate) to discount the flows of future contingent disbursements. To date, there is no evidence of future events that could affect the calculation of the provision.

27.1.4. Subsidiary constructive obligations

Corresponds to the implicit obligation of the subsidiary EPM Capital México S.A. de CV derived from the application of the equity method.

27.1.5. Guarantees

The provision for guarantees is related to the reliability charge. According to Resolution CREG 061 of 2017, the guarantees of the reliability charge for the entry of new generation projects are executed when the start in commercial operation of the plant is delayed for more than one year. As of December 31, 2021, the provision has been adjusted \$75,728 and the final balance is \$201,919.

27.1.6. Other provisions

The company maintains other provisions for:

- **Affected by the contingency of the future Ituango hydroelectric power plant:** For the attention of the affected people of Puerto Valdivia who were evacuated and sheltered, and to whom compensation for consequential damages, loss of profits and moral damages was recognized; the recovery of the families affected by the total or partial loss of their homes and economic activities caused by the future Ituango hydroelectric power plant. As of December 31, 2021, this provision has been adjusted by \$13,572 and the final balance is \$29,042.

- **Environmental sanctioning procedure:** Corresponds to sanctions imposed for not implementing environmental management measures for the execution of works or executing them without the respective authorization or modification of the environmental license.
- **Penalties:** These are fines imposed by the competent authority for not applying the law or regulation indicated by the respective agency. As of December 31, 2021, there are only \$1,216 in fines in effect.

Other provisions aimed at the welfare and quality of life of EPM employees and their families:

- **Employer's policy:** Granted to EPM employees as an extra-legal benefit. An aggregate deductible was contracted from July 1, 2021, to June 30, 2022, for \$4,100. The main assumptions considered in the calculation for each type of provision are discount rate TES fixed rate, estimated value to be paid and estimated payment date. To date, no future events have been evidenced that could affect the calculation of the provision.
- **Multiplier points:** The points obtained during the year must be recognized at the request of the interested party or by decision of the Human Talent Development Department each time the accounts close for the year and must be paid through the payroll. The value of each point is equivalent to 1% of the SMMLV and there should not be a process of accumulation of points from one year to another.
- **High cost and catastrophic diseases:** The basis for calculating said provision is that corresponding to the analysis of the entire population served of affiliates and beneficiaries of the Adapted Health Entity (EAS) of EPM, who suffer from any of the authorized pathologies.
- **Technical reserve:** The basis for calculating the reserve is that corresponding to all service authorizations issued and that on the cut-off date on which the reserve is to be calculated have not been collected, except those corresponding to authorizations issued more than twelve months ago or those that after at least four 4 months of having been issued, there is evidence that they have not been used.

- **Contingency attention:** Created for the reconstruction of the community infrastructure destroyed by the rising waters of the Cauca River due to the unclogging of the detour tunnel of the future Ituango hydroelectric power plant. As of December 2021, there is an adjustment of \$2,645 and an accumulated provision of \$699.
- **Union contribution:** Created to advance the collective bargaining process between EPM and the union organization UNIGEEP. The parties did not reach an agreement for the signing of a Collective Bargaining Agreement, an Arbitration Court was convened, as established in the Substantive Labor Code.

27.1.7. Estimated payments

The estimate of the dates on which the Company considers that it will have to make payments related to the provisions included in EPM's statement of financial position as of the cutoff date is as follows:

Estimated Payments	Dismantling or restoration	Litigation	Contingent compensation	Subsidiary Implicit Obligations	Warranties	Other provisions	Total
2022	79,735	153,180	2,433	-	159,260	26,749	421,357
2023	54,169	4,650	1,135	-	42,659	22,024	124,637
2024	29,133	882	130	-	-	4,253	34,398
2025 and others	38,959	417,451	161,516	43,282	-	9,627	670,835
Total	201,996	576,163	165,214	43,282	201,919	62,653	1,251,227

Amounts stated in millions of Colombian pesos



27.2 Contingent liabilities and assets

The composition of contingent liabilities and assets is as follows:

Description	Contingent liabilities	Contingent assets	Net
Litigation	1,297,185	32,347	(1,264,838)
Total	1,297,185	32,347	(1,264,838)

Amounts stated in millions of Colombian pesos

The Company has litigation or proceedings currently pending before jurisdictional, administrative and arbitration bodies. Taking into consideration the reports of legal advisors, it is reasonable to estimate that such litigation will not significantly affect the financial situation or solvency, even in the event of an unfavorable conclusion of any of them.

The main litigations pending resolution and judicial and extrajudicial disputes to which the company is a party as of the cut-off date are indicated below:

Contingent liabilities

Third	Pretension	Value
ISAGEN S.A. E.S.P.	Grant EPM to compensate ISAGEN for the damages it suffered as a result of the fire and the consequent unavailability of the Guatape Central.	286,823
Miscellaneous Administrative	Litigation less than 528 with an average of 537s.	283,374
Hydroelectric Ituango S.A.	To declare that between ITUANGO SA ESP. and EPM, there is a Contract for the financing, construction, assembly, development, start-up and operation of the Pescadero Ituango Hydroelectric Project, known as BOUNWTO - corresponding to the construction, financing, possession and/or appropriation scheme, operation, maintenance and transfer. In the EPM, it was forced to comply with what was agreed at MILESTONE 7 and 9; but, it did not meet within the time limit, or it has partially failed and/or has executed late or defective for what it is obligated to pay US\$450'000.000.	267,645
Neighborhood Villa Esperanza	Immaterial injury in proportion to SMLMV 100 for each of the members of the group, that is, for one hundred and ninety-six (1296) persons, which in total is equivalent to one hundred and thirteen thousand seven hundred and sixty-three million and thirty-nine thousand two hundred pesos (6,113,763,139,200). Material injury resulting from the destruction of each of the houses, calculated at an individual value per house of five million pesos (the 5,000,000), which in total indicates are 377, for a total of one thousand eight hundred and eighty-five million pesos (1,885 million pesos).	97,173
CCC Ituango consortium	To declare that the Claimants built the GAD in accordance with the detailed plans and designs and the Technical Specifications of Construction, and to the satisfaction of EPM, that the contingency that occurred in the project as of April 28, 2018 is not attributable to a contractual breach. Nor are the Claimants otherwise responsible for the contingency of the project or the required plans and detail designs, nor are they responsible for the operation of the works delivered to EPM. Requests to condemn EPM to pay Consortium 70,000,000,000.	71,292
Aura of Jesus Salazar mallet	Collective law Approximately 113 people each claim 133,400 for consolidated loss of profits and 78,753,854 for future loss of profits, for destroying, interrupting and cutting the ancestral paths of the horseshoe leading from the Alto Chiri Vereda of the municipality of Briceño to the Toledo Valley corregimiento.	32,672
Guzman Bayona E Sons S IN C	To declare the Mining Energy Planning Unit (UPME) and Medellín Public Enterprises ESP responsible for extra-contractual, patrimonial and solidarily responsible for the de facto way in which they incurred in awarding and installing electric wiring towers over a mining concession area without previously coordinating and without meditating administrative act or judicial resolution for the affectation of the acquired rights.	24,319
Civil and Real Estate Works S.A - Oceisa	That it be stated that EPM's failure to comply with the primary obligation to deliver studies and designs prevented OCEISA from executing the contract and that it is not contractually responsible for those portions of work that could not be executed by third parties for acts other than the parties that prevented the normal execution of the contract.	16,075
TEMPORARY UNION NEW HOPE	To declare that EPM violated and unbalanced the contract CT-2013-000641 whose object was the execution of the construction and electromechanical assembly works of the transmission lines to 230KV Guavio - New Hope and associated reconfigurations PARADISE - New Hope - Circus and Paradise - New Hope - San Mateo.	11,033

Third	Pretension	Value
Various workers	176 processes lower than the average of the 61st.	10,682
Dayron Alberto Mejia Zapata	Material damages: Loss of profits: Calculated in 000.923 100, sum to be updated according to the proven; Moral damage: Estimated at 100 s.m.; Damage to health: Estimated at s.m.; And, Damage to Constitutional Goods: they estimate in an amount of 100 s.m., all of the above for each of the shareholders, or in its absence, the maximum granted by the case law for similar cases, for a total as of the date of 4.500 s.m.m.l.v.	10,105
Martha Cecilia Arango Usme	That it be declared that EPM occupied the land area or lot located in the urban area of Medellin called ASOMADERA owned by the plaintiff without having exhausted in front of my mandant process or legal mechanism; this is, by means of a way of fact, to install in this abusive way electric power towers and electric lines, leading to irreversible damage and damage that must be repaired.	8,215
Osmalia Beatriz Atencio Chaves	That EPM and others be held jointly and administratively responsible for all the property and extratrait damages caused to the actors, As a result of the emergency originated in the Hidroituango project that generated the overflow of the Cauca river until July 26, 2019. That the entities sued be sentenced to payment, for each of the claimants, of \$ 87.780.300; loss of profits of 14.633 SMLMV, loss of profits until the end of the alerts; for the affectation to constitutional goods, 100 SMLV. For a subsidiary conviction of M7 5,00,000,000.	8,136
INMEL Engineering S.A.S.	To condemn EPM to repair to the Consortium Linea BGA for the damages suffered, in proportion to its participation in the contracting consortium (80%), after Presentation the time of the tender, conclusion, execution and improvement of the contract CT 2016 001695, where unforeseen situations and circumstances were not attributable to the contractor that substantially changed the conditions of execution defined and made its fulfillment more onerous for the contractor and that the contractor failed to comply while refusing to restore the financial balance of the contract.	7,324
Radian Colombia S.A.S.	That it be stated that between EPM and Radian Colombia SAS existed and that working record No. CT-2015-002500-A1: "Construction, replacement and maintenance of networks, operations and ancillary works of the infrastructure of EPM aqueduct networks". That EPM failed to comply specifically with clause 1.4 , PC- 2015-003025, and its obligation to pay the additional administrative and location resources required of Radian Colombia SAS for the attention of the northern zone that was assigned to it after the improvement of the working record.	7,304
Darius of Jesus Perez Piedrahita	To declare the defendant responsible for the violation of the fundamental and collective rights to life, health, family privacy, the enjoyment of a healthy environment, the existence of ecological balance and the rational management and use of natural resources, they led to the causation of the antilegal damage caused to the claimants/by the imposition of easements in compliance with an energy generation plan that has produced significant damage to the actors, both material and moral.	6,748
VELPA COMPREHENSIVE SOLUTIONS S.A.	EPM is condemned to pay the amount of damages suffered by VELPA Soluciones because its proposal has been raked into the hiring process No. 2009-0927 and have been awarded to the firms ELECTROLUMEN Ltda and MELEC S.A.; as well as the amount of the sums that VELPA WILL no longer receive SOLUCIONES INTEGRALES S.A., given the impossibility of contracting with the State for a period of 5 years, as a result of the decision taken by EPM.	6,540
Aures under S.A.S. E.S.P	That the contract CT-2015-00363, for energy supply, concluded between AURES UNDER SAS and EPM, be declared void; The first incurred an error that changed his consent because having known that the circumstances of time of entry into operation of Hidroituango would not affect the price agreed in the supply contract and its variation through the duration, he would not have concluded it. That the parties be ordered to be returned to the same state as they were before the celebration.	5,996
VELPA COMPREHENSIVE SOLUTIONS S.A.	That EPM's decision to reject the proposal submitted by VELPA SOLUCIONES INTEGRALES S.A., in the framework of the PC-2009-0974 contracting process opened by EPM, be declared null and void, For being allegedly disabled to contract with EPM and to condemn it to pay the amount of damages suffered when the claim was rejected in the hiring process No. 2009 - 0974 and of the sums that it will cease to receive as a result of the impossibility of contracting with the State for a period of 5 years, as a result of the decision taken by EPM.	5,849
Matthew Aristide Tuberqui	That EPM is administratively responsible for the material and intangible damages in its integrity caused to the claimants OSCAR AUGUSTO ARISTIZABAL VILLEGAS, ILDA MARIA TUBERQUIA SEPULVEDA, MATEO ARISTIZABAL TUBERQUIA, MARISOL ARISTIZABAL, For the damage that occurred during the months of November and December of the year 2009 and that results from the operation of the hydroelectric plant Guatape, which in turn uses the reservoir Penol-Guatape.	5,838
Temporary Union Montz Ltda. Contears Ltda. Gagas Ltda.	In that execution of contract No. 6100508 of 1997 and its amendments, concluded between EPM and THE CONEQUIPOS TEMPORARY UNION ING.LTDA.- MONTECZ LTDA. - SAGAS LTDA. Contractual breach was filed against the Contracting Consortium and has not been covered or resolved by EPM; and that, by virtue of the economic imbalance of the Contract and its corresponding modifications, EPM owes the TEMPORARY UNION CONEQUIPOS ING. LTDA. - MONTECZ LTDA. - SAGAS LTDA, the sum of the year 512'725.31. Figure settled at 12/1998.	5,558
SMARTGROWTH S.A.S	To declare that EPM is responsible for the legal damages and material damages caused to the plaintiffs by the actions and omissions in the constitution of the unformalized electric servitude on the rural property called La Casajera, Of the municipality of Madrid (Cundinamarca) and of the material damages caused to the claimants by the affectation to the economic activity of mining developed. That EPM be condemned to the removal of the electrical power wiring through the property; and to repair for the damage caused by the meque 1,477,586.746.	5,287
Martha Lucelly Arboleda Betancur	That the convosers be recognized and canceled the damages that have been caused by the death of Mr. RAMIRO DE JESUS ARBOREDA MONSALVE and the injuries to Mrs. MARTHA LUCELLY ARBORLEDA BETANCUR, in view of the quality in which each of the claimants acts, concreting them in moral damages, damage to health, psychological damage, by affectation to conventional and constitutionally protected goods and material damages in the modality of loss of profits and emergent damage.	5,146
VELPA COMPREHENSIVE SOLUTIONS S.A.	That EPM be condemned for the amount of damages suffered from loss of profits and emerging damage, as the contract CT 2009 0220 has been declared suspended, And the eventual decision to have terminated the contract based on foundations as a non-existent causal and for the sums that will cease to receive VELPA SOLUCIONES INTEGRALES S.A., in the face of the impossibility of contracting with the State for a period of 5 years, and this, On the basis of contracts concluded exclusively with the State during the year 2009 and their projection for the next period of 5 years.	4,666
International Bussines Group S.A.S.	THE COMPLAINANT requests the declaration of responsibility of the convoked for the damages suffered by the facts described and the conviction of the payment of the material damages, as follows: Emerging damage, consolidated loss of profits and future loss of profits.	4,586
Carmen Ercilia Rua Duque	That public COMPANIES IN MEDELLIN be DECLARED administratively and civilly responsible for all the property and extratrimonial damages caused by the death by electrocution of ALEJANDRA CAMILA HENAO RUA on September 10, 2016.	4,295
AXEDE S.A.	Loss of profits for having affected their right to free concurrency, given the actions and omissions advanced by PUBLIC COMPANIES OF MEDELLIN EPM and the company MVM SOFTWARE ENGINEERING.	4,280
Investments Gallego Tobon SAS	Material damages resulting from: Construction of two synthetic courts, Keta 408,000,00; dismantling of the courts, Keta 30,000,000; assembly of gym Keta 400,000,000; canon of lease for 48 months, Keta 336,000,000; labor expenses Keta 700,000,000; advertising and marketing expenses, Keta 400,000,000; payment of public services, Keta 210,000,000; stationery and toilet Seven 400,000,000; Buy gym equipment, seven hundred thousand; future loss of profits, seven thousand and four thousand. Moral damages, 500 SMLMV, Physiological damage 500 SMLMV, Loss of opportunity, for the 5 natural persons, 500 SMLMV.	4,142
Zandor Capital S.A. Colombia	Requests the nullity of administrative acts No. 01565E-20170130033319 of March 14, 2017, 015ER-20170130045192 of April 8, 2017 and SSPD-20178300036125 of June 20, 2017 and as reinstatement of duty an initial claim of five thousand (5.000) million pesos.	3,735
Albeiro de Jesus Valencia Perez	The complainant applies for the payment of social benefits and the moratorium penalty, from 09 July 2010, until the total value of all claimants' arrears is canceled, in order to obtain the payment of the judgment issued by the Eighth (08) Labor Decongestion Court of the Circuit of Medellin in the labor lawsuit filed with 05001-31-05-005-2011-0135-00, in which EPM was not party to the proceeding.	3,690
Buses Coonatra SAS Cup Deposit	PROFIT CESANTE. Estimated from the entry into operation of the logistics center (1 January 2019), until 30 September 2019, at an estimated monthly level of 280.740.048. CONSEQUENTIAL DAMAGE, by payment of salaries and social benefits of personnel who have provided permanent custody services of the property and its maintenance, from December 2018, until September 30, 2020, at any time, that, as holder of the real right of domain, in any case, he is responsible for the conservation and preservation of the good.	3,659

Third	Pretension	Value
OPTIMA S.A.	That CORANTIOQUIA And EPM, are jointly and administratively responsible for the totality of the damages, patrimonial and extra-statomonial, caused to OPTIMA S.A. CONSTRUCTION And HOUSING And PROMOTROA ESCODIA S.A., as a consequence of the failure to fulfill the duty of care, prevention, protection, maintenance, recovery and other actions, They ensured the balance and sustainable development of the environment in the Bruges Basin, the Loma of Bruges and the Ayura Basin in the municipality of Envigado.	3,358
Humberto de Jesus Jiménez Zapata	That the process be pursued as a group action in accordance with Law 472 of 2008, against Hidroeléctrica Ituango S.A. ESP and EPM ITUANGO S.A. ESP, so that the living conditions of the shareholders that were stable are respected, And the values that are relative to each of the censured families and persons are given, stating that EPM Proyecto Hidroituango did not pay in due form the values and compensation to each of the families and persons who were censured, in accordance with the manual of unit values.	3,084
Diversion Center S.A.	Declare that EPM is administratively responsible for material damages and loss of profits caused to the Sociedad FUN CENTER S.A., for acts and omissions, that is, failure in the service, having ordered in an arbitrary, unilateral and abusive manner, The disconnection of the public energy service that supplied the ice rink called PARD ON ICE, owned by the demanding company FUN CENTER S.A., from day 23/07/2009 at 11:50 a.m., by doing so, it prevented him from carrying out all the activities that constituted his social object up to that time.	3,063
Hilos Hebratex S.A.S	Claims for: A profit or profit for the five months of the year 2012, K7 474,987,000; for the twelve months of the year 2013, K7 1,271,857,000; for the six months of the year 2014, K7 1,17,634,000; For the paralysis during the 25 days that it took to repair the motors and the arrangement and delivery of the machines, the 82,125,000, for the arrangement of the machines, the 2,400,000, for the payment of payroll during the 25 days of paralysis of the company, 4,172,646; For the production materials that were damaged, M7 2,312,000; for rent payment during the twenty-five days of paralysis of the company, M7 2,348,000.	3,033
Oscar Jaime Restrepo Molina	Because of the frustrated profits, because of the decrease in the contracts he may have had with EPM and his inability to contract with it, following the presentation complaint made with the company, the suspension of the contracts that were in effect was suspended.	2,968
INCILÉS S.A.	Declared void EPM Resolutions 0041 of 21 January 2005 and 00283 April 21 of 2005 stating the risk of non-compliance with contract No 020113590 between EPM and INCILVILES.	2,918
Carlos Augusto Jiménez Vargas	That it be stated that the defendants are jointly responsible for all damages suffered by the plaintiffs due to the sewage works of THE GRILLE CENTER.	2,797
Maria Isabel Lora Lopez	That EPM be administratively held responsible for all property and extra-statelessness damages incurred by the plaintiffs on the grounds of the death of the minor under the name MONICA ANDREA LORA LOPEZ and for the injuries suffered and suffered by MARIA ISABEL LORA LOPEZ; For the events that occurred on 02/02/2000 in the CAFES neighborhood of the oriente municipality of Medellín.	2,758
Gustavo Velez Correa	That EPM be declared administratively responsible for the economic damages caused to the plaintiff in the fact that the actor is the holder of a mining concession contract over the area that EPM required for the imposition of servitude and expropriation, related to the Valle de San Nicolas Project, In the jurisdiction of the municipality of El Retiro.	2,648
Luis Fernando Uribe Benjumea	That EPM be held administratively responsible for the damages caused to the actor as a result of the omission in the full payment of the infrastructure in rock, Dynamite and vetted labor in the La Bramadora area of the municipality of Guadalupe. The aconada is ordered to recognize and pay for the emergent damage, the sum of the 3,000,000 for each of the 600 meters drilled inside the undermining.	2,532
José Duvan Muñoz Echeverri	Declare EPM contractually liable for consequential damages and loss of profits.	2,441
Ingeniería total Servicios Públicos S.A. E.S.P.	That EPM be declared to have failed to comply with Contract CT-2010-0499, the object of which was the "Construction and replacement of aqueduct and sewerage networks in the Moravia district of the municipality of Medellín and paving of the roads affected by these works... ". That, as a result, of such non-compliance, the economic balance of the Contract was broken and is responsible for the restoration of that balance.	2,371
Consorcio Redes Cuenca	To declare that EPM was unjustly or unlawfully enriched by the execution of contract CT-2014-000377-A1, not perfected, reason why it must compensate for the alleged impoverishment suffered by the CONSORCIO BASIN NETWORKS.	2,366
German Alcides Blanco Alvarez	It requests the recognition of 100 SMLMV on the occasion of the diagnosed and firm work disability, of 17.79%, causing a decrease of its work and physical activity, causing a detriment to the estate that will enter Mr. German Blanco Alvarez for the accident of 29/04/2011, where damages were caused to the plaintiffs.	2,356
Dario Sepulveda Hernandez	The convener requests to be covered the damages generated by the construction of PH PORCE III, for the abandonment that he had to make of his ranch and of his activity as barequero to the height of the Las BRISAS and SWIRINO landscapes, In the face of non-compliance with the agreements reached with EPM.	2,350
Municipio de Copacabana	That the defendant EPM be condemned to the payment of the money no longer collected for partially breached contract 8405949 of 14/10/1999 of tax obligations by not collecting the public lighting tax from the industrial and commercial sectors during the periods of 2007, 2008, 2009, 2010 and part of 2011; and, for that reason, is responsible for the economic prejudices suffered by the municipality of Copacabana.	2,325
Euroceramica S.A.	EPM is expected to recognize and pay the sum of THREE THOUSAND ONE HUNDRED AND THREE MILLION QUINESTOS SEVENTY-EIGHT THOUSAND NINE HUNDRED AND THREE M/L pesos (SET3,103,578.903), allegedly poorly billed by EPM.	2,276
Rafael Segundo Herrera Ruiz	It is stated that EPM and others are jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,262
Wilfer de Jesus Sosa Alvarez	The entities are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,180
Ruby Susana Arrieta	The entities jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors are declared on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,180
Dennis Esther Sehuanes Angulo	Declare that THE MUNICIPALITY OF MEDELLIN, the government of Antioquia, PUBLIC COMPANIES OF MEDELLIN, the municipality of Ituango and the municipality of Taraza are administratively responsible for the legal damages caused to the plaintiffs, on the occasion of the immediate evacuation of their properties, leaving their commercial activities by the overflow of the cauca river has brought a great alteration to the constitutional and conventional rights of the shareholders.	2,169
Wilfran Enrique Gonzalez Castro	The entities are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,165
Javier David Cortés Vanegas	For past and future loss of profits and consolidated emerging damage and for EPM to make commitments to the community for the adoption of necessary measures to improve security conditions and the selection of its contractors.	2,159
Edwin David Yepes Garcia	EPM and others are declared jointly and administratively responsible for all the property and extratrimonial damages caused to the actors on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,149
Vidal Antonio Banquez Polo	The Defendants are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,143
Luis Guillermo de Bedout Piedrahita	That it be declared that it belongs to the full and absolute domain of the plaintiffs the building Lot No. 2, real estate registration no. 01N-445794, and that by virtue of the foregoing, EPM be ordered to restore that real property to them; that EPM be condemned to the payment of the civil or natural fruits obtained from the very moment of the beginning of the possession, until the moment of the delivery of the property.	2,111



Third	Pretension	Value
Katerine Miranda Miranda	To declare to THE CCC ITUANGO consortium, EPM, ALCALDIA OF MEDELLIN and others, jointly and administratively responsible for all the property and extratrimonial damages caused to the actors. As a result of the emergency generated by the overflow of the Cauca River and until July 26, 2019, when the Ituango Hydroelectric Project, Dimension 435, was completed and the National Disaster Risk Management System changed the red alert status to Orange. Moral damages 100 SMLMV; loss of profits 100 SMLMV; and, damage of assets.	2,106
Moraine Olave de Larios	Relatives of the former Integral worker who died in Ituango, claim for full compensation of damages, for moral damages caused. Solidarity.	1,484
RUBEN DARIO ESCOBAR VILLA	It is stated that within the employment relationship the complainant executed working hours in the form of availability, without these times being paid.	1,205
Rosa Disney Quintero Florez	The families of former workers who died from the consortium OF SOCIEDAD REDES DE IGUANA, formed by the companies sanear S.A. and Paecia S.A.S. were also demanded Seguros del Estado S.A., Sociedad Estudios Técnico S.A.S. and Seguros Generales Suramericana S.A.	1,168
Juliana Urrea Giraldo	It is intended to declare the responsibility of the MISPE Consortium and in solidarity with EPM, for the payment of property and extra-patrimonial damages	825
Glenis Margoth Martinez Paternina	Applicant applies for the pension of survivors of professional origin, together with the moratory interests. Definitive social benefits. Contributions to integral social security. Compensation Moratorium of Art. 65 of the CST. Compensation for full damages of art. 216 of the CST, for employer's fault; immaterial damages for moral damage (in the amount of 100 SMLV for each child) and physiological damages (in the amount of 100 SMLV for each child). Costs and expenses of the process; all of the above, due to accident of type of work and death of your spouse.	654
EPHRAIM VILLA ESCOBAR	Wage leveling. A former EPM worker, states that during the period from 1 January 2007 to 31 August 2014 he served as a Professional B, When paid as a Professional A and for the period from 1 September 2014 to 31 March 2017, he served as a Professional C and was paid as a Professional B and is therefore entitled to such pay recognition.	580
Ledy Xiomara Patiño Bedoya	Spouse of ROR Engineering Worker seeks compensation for a couple's work accident who died.	557
Luis Eduardo Henao Ospina	Former contractor worker Radian Colombia seeks relief from the payment of social benefits and compensation for unfair dismissal.	500
JORGE ALBERTO LOPEZ GUZMAN	That it be stated that the functions that the shareholder performed in EPM are of another position, as technologist operation and maintenance and services in category and salary , consecutively condemned to reliquidar and/or readjustment to the act, wages, social, legal and extralegal benefits, On remuneration for night work, overtime, Sunday and public holidays, and the IBC for pensions for Colppensions.	478
Ciudadela Comercial Unicentro Medellín PH	To declare the nullity of the administrative act issued by EPM with registered 20190130037817 of 2019-02-27. Order the restoration of the right to the complainant by the cessation of the collection of the electric energy tax provided for in Law 142 of 1994, Law 143 of 1994 and Law 223 of 1995; and, to make the refund of the payment for this item from January 1, 2017, and until the date of judicial notification that ends the process.	279
Total contingent liabilities		1,297,185

Amounts stated in millions of Colombian pesos

With respect to the uncertainty in the estimated date of payment and the estimated value to be paid, for contingent liabilities the same business rules indicated in note 27.1.2.



EPM also has as a contingent liability, Environmental Sanction Proceedings, with the following information:

Third	Pretension	Value
Metropolitan Area of the Valley of Aburra	Discharge of wastewater from the San Fernando WWTP in violation of the minimum 80% removal level for parameters DBO5_Biochemical Oxygen Demand_, SST_Total Suspended Solids_, fats and oils established in Article 72, new user, Decree 1594 of 1984._ Metropolitan Resolution No. S.A. 000415 of April 28, 2014. A plea for conclusion was presented.	It is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Construction of a mini-center without authorization and use the ecological flow to generate energy without being authorized in environmental license (Porce III hydroelectric plant)_Auto 4335 of December 17, 2013.	It is not possible to know the sanction to be imposed
National Environmental Licensing Authority "ANLA"	Terrosierra 1. To carry out the air quality samples reported in ICA 13, 14 and 15, without the periodicity established by the Industrial Air Quality Monitoring System, authorized in the environmental instrument corresponding to this project. 2. For conducting environmental noise monitoring reported in ICA 13, 14 and 15, with an Environmental Laboratory not accredited by IDEAM._Auto 350 of February 5, 2018.	Charges were made, but it is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Use of explosives in construction of Nueva Esperanza tower. The environmental license granted by this resolution does not cover any kind of work or activity other than those described in the Environmental Impact Study, the Environmental Management Plan, and in this administrative act. _ Auto 02574 of June 27, 2017 ANLA_	It is not possible to know the sanction to be imposed;
Metropolitan Area of the Valley of Aburra	Dumping of domestic wastewater from the rupture of the sewage pipe that leads to these waters, on a potrero and later on the gorge Dona Maria, a property called Torremolino.	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	In an authorized channel occupation over the La Malpaso gorge, a bed covering was observed and the walls of it in particular cyclopeo, work was not approved by the environmental authority. Metropolitan Resolution N° S.A. 1002 of June 4, 2020 aburra "by means of which an administrative procedure of an environmental sanction is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	Alleged environmental affectation to the flora resource due to the severe pruning of one (1) individual tree of the species Cheflera (Schefflera actinophylla). Metropolitan Resolution No. S.A. 1050 of June 8, 2020 "through which an environmental sanction procedure is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Corantioquia - South aburra Territorial Office	Non-compliance with the permit for forest harvesting and harvesting of species in good condition and in closed conditions without permission. Administrative Act 160AS-1506-12031 of June 17, 2015.	It is not possible to know the sanction to be imposed; disclaimers were filed
Corantioquia - Tahamies Territorial Office	To make charges against PUBLIC COMPANIES IN MEDELLIN, identified with NIT 890.904.996-7, for the alleged commission of environmental offenses on the basis of guilt and for the effects caused to the flora resource, derived from the events consisting of the burning of a sector of approximately 10 hectares, being 2,5 hectares of natural forest and stubble. Resolution 160TH-ADM1903-1901 of March 29 and 2019- TH4-2013-8	It is not possible to know the sanction to be imposed.
CORPOGUAJIRA	For failing to comply with Article 2,2,6,1,3,1(f) of Decree 1076 of 2015 as regards the obligations of the generator of hazardous waste or waste at the Jepirachi wind farm (register with the competent environmental authority for one time and keep the registration information updated annually). Auto 976 of October 2, 2017; Resolution 1373 of September 29, 2020.	It is not possible to know the sanction to be imposed; no charges have been made.
National Environmental Licensing Authority "ANLA"	For having disposed of surplus material from the excavation activities of the construction of the Via Puerto Valdivia (Presa Site - Ituango) on the channel and protection strip of the "Quebrada Tamara"; And, having carried out the replacement of the bridges located along the Via Puerto Valdivia to build two (2) Box culverts without the authorization to do so; and, having made discharges of wastewater to a field of infiltration in the "El Ciruelar" field. (SAN0143-00-2018_Auto 3196 of 2018). Auto 964 of March 12, 2019 ANLA understands by not filed the disclaimers, But later it issues the Auto 2792 of May 13, 2019 by which it leaves the Auto 964 of 2019 without effect and orders to take into account the disclaimers submitted and evaluate the request for evidence.	It is not possible to know the sanction to be imposed. Vital-registered decadal 35000811014798 19080 of February 18, 2019. Presentation

Third	Pretension	Value
National Environmental Licensing Authority "ANLA"	Not having implemented the environmental management measures established in the Environmental License granted for the Development of the Project "Construction and Operation Hydroelectric Pescadero - Ituango related to the management and the proper disposal of the residual excavation material of the construction of the route Puerto Valdivia by throwing them On the slopes of the road and the water sources "Cauca River" and "Quebrada La Guamera"; and, to have formed the deposits "La Planta" and "Cacharime" less than thirty meters (30 Mts) from the water source "Cauca River". (SAN0046-2019_Auto 0523 of 2016).	It is not possible to know the sanction to be imposed. Vital-registered Descargo-based Earnings No 35000811014798 18053 of 1 June 2018. Presentation
National Environmental Licensing Authority "ANLA"	<p>Having carried out inadequate practices with respect to surface water sources in the project's area of influence; having carried out the collection of the water resources from the Quebradas "El Roble", "Burunda" "Bolivia" and "Guacimal", at flows higher than those authorized and/or concessioned for the development of the project; not having implemented in each of the concessioned water bodies, the infrastructure that would allow monitoring of the remaining flows, for the purpose of being presented in the environmental compliance reports; Not having carried out and delivered water quality monitoring and hydrobiological communities in the "Cauca River", under the conditions set out in the environmental license.</p> <p>For not having carried out the reformation and recovery of the channel of the "San Andrés River" and of its flood zone to its natural conditions, within the time granted; having carried out the exploitation of stone materials coming from "San Andrés River", without the updated environmental permits; For not having delivered the results of the sediment monitoring of "Rio Cauca", in order to establish the baseline of comparison at the time of the start of the project's operation phase.</p> <p>Having exceeded the maximum permissible levels of PST (particulate matter) and atmospheric pollutants in the asphalt plant located in the "El Valle" Industrial Zone; for not having built the necessary facilities and infrastructures in the asphalt plant chimney for monitoring emissions from fixed sources; For failing to comply with the management measures of the "Management and Disposal Plan of Materials and Botadero Areas" disposition of plant material mixed with inert material within the deposits and lack of signaling of the material disposal zones that remain active.</p> <p>All this in the area of influence of the project "construction, filling and operation of the Pescadero - Ituango Hydroelectric Project... (SAN0033-00-2019_Auto 2920 of 2015).</p>	<p>It is not possible to know the sanction to be imposed.</p> <p>Decadergo-on-the-file 2018041852-1-000, April 10, 2018 Presentation</p>
Forest, Biodiversity and Ecosystem Services Division of the Ministry of Environment and Sustainable Development	<p>For having intervened 100 HECTARES that contained forest species subject to national closure without the previous Resolution authorizing their lifting and that were in the reservoir area of the Ituango Hydroelectric Project. (SAN027 (Minambient)_Resolution 835 of 2017).</p> <p>Descargo duty with registered E1-2017-032747 of November 28, 2017_Probation period Auto June 273, 2018. Presentation</p>	<p>It is not possible to know the sanction to be imposed. Summary of allegations of conclusion on 9 June 2021. Presentation</p>
National Environmental Licensing Authority "ANLA"	<p>Auto 00009 of January 8, 2021 La ANLA initiates the environmental sanction procedure for the contingency associated with the auxiliary deviation system, to verify the following facts:</p> <ol style="list-style-type: none"> 1. Not to have reported within the term provided for in the law (24 hours) the contingent event that occurred on April 28, 2018. 2. To have continued the construction of the SAD and its infrastructure, without having sufficient technical information related to the environmental characterization of the area operated for the geology and geotechnical components. 3. For allegedly generating negative impacts on renewable natural resources. 4. Not having guaranteed for the first days of the month of May of the year 2018 and before the evacuation of the water dam of the Cauca River by the project's machine house, the ecological flow of that source downstream of the dam site, to ensure the integrity of ecosystem services and environmental protection goods that are part of the water source. <p>By the contingency associated with the Auxiliary Deviation System.</p> <p>*No charges are available; however, a request was made for a cessation of the sanctioning procedure by Communiqué No. 2018064395-1-000 of 24 May 2018 (SAN0097-00-2018_Auto 02021 of 2018)</p>	<p>Without any charges, counsel considers it possible.</p> <p>The opinion of the expert expert expert expert (Poyry) for the lifting of the preventive measure was submitted on 30 December 2021.</p> <p>To date, no charges have been made.</p>
National Environmental Licensing Authority "ANLA"	<p>*Initiation of sanction procedure for not guaranteeing downstream water of the dam of the project "Construction and operation of the Pescadero - Ituango hydroelectric project" The ecological flow to ensure the integrity of the ecosystem services and the environmental protection goods that are part of the water source "Rio Cauca".</p> <p>*No charge formulation available. (SAN0001-2019_Auto 0060 of 2019)</p>	<p>Without any charges, counsel considers it possible.</p>

Third	Pretension	Value
National Environmental Licensing Authority "ANLA"	<p>1. Dumping on intermittent dry channel X=1157241 and Y=1281506 coordinates</p> <p>2. Discharge to the rain water channel from the mixer wash system located in the industrial zone of main works</p> <p>THE ANLA opened a sanctioning file but it has not been formally initiated.</p> <p>By Resolution No. 1222 of December 03, 2013, THE ANLA imposed preventive measures to suspend dumping. By Resolution No. 1363 of October 31, 2017, the ANLA lifted the preventive measure mentioned. Through Auto No. 01282 of March 22, 2019, THE ANLA breaks down the proceedings related to this preventive measure of the license file LAM2233 so that they work in file SAN0031-2019.</p>	Without any charges, counsel considers it possible.
National Aquaculture and Fisheries Authority "AUNAP"	<p>*Start preliminary investigation for affects to fishing activity during the closing of the machinery house gates.</p> <p>*No charge formulation available. (No file AUNAP_Auto 002 of February 14, 2019).</p>	Without any charges, counsel considers it possible.
National Environmental Licensing Authority "ANLA"	<p>Repeated non-compliance with imposed obligations. Auto 11359 of December 19, 2019.</p> <p>SAN0284-00-2018 _December 19, 2019_.</p>	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Non-compliance Contingency Obligations:</p> <ul style="list-style-type: none"> - Not having permanently carried out the proper management of non-domestic wastewater and filtration in the left margin of the Gallery 380 Ml. - Not having presented the hydrogeological model of the right margin of the project. - Not to have presented the cartographic information related to water quality and hydrobiological monitoring to be carried out at different points downstream of the project dam site. - Not having presented the results of the monitoring of offensive odors, water quality and physiochemical sludge quality during the pumping activity of the machine house. Auto No. 2423 of March 30, 2020, by which environmental sanction procedure is initiated. <p>SAN0030-00-2020 _March 30, 2020_ To date no charges have been filed.</p>	<p>Situation not resolved.</p> <p>Charges were filed by Auto 9812 of 18 November 2021 and charges were filed on 13 December 2021.</p>
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Repeated non-compliance with the obligations imposed under the contingency. Initiation of the environmental sanction procedure by means of Auto No. 06576 of July 13, 2020</p> <p>SAN1285-00-2019 _July 13, 2020_ To date no charges have been filed.</p>	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. _ Pass air quality and odor monitoring without meeting protocols established by the Minambiente. _Perform sample analysis for air quality and odor sampling by laboratories not accredited to IDEAM.</p> <p>Initiation of the environmental sanction procedure by means of Auto No. 07774 of August 14, 2010</p> <p>SAN1258-00-2019 _August 14, 2020_ To date no charges have been filed.</p>	Situation not resolved. To date, they have not made any charges.



Contingent Assets

Third	Pretension	Value
The National Ministry of Health and Social Protection	MINSALUD has a legal and constitutional obligation to recognize and cancel the value of services rendered to affiliates in relation to drugs and/or procedures, interventions or elements not included in the Mandatory Health Plan (POS).	8,619
Constructora Monserrate de Colombia SAS	Expropriation in favor of PUBLIC COMPANIES OF MEDELLIN E.S.P. for the project "Expansion of Primary Distribution Capacity in the Western Sector of Medellin-Western Chain Calazans Tank" is decreed by judicial means. This property is known as Lot 7, located in the Altos de Calazans sector. Of the municipality of Medellin owned by the MONSERRATE CONSTRUCTION company OF COLOMBIA SAS.	6,984
Varius Administrative	Litigation less than 97 with an average of 59th.	5,702
Interconexión Eléctrica S.A. E.S.P. ISA	That it be declared that Interconexo Eléctrica S.A. E.S.P., ISA soperaté is civilly responsible for not recognizing EPM, the value that corresponds to it, of the remuneration ISA that was received by the company between the years 1995 and 1999, For the line modules that correspond to assets of use of the STN in the Playas and Guatape substations represented by it, in which there is shared property, value that to date has not been realized, it generates an enrichment without cause by increasing the estate of the defendant at the expense and to the detriment of the claimant's estate.	3,865
Poblado Club Campestre Executive S.A.	To declare the town Club Campestre Executive S.A., Optima S.A. Housing and Construction and the Municipality of Envigado responsible for the damage of the collector owned by EPM, which collects and transports the residual water from the sanitary basin of La Honda Gorge in the municipality of Envigado, And indemnify EPM for the value of all property damage proven by the damage to the collector collecting and transporting the wastewater from that sanitary basin.	3,634
Fiduciaria Bogota S.A. - FIDUBOGOTA S.A.	To impose in favor of PUBLIC COMPANIES OF MEDELLIN E.S.P. servitude of conduction of energy, on the lot of land or property called THE MOUTH OF THE SWAMP, with real estate registration No. 50 C-1497258 located in rural area of the municipality of Madrid (Cundinamarca) for transmission lines at 500 kV, And for one (1) tower point (with its earthing) of the New Hope Transmission Project.	978
Municipio de Envigado	To declare nullity of the administrative act of resolutions 2656 of 2007/08/13 and 4176 of 2007/10/26 for the sanction imposed for alleged violation of Decree 259 of 2002/08/14 of the Municipality of Envigado; To declare the inapplicability of the same, "through which urban sanctions are established", as contrary to the Political Constitution, the Law and the Regime of Public Domestic Services. To order, by way of restoration of the right, that the sanction imposed on administrative acts whose nullity is requested be returned to EPM 460,000.	923
CORANTIOQUIA - Regional Autonomous Corporation of the Center of Antioquia	To declare invalidity to Article 5 of the resol. 130 TH-1302-9864 issued by the Territorial Director TAHAMIES of "CORANTIOQUIA" for the surface water use fee for 2011, from the Rio Grande source; to reintegrate with EPM, the highest canceled value of the surface water use fee Dec. 155 - 4742, Hydrological Unit: MAGDALENA River - CAUCA, for 2011 made with invoice TH - 1927 of 2012/04/30. To condemn Corantioquia to recognize and pay EPM the legal, current and delinquent interests that have been caused; to the payment of the costs and agencies in law of conformity.	796
Municipio de Caloto	That the nullity of: -Resolution No. 035 of 2012, (declares unproven the exceptions proposed by EPM against the payment order and orders to proceed with the execution) and, - Resolution No. 039 of 2012, (Solves Replenishment Appeal)./2)That, as a reinstatement, the Municipality of Caloto shall reinstate to EPM any sum that, by virtue of ICA, has canceled to it, pursuant to the present claim, And that this sum be returned with commercial interests./3)That the municipality is condemned on the coasts.	778
Other prosecutors	Process of less than the amount of the same amount as the 78th.	68
Total contingent assets		32,347

Amounts stated in millions of Colombian pesos

As of December 31, 2021, the value determined by the experts to be indemnified is \$32,347.



Estimated payments and collections

The estimate of the dates on which the Company considers that it will have to make the payments related to the contingent liabilities or will receive the collections for the contingent assets included in this note to EPM's statement of financial position as of the cutoff date is as follows:

Year	Contingent liabilities	Contingent Assets
2022	418,030	12,969
2023	22,185	3,648
2024	44,674	10,429
2025 and others	1,705,057	10,375
Total	2,189,946	37,421

Amounts stated in millions of Colombian pesos

Note 28. Other liabilities

The composition of other liabilities is as follows:

Other liabilities	2021	2020
Non-current		
Revenue received in advance ²	2,271	2,478
Assets received from customers or third parties	7,818	7,904
Other deferred credits	20,950	21,019
Retreading in favor of third parties ¹	10	10
Subtotal other non-Current Liabilities	31,049	31,411
Current		
Revenue received in advance ²	126,664	71,254
Retreading in favor of third parties ¹	141,204	123,844
Subtotal other current liabilities	267,868	195,098
Total	298,917	226,509

Amounts stated in millions of Colombian pesos



¹ Corresponds to the collections received from public works and UdeA stamp, from the employees' fund, from the Emvarias sanitation fee, public lighting to the different municipalities of Antioquia, the commercial representation contract that EPM has with ESSA and CHEC, and the collections to be classified according to IAS32.

² Corresponds to the collection associated with the sale of long-term energy, reliability charge and compensations of the biller.

28.1 Payment received in advance

The detail of income received in advance as of the cut-off date was as follows:

Payment received in advance	2021	2020
Non-current		
Leases	1,684	1,857
Sale of energy utility	587	621
Total non-current payment received in advance	2,271	2,478
Current		
Leases	173	173
Sales ¹	67,225	40,797
Sale of energy utility	6,683	9,578
Sale of gas fuel utility	3,564	2,483
Sale of aqueduct utility ²	22,215	2,534
Sale of sewerage utility ²	16,848	-
Other income received in advance	9,956	15,689
Total current income received in advance	126,664	71,254
Total payment received in advance	128,935	73,732

Amounts stated in millions of Colombian pesos



¹ The increase was explained by higher values received in long-term energy contracts.

² The increase was explained by the tariff structure of Aguas and corresponds to the provision of the Regulated Works and Investment Plan (POIR) as established by the Drinking Water and Basic Sanitation Regulatory Commission in resolution CRA 688 of 2014, an income received in advance of \$39,063 was recognized: in the Water Provision segment \$22,215 and Wastewater Management \$16,848.

Note 29. Changes in liabilities due to financing

The reconciliation of liabilities due to financing activities is as follows:

Reconciliation of funding activities 2021	Initial Balance	Statement of cash flows	Changes other than cash		Other changes	Total
			Foreign exchange	Changes in fair value		
Loans and borrowings (See note 21)	18,646,822	(1,420,769)	1,274,687	-	332,356	18,833,096
Lease liabilities (See Notes 14 and 23)	2,345,586	(12,746)	-	-	219,204	2,552,044
Pension bonds (see note 25)	560,717	(40,660)	-	-	29,924	549,981
Hedging instruments (See Notes 13, 23 and 24)	354,221	25,604	-	(368,070)	17,265	29,020
Dividends or surpluses paid (see note 19)	-	(1,396,953)	-	-	1,396,953	-
Other finance cash flows	-	5,046	-	-	(5,046)	-
Total liabilities for financing activities	21,907,346	(2,840,478)	1,274,687	(368,070)	1,990,656	21,964,141

Amounts stated in millions of Colombian pesos

Reconciliation of funding activities 2020	Initial Balance	Statement of cash flows	Changes other than cash		Other changes ¹	Total
			Foreign exchange	Changes in fair value		
Loans and borrowings (See note 21)	15,192,611	3,358,568	24,286	-	71,356	18,646,821
Lease liabilities (See Notes 14 and 23)	2,242,689	(11,580)	-	-	114,477	2,345,586
Pension bonds (see note 25)	542,206	(6,435)	-	-	24,945	560,716
Hedging instruments (See Notes 13, 23 and 24)	(45,062)	19,586	-	399,283	(19,586)	354,221
Dividends or surpluses paid (see note 19)	-	(1,488,319)	-	-	1,488,319	-
Other finance cash flows	-	177,618	-	-	(177,618)	-
Total liabilities for financing activities	17,932,444	2,049,438	24,286	399,283	1,501,893	21,907,344

Amounts stated in millions of Colombian pesos



¹ Includes interest paid during the year of \$1,102,595 (2020: \$998,372), which by company policy is classified as operating activities in the statement of cash flows; the change in the measurement at amortized cost of loans and borrowings of \$780,166 (2020: \$729,002); and dividends paid and not paid during the year are classified as investing activities in the statement of cash flows.



Note 30. Revenue from contracts with customers

For presentation purposes, the company breaks down its income from the services it provides according to the lines of business in which it participates and the way in which management analyses them. The detail of revenue is as follows:

Revenue from contracts with customers	2021	2020
Sale of goods	5,557	4,922
Rendering of services		
Energy Generation utility ⁽¹⁾	4,492,637	3,833,028
Energy distribution utility ⁽²⁾	4,106,727	3,404,025
Energy transmission utility	197,512	174,261
Natural Gas utility ⁽³⁾	1,038,246	907,076
Sanitation service ⁽⁴⁾	571,330	531,682
Aqueduct service ⁽⁴⁾	759,969	683,198
Computer services	12,665	9,474
Construction contracts	197	71
Fees	4,170	737
Commissions	1,035	804
Billing and collection services	32,319	30,102
Funding component	105,242	55,287
Other services	90,047	52,627
Returns	(381,048)	(217,179)
Total service rendered	11,031,048	9,465,193
Leases	51,558	43,565
Total	11,088,163	9,513,680

Amounts stated in millions of Colombian pesos



¹ The increase in generation service is due to higher energy sales to the non-regulated market, higher sales in long-term contracts and higher units sold in the stock exchange due to high generation.

² The increase in the distribution service is due to higher demand for commercialization of energy at a higher price, due to the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for \$248,408 and due to higher income from SDL and STR mainly due to the behavior of macroeconomic variables.

³ The increase in gas service is due to higher consumption, customers and growth in the business's own markets.

⁴ In aqueduct and sanitation, the increase is explained by the application of the tariff path and the PAG (gradual application plan) recognized in May.

The Company recognizes all revenues upon satisfaction of performance obligations and most of its contracts with customers have a term of less than one year.

The Company recognized the following amounts in the period, for the contracts in force as of the cut-off date described in the preceding paragraph:

Other contracts with customers

December 2021	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability
Uniform terms contract for regulated services ¹	405,449	728,987	6,851	42,879	3,599
Unregulated market - MNR or large customers ²	126,329	163,104	8,365	7,019	8,365
Total	531,778	892,091	15,216	49,898	11,964

Amounts stated in millions of Colombian pesos

December 2020	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability	Revenue recognized during the period from performance obligations fulfilled in previous periods
Uniform terms contract for regulated services ¹	504,423	405,449	13,875	6,851	3,190	9,615
Unregulated market - MNR or large customers ²	126,680	126,329	10,098	8,365	3,072	-
Total	631,103	531,778	23,973	15,216	6,262	9,615

Amounts stated in millions of Colombian pesos



¹The purpose of this contract is to define the uniform conditions through which the company provides residential public utilities in exchange for a price in money, which will be set according to the rates in force and in accordance with the use given to the service by the users, subscribers or owners of real estate, hereinafter the user, who by benefiting from the services provided by the company, accepts and accepts all the provisions defined herein.

The increase in assets in the uniform conditions contracts was explained in the Distribution segment by the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for \$248,408.

The increase in liabilities in the standard conditions contracts corresponds to the provision of the Regulated Works and Investment Plan (POIR) as established by the Drinking Water and Basic Sanitation Regulatory Commission in resolution CRA 688 of 2014, an income received in advance of \$39,063 was recognized: in the Water Provision segment \$22,215 and Wastewater Management \$16,848.



² Resolution 131 of December 23, 1998 of the Energy and Gas Regulatory Commission (CREG) establishes the energy and power supply conditions for large consumers and indicates in Article 2 the power or energy limits for a user to be able to contract the supply of energy in the competitive market; the aforementioned resolution allows the execution of contracts with large consumers to establish by mutual agreement the energy and power supply prices; the purpose of the contract is to supply energy and electric power to the consumer, as a non-regulated user, to meet its own demand.

Another important contract is the XM representation contract, which is not disclosed since there are no balances in assets and liabilities.

Note 31. Other income

The detail of other income, which forms part of revenue, is as follows:

Other income	2021	2020
Recoveries ⁽¹⁾	144,414	239,740
Valuation of investment properties	14,416	5,694
Leverages	10,362	5,085
Other regular income ⁽²⁾	7,951	45,019
Sell signatures	770	660
Leftovers	-	302
Indemnities ⁽³⁾	-	88,110
Total	177,913	384,610

Amounts stated in millions of Colombian pesos





¹ In 2021 the most significant recoveries were: i) provision for administrative litigation \$33,454: due to a second instance ruling in favor of EPM, with claims in pesos and dollars; ii) wealth tax \$32,094: which was originated by the refund request, for the payment of what was not due for the years 2016 and 2017, supported in the legal stability contract; iii) provision affected contingency of the future Ituango hydroelectric power plant: \$17,382; iv) provision contingent consideration Espíritu Santo: \$12,534 and v) contingency attention of the future Ituango hydroelectric power plant: \$7,483.

In 2020 includes: i) recovery of \$89,527: for the reimbursement sentence in favor of EPM of the judicial process, advanced by the company against the Municipality of Bello, based on the lawsuit filed against the administrative act that determined the participation and liquidation of the capital gain generated by the change of use of the land in the area where some properties owned by the company are located; ii) \$73,832 for the start-up of the assets of the Jepirachi Wind Farm allowed by resolution CREG 136 of 2020; iii) indemnification for consequential damage \$14,630: for the loss occurred in 2017 in the Playas Hydroelectric Power Plant; iv) recovery provisions for administrative litigation \$8,597 and provision for high cost illnesses \$8,011.

The value of the effective recoveries amounts to \$66,247 (2020: \$141,289) and the non effective ones \$78,168 (2020: \$98,451), disclosed in the statement of cash flows.

² The variation was explained by the combined effect of: i) a decrease of \$42,206 from the processing of the judicial proceeding filed by EPM against the Municipality of Bello, due to the indexation from December 29, 2009, date on which the payment of the tax was made and until the execution of the December 10, 2020 judgment, and ii) an increase of \$7,949 resulting from the calculation of the actuarial gain for seniority premium, due to the updating of the assumptions based on experience and financial assumptions.

³ The decrease was due to the fact that, in the previous year, the following were received: i) compensation for loss of profits for the low hydro policy of \$65,848 (USD 17.6 million); ii) loss of profits for the loss of profits for the incident that occurred in 2017 at the Playas hydroelectric plant for \$9,241; iii) tort liability for the future Ituango hydroelectric plant for \$8,000 and iv) loss of profits for the Jepirachi Wind Farm for \$4,107.



Note 32. Income from sale of assets

The detail of income from sale of assets is as follows:

Income from sale of assets	2021	2020
Income from sale of properties, plant and equipment ^{(1) (2)}	715	2
Income from derecognition of right-of-use ⁽³⁾	459	73
Income from sale of investment properties ⁽²⁾	-	45
Total	1,174	120

Amounts stated in millions of Colombian pesos



¹ The increase corresponds to the sale of vehicles for \$417 and the sale of a strip of land of the Oriente Substation located in the Municipality of Rionegro for \$298.

² The income from sale of assets for \$715 (2020: \$2) and the gain on sale of investment properties (2020: \$45), are non-cash and are disclosed as part of the result of disposal of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

³ The gain on derecognition of rights of use of \$459 (2020: \$73) is ineffective and is disclosed as part of the result of disposal of property, plant and equipment, right-of-use assets, intangible assets and investment properties.



Note 33. Costs of provisions of services

The detail of the costs of services rendered is as follows:

Costs of provisions of services	2021	2020
Block purchases ⁽¹⁾	1,352,185	1,300,670
Use of lines, networks and pipelines ⁽²⁾	1,188,086	1,063,665
Personal services ⁽³⁾	605,139	540,785
Purchase in stock market ⁽⁴⁾	604,371	762,702
Cost of distribution and/or marketing of natural gas ⁽⁵⁾	600,585	540,410
Depreciations ⁽⁶⁾	485,499	462,226
Orders and contracts for other services ⁽⁷⁾	320,087	287,511
Licenses, contributions and royalties	219,140	238,358
Maintenance and repair orders and contracts ⁽⁸⁾	207,467	141,572
Materials and other operating costs ⁽⁹⁾	124,391	88,026
Insurance	85,038	84,643
General	75,786	72,559
Cost per connection	55,726	53,133
Right-of-use assets Amortization ⁽⁶⁾	53,370	50,847
Amortizations ⁽⁶⁾	44,094	43,415
Taxes and fees	40,617	37,000
Fees	34,141	25,030
Commercial and financial management of the service	30,268	25,763
Consumption of direct inputs	18,871	23,193
Others	17,777	6,002
Liquefied natural gas	11,342	7,477
Public services	7,887	10,013
Leases	4,490	4,263
Costs associated with Class of Transactions the wholesaler market	2,480	1,707
Gas compression	46	-
Total	6,188,883	5,870,970

Amounts stated in millions of Colombian pesos



¹ Increase due to higher long-term energy purchases, due to the high demand in the residential and non-residential sector, as a result of the recovery of the economy after the pandemic.

² The increase is due to higher network costs mainly in the STN due to the accumulated behavior of the IPP, in the external SDL, due to higher demand and in the external STR due to the application of Resolution CREG 015 of 2018.

³ Increase due to the hiring of personnel for the execution of new projects.

⁴ Decrease due to lower energy purchases in the Exchange, due to higher generation given the high hydrology.

⁵ Increase explained by the higher cost of gas supply and transportation impacted by a higher price due to the behavior of the TRM and higher quantities executed.

⁶ Corresponds to non-cash costs.

⁷ Increase explained by higher costs in contracts associated with installation, de-installation, portfolio services, reading, cleaning and other contracts.

⁸ The increase was due to higher costs in contracts for repairs and maintenance of: i) constructions and buildings and ii) lines, networks and ducts.

⁹ The increase was explained by higher costs of energy elements and accessories and environmental management costs.

Note 34. Administrative expenses

The breakdown of administrative expenses is as follows:

Administrative Expenses	2021	2020
Employee benefits expense		
Wages and salaries ⁽¹⁾	280,294	261,009
Social security expenses ⁽¹⁾	90,000	83,482
Pension expenses ^{(2) (3)}	19,232	17,881
Employee interest rate benefits	7,176	6,308
Other long-term benefits	4,443	4,004
Other post-employment benefit plans other than pensions ^{(2) (3)}	1,120	1,506
Total employee benefits expense	402,265	374,190

Administrative Expenses	2021	2020
General Expenses		
Provision for contingencies ⁽²⁾⁽³⁾⁽⁴⁾	307,910	58,909
Taxes, contributions and fees ⁽⁵⁾	124,943	104,213
Intangible ⁽⁶⁾	73,044	52,720
Commissions, fees and services	63,066	70,091
Maintenance	56,405	57,545
Provision Dismantling, withdrawal and rehabilitation ^{(2) (3) (7)}	48,661	55,672
Provision of guarantees ^{(2) (3) (8)}	39,229	60,099
Depreciation ⁽³⁾	39,072	36,593
General insurance	36,333	33,621
Other general expenses	29,258	30,575
Intangibles Amortization ⁽³⁾	18,962	16,320
Right-of-use Amortization ⁽³⁾	16,985	14,576
Christmas lighting	11,685	10,731
Other Miscellaneous Provisions ^{(2) (3) (9)}	10,783	37,175
Advertising and propaganda	9,739	7,010
Surveillance and security	8,085	7,519
Promotion and dissemination	7,655	7,503
Studies and projects	6,620	9,017
Provision of the Technical Reserve of the Adapted Health Entity (EAS) ^{(2) (3)}	4,842	3,430
Provision of expensive contracts ^{(2) (3)}	-	5,945
Total general expenses	913,277	679,264
Total	1,315,542	1,053,454

Amounts stated in millions of Colombian pesos



¹ Increase explained by the hiring of personnel for the execution of new projects.

² It is disclosed under provisions, post-employment and long-term defined benefit plans in the statement of cash flows.

³ Corresponds to non-cash expenses.

⁴ The variation was explained by the combined effect of: i) increase in administrative litigations for \$282,510 mainly for seven group actions against EPM and Hidroeléctrica Ituango S.A. E.S.P and ii) decrease in the provision for the attention of those affected by the future Ituango hydroelectric power plant for \$33,509, the previous year represented an expense.

⁵ Increase due to the valuation contribution to the Government of Antioquia and the increase in the industry and commerce tax and in the tax on financial movements.

⁶ The increase is due to the acquisition of licenses for the hiring of personnel and the updates made to them.

⁷ The decrease was explained by the combined effect of: i) the update of the environmental and social provision of the future Ituango hydroelectric power plant, with respect to 2020, decreased by \$12,807; ii) increase of the forced provision of the future Ituango hydroelectric power plant by \$4,546 and iii) increase of the dismantling or environmental restoration provision by \$1,250.



⁸ Corresponds to the update of the provision of guarantees to the transporter Intercolombia for the months following the entry into operation of the connection infrastructure of the future Ituango hydroelectric power plant.

⁹ Decrease explained by the updating of the provisions for the contingent consideration Espíritu Santo and the provision for the attention of the contingency of the future Ituango hydroelectric power plant that in the previous year represented expenses of \$19,634 and \$7,050 respectively; as of December 2021, both provisions represented a recovery.

Note 35. Other expenses

The detail of other expenses is as follows:

Other expenses	2021	2020
Loss in retirement of property, plant and equipment	15,054	15,869
Contributions in non-societarian entities ⁽¹⁾	14,641	22,734
Loss in removal of property, plant and equipment ^{(2) (3)}	13,455	4,073
Other regular expenses	7,978	11,868
Effective interest financing services	2,079	128
Arbitral awards and extrajudicial reconciliations	1,594	2,598
Intangible withdrawal loss ^{(2) (3)}	129	3
Statements	119	1,099
Loss in inventory retirement ^{(3) (4)}	18	42
Loss in sale of investment property ^{(3) (5)}	-	2,413
Total	55,067	60,827

Amounts stated in millions of Colombian pesos



¹ The decrease was explained because the fair value of some investment properties showed a recovery with respect to the previous year.

² Disclosed in the result from retirement of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

³ Corresponds to non-cash expenses.

⁴ Disclosed in the inventory write-downs, net in the statement of cash flows.

⁵ Disclosed in the result on disposal of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

Note 36. Financial income and expenses

36.1 Financial income

The breakdown of finance income is as follows:

Financial income	2021	2020
Interest Income:		
Interest from debts and delinquency interests ^{(1) (2)}	109,569	96,206
Income in trust rights ^{(3) (4)}	15,026	34,907
Income by valuation of financial instruments at fair value ^{(3) (4)}	11,926	32,741
Bank deposits ⁽¹⁾	5,732	9,219
Other financial income ⁽¹⁾	3,747	6,329
Total financial income	146,000	179,402

Amounts stated in millions of Colombian pesos



¹ Disclosed as part of interest income and yields in the statement of cash flows.

² The increase was explained by higher amortized cost and interest associated with accounts receivable from other debtors and economic related parties and by late payment interest on other concepts.

³ Disclosed as part of the results from valuation of financial instruments and hedge accounting in the statement of cash flows.

⁴ The decrease in the profit in trust rights and in the valuation of financial instruments at fair value was explained by the behavior of the market that has presented significant devaluations and is thus reflected in the temporary investments of the portfolio.

36.2 Financial expenses

The breakdown of finance expenses is as follows:

Financial expenses	2021	2020
Interest expense:		
Interest on tenancy obligations ⁽¹⁾	240,141	222,721
Other interest expenses ⁽¹⁾	638	146
Total Interest	240,779	222,867
Short-term internal financing operations ⁽¹⁾	1,572	3,632
Long-term internal financing operations ⁽¹⁾	111,084	114,419
Short-term external financing operations ⁽¹⁾	1,481	7,190
Long-term external financing operations ^{(1) (2)}	666,028	603,762
Financial instruments for hedging purposes ^{(1) (2)}	89,327	42,777
Other financial costs		
Fees other than the amounts included when determining the effective interest rate ⁽¹⁾	1,851	1,892
Interest on financial liabilities and losses for valuation of investments and other assets ⁽³⁾	120,743	104,981
Total financial expenses	1,232,865	1,101,520

Amounts stated in millions of Colombian pesos



- ¹ Disclosed as part of interest expense and commissions in the statement of cash flows.
- ² Increase due to higher indebtedness and number of financial hedges contracted.
- ³ Increase explained by the loss in trust rights.

For purposes of presentation in the statement of cash flows: \$102,606 (2020: \$83,993) is disclosed in the result from valuation of financial instruments and hedge accounting and \$18,137 (2020: \$20,988) is disclosed in provisions for tax liabilities, insurance and reinsurance and financial restatement.

Note 37. Exchange difference, net

The effect of transactions in foreign currency is the following:



Exchange difference, net	2021	2020
Revenue by exchange difference		
Own position		
For goods and services and others	7,411	29,658
For liquidity	356,286	65,511
Accounts receivable	210,203	117,526
Provisions	353	-
Other adjustments by exchange difference	20,663	121
Financing operations		
Gross income	81,073	358,392
Debt Coverage ⁽¹⁾	925,578	-
Total revenue by exchange difference	1,601,567	571,208
Expenses by exchange difference		
Own position		
For goods and services and others	38,294	3,752
For liquidity	101,524	213,249
Accounts receivable	112,394	1,002
Provisions	21,920	-
Other adjustments by exchange difference	-	24,924
Financing operations		
Gross expense	1,355,760	382,679
Debt Coverage	-	309,748
Total expenses by exchange difference	1,629,892	935,354
Total exchange difference, net	(28,325)	(364,146)

Amounts stated in millions of Colombian pesos



⁽¹⁾ As part of the market risk management plan, the company finalized the closing of hedging operations for US\$475 million in 2021, of the authorizations obtained in 2020 from the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

The accumulated net expenditure by exchange difference rises to \$28,325, the main expense corresponds to the restatement of the debt in dollars for \$1,355,760 and the income from the debt hedge of \$925,578, associated with the accumulated devaluation of the Colombian peso of 15.98% (2020: 4.74%) and the closing rate of \$3,981.16 (2020: \$3,432.50).

The rates used for foreign currency translation in the separate financial statements are as follows:

Currency	Currency Code	Direct conversion to USD		Closing exchange rate		Average exchange rate	
		2021	2020	2021	2020	2021	2020
United States Dollar	USD	1.00	1.00	3,981.16	3,432.50	3,963.13	3,693.36
Quetzal	GTQ	7.72	7.79	515.75	440.41	512.94	478.29
Mexican Peso	MXP	20.46	19.93	194.54	172.27	189.58	172.27
Chilean Peso	CLP	852.00	710.50	4.67	4.83	4.67	4.67
Euro	EUR	0.88	0.82	4,527.38	4,199.84	4,424.84	4,214.08
Pound	GBP	0.74	0.73	5,392.28	4,692.06	5,147.51	4,735.59
Swiss Franc	CHF	0.91	0.88	4,369.38	3,883.14	4,094.26	3,937.95

Note 38. Effect of participation in equity investments

The Participation on Equity Investments is as follows:

Participation in equity investments	2021	2020
Dividends and participations ¹	142,886	99,880
Result per Business combination-product ²	(8,533)	1,353,203
Company of investments in subsidiaries, associates and joint ventures Depreciation ³	-	(879,062)
Total	134,353	574,021

Amounts stated in millions of Colombian pesos



¹ Corresponds to dividends from: i) investments classified in financial instruments for \$134,081 (2020: \$72,825) [see note 13. Other financial assets](#) and ii) dividends from investments in associates for \$8,805 (2020: \$27,055) [see note 9. Investments in associates](#).

² In 2020, a business combination result of \$1,353,203 was recognized for the acquisition of control on October 1, 2020 of the subsidiary AFINIA, originated by the difference between the consideration transferred and the fair value of the identifiable net assets acquired, during 2021 the value recognized was reviewed and \$8,533 was recognized as an expense.

³ This corresponds to the subsidiary AFINIA, [\(see note 11\)](#).



Note 39. Income tax

39.1 Tax provisions

The applicable and current tax provisions provide as follows:

- The nominal income tax rate is 31%.
- Taxable income from occasional gains tax is taxed at a rate of 10%.
- The domiciliary public utilities companies in Colombia are excluded from determining income tax by the presumptive income system calculated based on fiscal net worth of the immediately preceding year.
- On June 11, 2008, EPM and the Nation (through the Ministry of Mines and Energy) entered into a legal stability contract for the Energy Generation activity for a period of 20 years. Among the stabilized tax rules are ordinary income tax rate, equity tax, presumptive income, tax cost of fixed assets, depreciation deduction, special deduction of 40% for investments in real productive fixed assets.
- Special treatments are considered to be those granted by the Colombian Holding Companies Regime (CHC), a special tax regime for national companies that have as one of their activities the holding of securities, investment or holding of shares or participations in Colombian or foreign companies or entities.

New regulations

On September 14, 2021, Law 2155 of 2021 was published in Official Gazette No. 51,797, as a law of social investment and other provisions, by means of which the national government sought to establish a series of measures aimed at providing continuity and strengthening the social programs that were created to address the state of emergency derived from the pandemic. Among others, the purpose of this law is to contribute to economic reactivation, employment generation, and fiscal stability.

Among the most relevant measures is the increase in the income tax rate for companies taxed under the ordinary regime, which for the taxable period 2022 is set at 35%, this modification has a significant impact on the current tax as from that period and a greater and immediate effect on the calculation of the deferred tax, in accordance with the provisions of Concept 0657 of December 16, 2021, issued by the Technical Council of Public Accounting.

In the case of the discount in income for the payment of the industry and commerce tax, which was projected to be used at 100% from the taxable period 2022, as a result of the issuance of Law 2155, paragraph 1 of article 115 of the Tax Statute -ET- is repealed, with which this discount is maintained at 50% of the amount of the industry and commerce tax paid, for the following taxable periods.

A relevant aspect of the operations carried out by the Company is related to the stamps, which have been proliferating in the last years to such an extent that there are energy sale operations in the stock exchange and long-term contracts, in which the tax charge for stamps is higher than 5%. In this sense, Article 32 of Law 2155 of 2021 modified article 14 of Law 2052 of 2020 stating that for a maximum of two years as from January 1, 2022, the national government must promote before the Congress of the Republic modifications in the matter of stamps in such a way that limits are imposed to the requirement of this tax.

On the other hand, the social investment law, as its predecessor Law 2010 of 2019 had already done, incorporates in Article 689-3 ET the benefit of auditing with some changes with respect to the previous version. This new version of the regulatory text allows that the income tax returns of those taxpayers who increase the net income tax by 35% in relation to this same item of the immediately preceding period, become final in a term of six (6) months and for those who increase it by 25% become final in twelve (12) months.

In procedural matters, the law incorporated some benefits in relation to the reduction of penalties and late payment interest for obligations with the tax authority, which term ended on December 31, 2021; contentious-administrative conciliation procedures, as well as the figure of termination by mutual agreement whose request may be made until March 31, 2022, at the latest, and the application of the principle of favorability in the collection stage.

Regarding electronic invoicing, the tax authority made important advances during 2021, the first of which was the implementation of the electronic payroll system, which is in operation in the Company; Regarding the support document in acquisitions made from parties not obliged to issue sales invoices or equivalent documents, which is currently issued in physical form in compliance with current regulations, we are currently working on its implementation in electronic form, in order to comply with the maximum date for its generation and transmission in electronic form, which would be May 2, 2022, in accordance with the provisions of article 6 of DIAN Resolution 000167 of December 30, 2021.

Another issue that has been addressed by the tax authority in recent years, is related to the definition of the beneficial owner, which was developed by DIAN Resolution 000164 of December 27, 2021, in which numeral 1 of Article 5, provides that decentralized entities in which the capital is 100% public, as is the case of EPM, are not required to identify, obtain, preserve, provide an update in the Sole Registry of Beneficial Owners -RUB the information referred to in that resolution

In relation to the jurisprudence and doctrine with impacts on the determination of the tax burden of the company, it is important to highlight the decision of the Council of State of October 21, 2021, judge Stella Jeannette Carvajal Basto, file 24435 in which it declares the nullity of Concept DIAN 001054 of October 12, 2014, whereby the exclusion of the sales tax on residential public utilities is applicable both to the initial connection of the service to the user, as well as to the reconnections that occur in those cases, for example, in which there are delays in payment by the users. Although the ruling is directed to the public water service, it is applicable to energy and gas services.

Another aspect worth highlighting is related to the use of the income tax discount for VAT paid on investments related to real productive fixed assets; according to the doctrine issued by the tax authority, this benefit may be used in the period in which the investment is made or in the following periods, however, it clarifies that the discount may not be used in a fractional manner, that is, taking a part in a taxable period and using the remainder in another period. This position is enshrined in DIAN Official Letter 100208221-1130, filed 907362 of July 26, 2021.

Regarding regulations that had an impact on the determination of the company's tax burden for the taxable period 2020 and the following, we find the following:

In 2020 and 2021, due to the situations derived from the declaration by the National Government of the economic, social, and ecological emergency, added to the declaration and extension of the sanitary emergency decreed by the Ministry of Health and Social Protection, which is in force until February 28, 2022, in accordance with Resolution 1913 of 2021; various norms with tax scope were issued that generate effects on the recognition of economic facts by the company and the determination of its tax burden.

A favorable aspect was the decrease in the value-added tax from 19% to 5%, effective until December 31, 2021, for passenger air transportation, a situation that occurred through the issuance of Decree 575 of April 15, 2020. This reduction favors the execution of costs and expenses of the entity in the use of air transportation by employees. The validity of this measure was extended until December 31, 2022, by Law 2068 of 2020.

Through Decree 789 of June 4, 2020, it was determined the exclusion of the value-added tax to all hotel and tourism services in the country until December 31, 2020, this situation also generates benefits in the execution of costs and expenses in the cases in which the employees make use of the lodging service. The validity of this rule was extended by Law 2068 of 2020 until December 31, 2021, and subsequently by Article 65 of Law 2155 of 2021 with validity until December 31, 2022.

Legislative Decree 799 of 2020 ordered the temporary suspension, until December 31, 2020, of the payment of the surcharge or special contribution in the electricity sector, referred to in paragraph 2 of Article 211 of the Tax Statute -ET- for the providers of tourist services with active and current registration in the National Tourism Registry and that develop as a main economic activity one of those described by the regulation. Although this decision constitutes a relief in the costs of the hotel sector, it may generate an imbalance in the reconciliation of subsidies and contributions for the domiciliary public utility companies, to the extent that these are contributions that are no longer collected. The validity of this rule was extended until December 31, 2021, according to Law 2068 of 2020.

On the other hand, a circumstance that favors the growth and massification in the use of non-conventional renewable energy sources, a business of high importance for the company, is

the incorporation as exempt goods in Article 477 of the Tax Statute by Law 2069 of 2020, of components for electricity generation through solar panels.

Law 2069 of 2020 incorporates as a deduction and tax discount, in articles 158-1 and 256 of the Tax Statute, the donations made in favor of INNpalsa Colombia by taxpayers.

On the other hand, Law 2070 of 2020 adds a subsection to Article 392 of the Tax Statute in order to establish a withholding tax rate of 4% for cultural and creative activities.

It is also important to mention the enactment of Law 2099 of 2021, which amends Law 1715 of 2014, among others, and under this regulation allows investments in equipment, machinery, and civil works necessary for the pre-investment, investment, and operation of generation projects with non-conventional energy sources (FNCE), as well as for the measurement and evaluation of potential resources and actions or measures for efficient energy management, including smart metering equipment, may be depreciated over up to 3 years and thus accelerate depreciation.

Finally, under the same provision, VAT exclusion may be requested for national or imported equipment, elements, machinery, and services intended for pre-investment and investment, for the production and use of energy from non-conventional sources, as well as for the measurement and evaluation of potential resources, and to advance actions and measures for efficient energy management, including smart metering equipment; as, for the exclusion of tariffs, the new provision provides that this benefit may be chosen for the importation of goods for energy efficiency and smart metering.



Thus, among the main modifications, we can highlight:

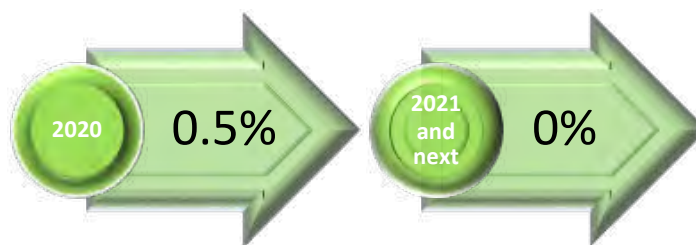
- General rate of income tax and supplementary taxes

The income and complementary tax rate is modified as follows:

- **2021:** Thirty-one percent (31%).
- **2022 onward:** Thirty-five percent (35%).

In application of the legal stability contract, EPM's energy generation business is taxed as from 2022 at a rate of thirty-three percent (33%) and will be so as long as the rate established by the tax law is higher than this percentage.

Presumptive income



The exoneration in the determination of presumptive income for domiciliary public utilities companies is maintained.



Sales tax

The general rate of 19% is maintained.

The 5% rate is maintained for electric vehicles and their components, parts and accessories, as well as for components and spare parts of the gas vehicle plan.

The VAT rule of Article 192 of Law 1819 of 2016 remains, according to which, the VAT rate of contracts in which a public entity is a contractor will be the one corresponding to the date of the resolution or act of awarding, or subscription of the respective contract, the rate increases once they are added.

Other aspects

- In accordance with the provisions of Article 258-1 ET, the VAT paid on the acquisition, importation, construction and formation of real productive fixed assets, including the services necessary to put the good in conditions of use, and the assets acquired through leasing, is maintained as a tax discount in the income tax. It is important to point out that the Constitutional Court by Ruling C-379/20 of September 2, 2020 declared conditionally executory this article under the understanding that the benefit is also applicable for taxpayers not responsible for sales tax.
- The possibility of taking 50% of the industry and commerce tax paid as a tax discount is preserved. The economic growth law establishes that as from the year 2022 this discount will be 100%.
- The tax on dividends received by national companies at the general rate of 7.5% as withholding at source on income, which will be transferable and imputable to the resident individual or investor residing abroad, continues to be in force.
- The sale of electric energy generated based on wind energy, biomass or agricultural waste, solar, geothermal or from the sea will continue to be considered exempt income for a term of 15 years as from 2017, only by generating companies, according to the definitions of Law 1715 of 2014 and Decree 2755 of 2003.
- The Colombian Holding Companies (CHC) regime is ratified as an instrument to promote foreign investment in the country.

- Through Decree 1157 of 2020, the requirements to access the tax benefits of the Mega-Investments mechanism with the possibility of accessing a tax stability regime were regulated.
- The amendments made by Law 1943 of 2018 to the thin capitalization rule of Article 118-1 of the Tax Statute remain, limiting the deductibility of interest paid when there is over indebtedness, specifying that such limitations only apply with respect to debts contracted between economic related parties.
- Article 117 of Law 2010 of 2019 modified the finality term for income tax returns in which tax losses are liquidated or compensated, or which are subject to the transfer pricing regime, remaining such term in 5 years.

It should be clarified that this term of finality contained in article 714 of the tax statute was modified by law 1819 of 2016 remaining in 6 years. For this reason, the income tax returns filed by EPM from the year 2017 will be covered by the aforementioned provision, but the one for the year 2019 to be filed in 2020, will be subject to the change established in the 2010 law.



39.2 Effective rate Reconciliation

The reconciliation between the applicable tax rate and the effective tax rate and the composition of the income tax expense for the periods 2021 and 2020 is as follows:

Income and supplementary taxes	2021	%	2020	%
Result before tax	4,188,006		2,813,463	
Nominal income tax rate		31%		32%
Income tax Nominal rate	1,298,282		900,308	
Effect of permanent tax differences:	(678,729)	-16%	(505,688)	-18%
Dividend income	193,777	5%	113,576	4%
Impairment of subsidiary investments	-	0%	281,300	10%
Tax-only revenue	1,005,222	24%	118,304	4%
Special deduction refund	-	0%	37,307	1%
Non-deductible provisions	103,577	2%	37,566	1%
Loss of assets	4,171	0%	1,303	0%
Equity method	(498,150)	-12%	(214,949)	-8%
Gain purchase on advantageous terms	-	0%	(433,025)	-15%
Untaxes dividends	(109,665)	-3%	(140,063)	-5%
Compensation for consequential damage	(993,016)	-24%	(125,794)	-4%
Exempt income	(132,048)	-3%	(15,403)	-1%
Special deduction of real productive fixed assets	(262,130)	-6%	(184,580)	-7%
Net result Other permanent differences	9,532	0%	18,769	1%
Rate Difference Adjustment (Cust/Deferred Tax)	53,974	1%	13,912	0%
Tax adjustment deferred tax tax reform	234,972	6%	-	0%
Tax discounts	(32,906)	-1%	(31,163)	-1%
Occasional profits	32	0%	2487	0%
Prior years for income adjustments	(52,666)	-1%	(106,308)	-4%
Income tax at effective rate	822,960	20%	273,548	10%
Detail of current and deferred expenditure				
Current Tax	494,651	12%	397,757	14%
Deferred tax	328,309	8%	(124,209)	-4%
Income tax	822,960	20%	273,548	10%

Amounts stated in millions of Colombian pesos

The best indicator to measure the tax burden is the effective tax rate. This directly measures the total tax burden imposed by national regulations on companies, in proportion to the profits they obtain from their activities.

In accordance with the above, to arrive from the theoretical tax to the effective tax that will affect the result of the company, starting from the nominal rate, tax adjustments are made in accordance with the regulations in force and the result is the tax payable by the Entity.

Thus, in the years 2021 and 2020, it can be observed in the purification, that there are several items that decrease the tax calculated at the nominal rate and that cause the theoretical tax to be modified as a result of the application of the tax provisions. Among the most important items in the reconciliation of the effective rate and which cause it to be 8 points below the nominal rate, is the special deduction of real productive fixed assets by virtue of the application of the Legal Stability contract. Another important point in this purification is the treatment of exempt income granted to dividends received from foreign subsidiaries, an exemption allowed under the Colombian Holding Companies Regime (CHC).

As a relevant fact during the year 2021, we have the recognition of the indemnity under the All-Risks Construction and Erection policy for the contingency that occurred in the future Ituango hydroelectric power plant, the treatment of income not constituting income or occasional gain given to the indemnity for the emerging damage, is supported by the reinvestment of resources in the Project as provided by Article 45 of the Tax Statute. It is also important to mention as a relevant item that affects the variation of the rate from one year to another, that corresponding to the gain on purchase in advantageous conditions, as an extraordinary operation in the year 2020 that significantly affected the effective rate of that year, a fact that does not occur in the taxable year 2021.

Another aspect to consider and impacts the income tax for the period reported is the effect on the deferred tax due to the change in the income rate incorporated by Law 2155 of 2021, going from 30% to 35% as from the taxable year 2022. At this point it is important to highlight that the Energy Generation business calculates its tax at a rate of 33%, a rate stabilized in the Legal Stability Agreement. This adjustment meant for the company a higher expense of \$234,972.

39.3 Income tax recognized through profit or loss

The most significant components of income tax expense at the cut-off date are:

Income tax	2021	2020
Current income tax		
Expenditure (income) for current income tax	580,223	535,228
Adjustments recognized in the current period related to prior period current income tax	(52,666)	(106,308)
Tax benefits from tax losses, tax credits, or temporary differences used in the period	(32,906)	(31,163)
Total current income tax	494,651	397,757
Deferred tax		
Net expense (revenue) for deferred tax related to source and reversal of temporary differences	(194,458)	(12,347)
Net deferred tax expense (income) related to changes in tax rates or laws	234,972	
Reclassification of deferred tax from the other integral result to the result of the year	287,795	(111,862)
Total deferred tax	328,309	(124,209)
Income tax	822,960	273,548

Amounts stated in millions of Colombian pesos



¹ The deferred tax expense (income) related to changes in tax rates was originated by the new rates incorporated by Law 2155 of 2021, going from 30% to 35% as of the taxable year 2022. The rate used for the determination of the deferred tax is 35% for 2021 (33% Energy Generation Business), which varied with respect to the rate used the previous year, being 30%.

In this regard, it is important to indicate that the Company recorded the effect of the rate change in the result for the period, thus applying the provisions of paragraph 58 of IAS 12; in this way it did not avail itself of the voluntary exception established in Decree 1311 of October 20, 2021, which allows recognizing this update within the entity's equity in the retained earnings of previous years.

The rates used to determine deferred tax are:

Year	2021	2022	2023
Income	31%	35%	35%
Total rate	31%	35%	35%

The deferred tax generated by temporary differences associated with the Energy Generation business is determined by applying the stabilized rate of 33%. For land, the rate considered is 10%, corresponding to the current rate for occasional gains on the sale of assets owned for more than 2 years.

39.4 The value of the current income tax asset or liability is as follows:

Concept	2021	2020
Current income tax asset or liability		
Total income tax liability	56,027	118,757
Income tax	56,027	118,757
Total income tax assets	322,496	232,864
Please market for rent Account Balances	322,496	232,864
Total assets (or liabilities) income tax	266,469	114,107

Amounts stated in millions of Colombian pesos

39.5 Income tax recognized in other comprehensive income

The detail of the tax effect corresponding to each component of "other comprehensive income" in the separate statement of comprehensive income is as follows:

Other comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Items which will not be reclassified after the result of the period						
New defined benefit plan measurements	65,962	(23,739)	42,223	(17,431)	6,277	(11,154)
Equity investments measured at fair value through equity	(322,482)	-	(322,482)	596,096	(1,837)	594,259
Participation in the other comprehensive income of subsidiaries	(9,672)	(18,340)	(28,012)	160,798	1,722	162,520
Items that can be reclassified later than the result of the period						
Cash flow hedges	(517,549)	189,258	(328,291)	(24,071)	10,086	(13,985)
Participation in the other integral result of subsidiaries	360,043	(1,099)	358,944	240,499	866	241,365
Hedges of net investment in a foreign operation	(61,509)	21,106	(40,403)	-	-	-
Total	(485,207)	167,186	(318,021)	955,891	17,113	973,004

Amounts stated in millions of Colombian pesos

39.6 Deferred tax

The detail of deferred taxes is as follows:

Deferred tax	2021	2020
Deferred tax active	1,213,356	873,760
Deferred tax liability	3,214,550	2,733,270
Total net deferred tax	(2,001,194)	(1,859,510)

Amounts stated in millions of Colombian pesos

39.6.1 Deferred tax asset

Deferred tax assets	Initial 2020 Account Balance	Net changes included in profit or loss 2020	Changes included in the OCI 2020	Recognized directly to equity	Final 2020 Account Balance	Net changes included in profit or loss 2021	Changes included in the OCI 2021	Final 2021 Account Balance
Assets	216,549	146,932	(1,837)	4,096	365,740	39,901	-	405,641
Property, Plant and Equipment	2	(3,266)	-	3,266	2	(1)	-	1
Intangible	-	(2)	-	2	-	-	-	-
Assets by right of use	51,801	87,674	-	-	139,475	65,822	-	205,297
Investments and derivative instruments	1,836	75,635	(1,837)	-	75,634	(72,657)	-	2,977
Accounts receivable	124,807	23,551	-	828	149,186	47,997	-	197,183
Cash and cash equivalents	-	1,231	-	-	1,231	(1,231)	-	-
Other assets	38,103	(37,891)	-	-	212	(29)	-	183
Liabilities	293,358	191,970	21,477	1,215	508,020	80,195	219,500	807,715
Loans and borrowings	97,377	7,344	-	-	104,721	358,330	21,106	484,157
Accounts payable	6,031	17,929	-	404	24,364	(24,364)	-	-
Employee Benefits	38,519	(4,089)	6,276	-	40,706	4,363	(18,957)	26,112
Derivatives	-	111,860	15,201	-	127,061	(287,795)	217,351	56,617
Provisions	139,754	53,330	-	-	193,084	16,359	-	209,443
Other liabilities	11,677	5,596	-	811	18,084	13,302	-	31,386
Deferred tax active	509,907	338,902	19,640	5,311	873,760	120,096	219,500	1,213,356

Amounts stated in millions of Colombian pesos



39.6.2 Deferred tax liability

Deferred tax liability	Initial 2020 Account Balance	Net changes included in profit or loss 2020	Changes included in the OCI 2020	Recognized directly to equity	Final 2020 Account Balance	Net changes included in profit or loss 2021	Changes included in the OCI 2021	Final 2021 Account Balance
Assets	2,489,660	197,334	5,115	974	2,693,083	483,233	28,093	3,204,409
Property, Plant and Equipment	2,425,868	99,186	-	3	2,525,057	430,547	-	2,955,604
Intangible	29,402	9,069	-	50	38,521	7,294	-	45,815
Investment properties	12,270	2,739	-	-	15,009	(27)	-	14,982
Assets by right of use	-	54,988	-	-	54,988	48,830	-	103,818
Investments and derivative instruments	14,009	(98)	5,115	-	19,026	6,102	28,093	53,221
Accounts receivable	-	34,337	-	921	35,258	(12,979)	-	22,279
Cash and cash equivalents	-	-	-	-	-	1,651	-	1,651
Other assets	8,111	(2,887)	-	-	5,224	1,815	-	7,039
Liabilities	22,411	17,359	-	417	40,187	(34,828)	4,782	10,141
Credits and loans	316	33,798	-	-	34,114	(29,928)	-	4,186
Accounts payable	19,245	(13,589)	-	417	6,073	(4,900)	-	1,173
Employee Benefits	2,850	(2,850)	-	-	-	-	4,782	4,782
Deferred tax liability	2,512,071	214,693	5,115	1,391	2,733,270	448,405	32,875	3,214,550
Total deferred tax asset/liability	2,002,164	(124,209)	(14,525)	(3,920)	1,859,510	328,309	(186,625)	2,001,194

Amounts stated in millions of Colombian pesos

39.6.3 Temporary differences

Temporary differences associated with investments in subsidiaries, associates, and joint ventures, for which no deferred tax liabilities have been recognized, amount to \$7,102,285 (2020 \$5,832,720).

In assets, the greatest impact on deferred tax is due to temporary differences in property, plant, and equipment, generated by significant differences in accounting and tax costs, due to the recognition of deemed cost, tax inflation adjustments, and the application of different useful lives and depreciation methods; in accounts receivable in relation to portfolio impairment due to the difference in the calculation between the accounting and tax standards, as a result of the valuation at amortized cost and the implicit interest recognized in the accounting standard. The unrealized exchange difference on accounts receivable is another representative item in temporary differences, a concept introduced by Law 1819/2016.

As for liabilities, the items that most impact the calculation of deferred tax are: accounting provisions, long-term employee benefits, and the unrealized exchange difference in receivables and accounts payable. Another relevant point to consider is the deferred tax recognized in the result for the period, in the concept of hedges, due to the reclassification of the exchange difference and interest from the other comprehensive income to the result for the period and in the debt, due to the reclassification from the statement of income to the other comprehensive income for the application of hedge accounting of net investment abroad.

The temporary differences on which deferred tax was not generated were, among others, investments in subsidiaries, associates, and joint ventures, in accordance with paragraph 39 of IAS 12; also, items that do not have future tax consequences, such as tax liabilities and financial returns generated on plan assets, as these are exempt.

The approval of dividends after the presentation date and before the financial statements was authorized for publication does not generate income tax consequences, since the policy established for domestic subsidiaries is that only untaxed profits and reserves are distributed. The tax effects that may be generated by dividends declared by foreign subsidiaries, with the entry into force of Article 69 of Law 1943/2018, will be considered capital exempt income in the application of the Colombian Holding Companies (CHC) regime.

Note 40. Related party disclosures

EPM is a decentralized entity of the municipal order, whose sole owner is the Municipality of Medellín. The capital with which it was established and operates, as well as its assets, is public. The Mayor of Medellín chairs the Board of Directors of EPM.

Subsidiaries, associates, and joint ventures, including subsidiaries of associates and joint ventures, key management personnel, as well as entities over which key management personnel may exercise control or joint control and post-employment benefit plans for the benefit of employees are considered related parties of EPM.

The total value of transactions carried out by the Company with its related parties during the corresponding period is presented below:

Transactions and accounts with related parties	Income ¹	Costs/ Expenses ²	Values receivable ³	Values to be paid	Guarantees and guarantees received
EPM subsidiaries:					
december 31, 2021	813,097	445,051	1,086,469	108,935	-
december 31, 2020	916,908	400,702	1,348,495	133,236	-
EPM associate:					
december 31, 2021	53,525	35,595	6,261	8,123	-
december 31, 2020	75,033	38,448	2,132	7,498	-
Key Management personnel from the company or its controller:					
december 31, 2021	-	11,066	803	2,944	213
december 31, 2020	-	9,807	1,068	2,784	288
Other related parties:					
december 31, 2021	131,968	92,831	56,994	4,084	-
december 31, 2020	84,253	87,076	23,646	8,992	-

Amounts stated in millions of Colombian pesos

Transactions between EPM and its related parties are carried out under conditions equivalent to those existing in transactions between independent parties, as regards their purpose and conditions.



¹ The detail of the income obtained by the Company from its related parties is as follows:



	Income	december 31, 2021	december 31, 2020
Subsidiaries	Sale of goods and services	632,709	706,701
	Interests	138,053	168,562
	Fees	6,414	4,492
	Others	35,921	37,152
Total Subsidiaries		813,097	916,907
Associates	Sale of goods and services	43,460	49,333
	Interests	6	-
	Others	10,059	25,700
Total associates		53,525	75,033
Other related parties	Sale of goods and services	128,981	81,014
	Interests	134	1,526
	Fees	78	28
	Others	2,775	1,685
Total Other Related Parties		131,968	84,253

Amounts stated in millions of Colombian pesos



² The detail of costs and expenses incurred by the Company with its related parties is as follows:

	Costs and expenses	2021	2020
Subsidiaries	Procurement of goods and services	439,980	396,188
	Fees	751	753
	Others	4,320	3,761
Total Subsidiaries		445,051	400,702
Associates	Procurement of goods and services	33,003	36,013
	Fees	2,563	2,393
	Others	29	42
Total associates		35,595	38,448
Other related parties	Procurement of goods and services	40,930	39,365
	Interests	-	4
	Fees	992	242
	Others	50,909	47,465
Total Other Related Parties		92,831	87,076

Amounts stated in millions of Colombian pesos



³ The detail of loans granted by the Company to its related parties is as follows:

	Loans granted	Original currency	Term	Nominal interest rate	december 31, 2021			december 31, 2020		
					Nominal value	Amortized Cost Value	Total value	Nominal value	Amortized Cost Value	Total value
HYDROSUR	Loan 1	CLP	8.5 YEARS	0.072	935,551	(1,182)	934,369	958,355	1,377	959,732
Hidroecológica del Teribe S.A. HET	loan 1	USD	25 years	LIBOR 3M + 4.43	-	-	-	190,803	11,816	202,620
Aguas de Malambo S.A. ESP	Loan 1	COP	1 YEAR	IBR 6M + 3.47	-	-	-	1,000	20	1,020
	Loan 2	COP	1 YEAR	IBR 6M + 3.47	-	-	-	402	4	406

Amounts stated in millions of Colombian pesos



⁴ Transactions between the Company and its related parties are carried out under conditions equivalent to those existing in transactions between independent parties, in terms of their purpose and conditions.

Transactions and balances with related government entities

The total financial surplus paid to the Municipality of Medellin as of December 2021 was \$1,396,953 (2020 \$1,488,319).

Remuneration to the Board of Directors and key personnel of the company:

Members of key management personnel in the company include:

Concept	2021	2020
Wages and other short-term benefits to employees	10,026	9,073
Other long-term benefits to employees	1,041	734
Remuneration to key management staff	11,067	9,807

Amounts stated in millions of Colombian pesos

The amounts disclosed are the amounts recognized as a cost or expense during the reported period for compensation of key management personnel.

Note 41. Capital management

The company's capital includes indebtedness through the capital market, commercial banks, development banks, development agencies and multilateral banks, both nationally and internationally.

The company manages its capital through planning and management processes for obtaining monetary resources in domestic and international financial markets, to meet strategic investments and investment projects, through different alternatives that minimize cost, which tend to maintain adequate financial indicators and an adequate risk rating, as well as minimizing financial risk. To this end, it has defined the following capital management policies and processes:

Financing management: financing management comprises the execution of all long-term credit operations, in order to guarantee the timely availability of the resources required for the normal operation of the company and to materialize investment and growth decisions, seeking efficient financing costs.

The company has not made any changes to its objectives, policies and processes of capital financing management during the periods ended December 31, 2021 and December 31, 2020.

In order to face changes in economic conditions, the company implements proactive mechanisms to manage its financing, enabling, to the extent feasible, different financing alternatives, so that when it is required to execute a long-term credit operation, it has access to the source that is available at any time in the market under competitive conditions and with the necessary timeliness.



The values that the company manages as capital are shown below:

	2021	2020
Loans and borrowings		
Commercial bank loans	2,371,547	1,543,589
Multilateral bank loans	1,326,950	2,962,186
Development bank loans	1,798,200	1,534,291
Bonds and securities issued	13,336,399	12,606,757
Total Debt	18,833,096	18,646,823

Amounts stated in millions of Colombian pesos

Note 42. Financial risk management objectives and policies

The Company is exposed to financial risk, which is defined as the possibility of the occurrence of an event that negatively affects financial results, including market risk, liquidity risk, credit risk, and operating risk.

Market risk refers to changes or volatility of market variables that may generate economic losses. Market variables refer to exchange rates, interest rates, securities, commodities, among others; and their changes may impact, for example, financial statements, cash flow, financial indicators, contracts, project viability, and investments.

Credit risk refers to the possible non-compliance with payment obligations by third parties arising from contracts or financial transactions entered.

Liquidity risk is the shortage of funds and the inability to obtain the resources at the time they are required to meet contractual obligations and execute investment strategies. The shortage of funds leads to the need to sell assets or contract financing operations under unfavorable market conditions.

Finally, operational risk, from a financial point of view, is defined as deficiencies or failures in processes, technology, infrastructure, human resources, or the occurrence of unforeseen external events.

The purpose of EPM's Integral Risk Management is to lead the Group, the definition, and implementation of the strategy for integrated risk management, to achieve adequate protection and assurance of the assets, resources, and interests of Grupo EPM. The company's policy is to manage the risks that affect its activity and its environment, adopting the best practices and international standards of Integral Risk Management (IRM), as a way to facilitate compliance with the corporate purpose, strategy, objectives, and goals, both statutory and legal. It has an information system that facilitates integral risk management, guarantees confidentiality, availability, and reliability of the information, and allows for risk analysis and monitoring, and improvement plans. It has implemented a comprehensive risk management system and has a methodology for the identification, analysis, evaluation, control, and monitoring of risks, including those associated with money laundering and financing of terrorism, which allows for reducing vulnerability and proposing and implementing effective mechanisms for the proper development of business, processes, projects, and contracts. As valuation criteria, there are valuation tables of the consequences of the materialization of risks and probability tables, which are applicable at the different management levels defined in the methodological guide for integrated risk management.

The monitoring and review activity for integrated risk management is aligned with the management follow-up process established in the company, in order to propose and implement improvement actions. The established monitoring and review scheme evaluates, among others, the following aspects:

- The implementation strategy of integrated risk management.
- Changes in the internal and external context that imply adjusting in the treatment of identified risks or that generate new risks.
- The variation of risks in terms of frequency, probability and consequence.
- Criteria for assessing the probability and consequence of risks.
- The implementation and effectiveness of treatment plans.

EPM manages the financial risks associated with the different management levels, for which it identifies the risks within the market, liquidity, and credit groupings that are classified in the financial risk category, quantifies their impact and implements strategies for their mitigation.

Reform of the benchmark interest rate on financial instruments

The Company evaluated the items that would be affected by the change in the reference rate, with the result that currently it has instruments indexed to the Libor rate in dollars, such as: loans and contracts with suppliers.

Risks

The Company is negotiating with financial entities the transition scheme to alternative reference rates. This process will require the updating of the contractual clauses of the credits indexed to libor, a process that for the Company will require the authorization of the Ministry of Finance and Public Credit.

The value of the financial instruments pending transition to an alternative reference rate is:

	RATE
	LIBOR
Non-derivative financial liabilities	2,183,913

Amounts stated in millions of Colombian pesos

To date, an analysis of the risks to which the company is exposed has been carried out and the following risks were identified:

risk code	Risk scenario	Relevant impact object	Probability	Consequence	Initial risk level
R1	Ineffectiveness in the coverage relationship	Reputation	Very Derecognition well-in	Minimum	Acceptable
R2	Difficulty in making credit assessment	Quality	Very Derecognition well-in	Minor	Acceptable

To date, no hedging relationships have been established, so this risk would disappear. The Company has identified the contracts and other items in the financial statements (contingent consideration) that include the Libor rate; therefore, it is in the process of updating the clauses of the contracts, internal documentation, and the changes required in the systems to perform valuations.

42.1 Market risk

42.1.1 Price risk

Market risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate due to changes in market prices. The Company has identified that financial instruments affected by market risk include:

- Cash and cash equivalents:
 - Fiduciary assignment.
- Other financial assets:
 - Fixed income securities.
 - Investments pledged or pledged as collateral.
 - Options.
 - Swaps.

The methods and assumptions used in preparing the sensitivity analysis are as follows:

- For cash and cash equivalents, fixed income securities, and investments pledged or pledged as collateral: the methodology used to measure market risk is the Value at

Risk, consisting of the quantification of the maximum loss that could be incurred by the portfolio in a month with a confidence level of 99%. A non-parametric methodology is used to quantify the VaR, in which the historical volatility of the risk factors considers three methodologies: historical volatility, EWMA volatility (exponential weighted), and Garch volatility. Additionally, the correlation of the risk factors is determined considering their daily data, considering that for assets with exposure to interest rates, the variation of rates is calculated and for currency assets, the factor is calculated with historical returns.

The sensitivity to market prices is detailed below:

	Var daily copy	Copy % Var
Var Total Portfolio	92,225	0.04%

- For the swaps, the sensitivity analyses were performed under the assumption of maintaining the contracted hedges constant according to their indexation rates.

42.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates. EPM has identified that the financial instruments affected by interest rate risk include:

- Cash and cash equivalents:
 - Fiduciary assignment.
- Other financial assets:
 - Fixed income securities.
 - Investments pledged or pledged as collateral.
 - Options.
 - Swaps.

- Loans and receivables.
- Trade and other receivables.

The concentration of interest rate risk arises when there are large individual exposures and when there are significant exposures to counterparties whose probability of default is determined by factors such as economic sector, currency and credit ratings. The management of interest rate risk seeks the conservation of capital and the maintenance or increase of profitability. EPM has defined interest rate risk policies through the identification of risks, the determination of the interest rate position and the simulation of possible hedging strategies. The above supports the decision-making process, which is oriented to maintain the position or hedge it, and subsequently an analysis of the results of the strategies executed is performed.

Interest rate sensitivity analysis

The following table indicates the sensitivity to a possible reasonable change in the interest rates of the financial instruments exposed to this risk, without considering the effect of hedge accounting. Keeping all other variables constant, EPM's income/loss before taxes and equity would be affected by changes in variable interest rates as follows:



	Increase/decrease in basis points	Exposed value	Financial impact	
			On the result before taxes	In Equity
2021				
Financial assets measured at fair value through profit or loss				
Investments measured at fair value through profit or loss	100	1,093,721	(1,721)	(1,377)
	(100)	1,093,721	1,721	1,377
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	-	-	-
	(100)	-	-	-
Financial liabilities measured at amortized cost				
Loans and borrowings	100	4,400,917	(44,009)	(35,207)
	(100)	4,400,917	44,009	35,207
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	711,284	(62,322)	(49,858)
	(100)	711,284	62,322	49,858
2020				
Financial assets measured at fair value through profit or loss				
Investments measured at fair value through profit or loss	100	2,031,798	(5,234)	(4,187)
	(100)	2,031,798	5,234	4,187
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	202,620	2,026	1,621
	(100)	202,620	(2,026)	(1,621)
Financial liabilities measured at amortized cost				
Loans and borrowings	100	3,506,307	(35,063)	(28,050)
	(100)	3,506,307	35,063	28,050
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	213,715	(46,666)	(37,333)
	(100)	213,715	46,666	37,333

Amounts stated in millions of Colombian pesos

The Company believes that the sensitivity analysis is representative of the interest rate risk exposure.

Exchange rate risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in exchange rates.



EPM has identified that the financial instruments affected by the exchange rate risk include:

- Cash and cash equivalents.
- Other financial assets:
 - Fixed-income securities.
 - Options.
 - Swaps.
- Credits and loans.
- Trade and other receivables.
- Loans to related parties.

Exposure to exchange rate risk is primarily related to financing activities in a currency other than the functional currency and to hedging transactions contracted. The company manages its exchange rate risk through hedging operations in a medium-term horizon. It is EPM's policy not to close speculative hedging operations; therefore, the conditions of the hedging derivative instruments replicate the conditions of the underlying with the purpose of maximizing the effectiveness of the hedge. EPM hedges its exposure to exchange rate fluctuations using different hedging instruments among which Swaps, Forwards and Options at different terms stand out.

On July 1, 2021, the company approved the application of hedge accounting for net investments in foreign businesses. The hedge seeks to reduce the volatility of the other comprehensive income by the equity method of the effect of translation of financial statements. The net investment hedge is applied to the Company's investments in foreign currency, in this case, to investments in subsidiaries with U.S. dollar functional currency and has as hedging instrument an equivalent amount of debt denominated in U.S. dollars. The company designated as the hedged item the net investments in HET, PDG and MaxSeguros and as the hedging instrument an amount of debt denominated in USD equivalent to the value of the investment, in a total value of USD 374 million.

Exchange rate sensitivity analysis

The following table indicates the sensitivity to a reasonable change in exchange rates for \$100 pesos in the currency against the U.S. dollar without considering the effect of hedge accounting. The impact is caused by the change in monetary and non-monetary assets. Holding all other variables constant, the company's income/loss before taxes and shareholders' equity would be affected by changes in exchange rates as follows:

	Increase/decrease in weights	Exposed value	Financial impact	
			On the result before taxes	In Equity
2021				
Financial assets measured at fair value through profit or loss				
Other financial assets -Fixed income securities	100	696,713	17,500	14,000
	(100)	696,713	(17,500)	(14,000)
Cash and cash equivalents	100	174,469	4,382	3,506
	(100)	174,469	(4,382)	(3,506)
Financial assets measured at amortized cost				
Currency-based Accounts receivable	100	934,369	1,620	1,296
	(100)	934,369	(1,620)	(1,296)
Financial liabilities measured at amortized cost				
Credits and loans	100	9,400,458	(236,124)	(188,899)
	(100)	9,400,458	236,124	188,899
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	6,382,528	160,318	128,255
	(100)	6,382,528	(160,318)	(128,255)
2020				
Financial assets measured at fair value through profit or loss				
Other financial assets -Fixed income securities	100	2,002,066	58,327	46,662
	(100)	2,002,066	(58,327)	(46,662)
Cash and cash equivalents	100	127,813	3,724	2,979
	(100)	127,813	(3,724)	(2,979)
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	1,162,351	2,140	1,712
	(100)	1,162,351	(2,140)	(1,712)
Financial liabilities measured at amortized cost				
Credits and loans	100	9,510,531	(277,073)	(221,658)
	(100)	9,510,531	277,073	221,658
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	4,827,351	140,637	112,509
	(100)	4,827,351	(140,637)	(112,509)

Amounts stated in millions of Colombian pesos

The Company considers that the sensitivity analysis is representative of the exchange rate risk exposure.

42.2 Credit risk

Credit risk is the risk that one of the counterparties does not comply with the obligations arising from a financial instrument or purchase contract and this results in a financial loss. EPM has identified that the financial instruments affected by credit risk include:

- Cash and cash equivalents.
- Other financial assets:
 - Fixed income securities.
 - Investments pledged or pledged as collateral.
 - Options.
 - Swaps.
- Trade and other receivables

Credit risk management by type of financial instrument is detailed below:

- Cash and cash equivalents, fixed-income securities and investments pledged or pledged as collateral: In EPM for credit risk management, quotas are assigned by issuer, counterparty and intermediary, taking into account the financial, risk and fundamental analysis of the entities, with emphasis on the equity support of the shareholders. The methodology considers the characteristics of the investment portfolio and the applicable regulations. The concentration of credit risk is limited since it obeys the provisions of the business rules manual for treasury operations. The description of the factors that define the risk concentration is detailed below:

- Quotas are updated quarterly based on the latest available financial statements of the entities analyzed.
- When the value of the consolidated portfolio of temporary investments exceeds the equivalent of 10,000 legal monthly minimum wages in force (SMMLV), no more than 20% of this value may be concentrated in a single issuer, counterparty or intermediary, with the exception of securities issued by governments that comply with the regulations in force.
- Securities market intermediaries, other than supervised banking establishments, may act as counterparties to carry out transactions, but may not be considered as eligible issuers.
- Broker-dealer companies acting as counterparties to treasury operations must have at least the second risk rating in strength or quality in portfolio management.
- Broker-dealer companies backed by banks, that is to say, banked counterparties, must have a minimum net worth of 30,000 SMLMV.

Finally, efforts to avoid the concentration of risk are aimed at establishing, analyzing, monitoring and controlling quotas, for which purpose the current quotas and their occupancy status are controlled. On the other hand, justifications related to the need to temporarily exceed quotas are submitted for approval.

The investments referred to are constituted with banking establishments that have the following risk rating, according to the term of the investment, as follows:

- For investments with a term equal to or less than one (1) year, the banking institution must have a current rating corresponding to the highest category for the short term according to the scales used by the rating companies that grant them and have at least the second best current rating for the long term used by the respective companies;
- For investments with a term of more than one (1) year, the banking institution must have the maximum rating in effect for the long term according to the scale used by the rating agencies and the maximum rating for the short term according to the scale used for this term.

- Options, forwards, and swaps: EPM is exposed to the risk that a counterparty does not recognize the right and in order to mitigate this risk, the risk level of each of the entities with which an operation is expected to be carried out is previously evaluated.
- Trade debtors and other accounts receivable: EPM is exposed to the risk that users of residential public utilities fall into arrears or do not pay for such services. Accounts receivable from residential public utilities debtors are classified into two large groups: those originated by default in payment and the other group corresponds to financing or payment agreements with customers that are made as a portfolio recovery strategy or for the linking of new customers.

EPM evaluates at the end of each period the behavior and value of accounts receivable to determine whether there is objective evidence that the portfolio is impaired and to identify its possible impact on future cash flows. The criteria used to determine that there is objective evidence of an impairment loss are:

- Customer default in the payment of two (2) or more accounts receivable.
- It is known or there is evidence that the customer enters into corporate restructuring processes or insolvency or liquidation.
- There are social disturbances, public order or natural disasters, which according to experience are directly correlated with the non-payment of accounts receivable.

In order to avoid an excessive concentration of risk, EPM has developed and implemented several strategies to mitigate the risk of non-payment of the portfolio, among which the following stand out:

- Persuasive collection by making telephone calls and sending letters to customers with the support of specialized collection agencies.
- Segmentation of clients to identify those with the highest risk, due to their value, in order to carry out personalized collection activities with them.
- Possibility of making payment agreements or partial payments that lead to the recovery of the capital exposed.
- Clearing of accounts receivable against accounts payable by EPM with customer suppliers.

- When the above strategies do not generate satisfactory results, coercive collection actions are taken by suspending and cutting off service.
- If the above strategies do not produce satisfactory results, we proceed with the collection of the portfolio through the judicial process.

It also seeks to expand the portfolio of products to customers in such a way as to facilitate the payment of the debt, such as energy and prepaid water.

As mentioned above, EPM makes payment or financing agreements, which are made as a portfolio recovery strategy or to link new customers. These give the right to fixed or determinable payments and are included in current assets, except for those with maturities greater than 12 months from the date of generation of the balance sheet, in which case they are classified in non-current assets.

In general terms, to guarantee customer debts, blank promissory notes with letters of instructions are constituted, and when the value of the financing exceeds amounts pre-established in the internal regulations, collateral or bank guarantees are requested, and in the cases in which the customer is a state entity, resources that EPM, prior agreement, collects from the customer are pledged.

For the credit risk management of accounts receivable in its different stages (risk cycle), methodologies, procedures, guidelines and business rules are incorporated, complying with the commercial and financial policies, in order to achieve a comprehensive and sustainable vision of the customers.

To leverage the stages of the credit risk cycle, different statistical methodologies are used to obtain an estimate of the future payment behavior of the accounts.

These methodologies are described below:



- **CREDIT SCORING**

Allows to obtain a customer's risk profile based on their payment behavior and characteristics, which helps in segmenting the population, suggesting the optimal candidates for basic and/or value-added service allocation offers.

- **APPROVAL SCORING FOR VALUE-ADDED PRODUCTS**

Profile customers applying for value-added credit assigns a risk level to applicants and according to the established business rules contribute to making the final decision of approval or denial.

- **PORTFOLIO CLASSIFICATION MODEL**

Assigns the probability of default in the short term (2 months) of the services subscribed, in order to design collection prioritization strategies.

- **EXPECTED LOSS CALCULATION MODEL**

It allows finding the probability that the underwritten services may default within 12 months, which is used to calculate the expected loss of the accounts.

The company considers that the value that best represents its exposure to credit risk at the end of the period, without considering any collateral taken or other credit enhancements is:

Concept	2021	2020
Cash and cash equivalents	1,798,087	864,631
Investments in debt instruments	166,413	1,995,427
Investments in Investment property the private sector	2,195,900	2,518,382
Accounts receivable*	(380,991)	(371,427)
Other Accounts receivable*	(193,968)	(60,451)
Maximum exposure to credit risk	3,585,441	4,946,562

Amounts stated in millions of Colombian pesos



*Corresponds to the allowance for accounts receivable.

42.3 Liquidity risk

This refers to the possibility that there may be insufficient resources for the timely payment of the entity's obligations and commitments, and therefore EPM may be forced to obtain liquidity in the market or to liquidate investments in an onerous manner. It is also understood as the possibility of not finding buyers for the portfolio securities.

EPM has identified that financial instruments affected by liquidity risk include:

- Cash and cash equivalents.
- Other financial assets:
 - Fixed-income securities.
 - Investments pledged or pledged as collateral.
 - Swaps.
- Trade and other receivables.

In order to control liquidity risk, temporary comparisons of figures, reference indicators and liquidity levels in different time horizons are made. Based on this analysis, investment strategies are developed that do not affect the liquidity of the Companies, considering the cash budget and market risk analysis to consider the diversification of the sources of funds, the capacity to sell assets, and the creation of contingency plans.

In general, the main aspects considered in the analysis are:

- Securities liquidity: the characteristics of the issuer, issue amount, and trading volume are analyzed.
- Market liquidity: the general behavior of the market is analyzed, and rate forecasts are made to infer its future behavior.

- Portfolio liquidity: cash flows are coordinated in order to determine investment strategies according to future liquidity requirements, and diversification is sought to avoid concentration of securities by issuer, rates, and/or terms.

The following table shows the remaining contractual maturity analysis for liabilities and non-derivative financial assets:

	Average effective interest rate	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021							
Non-derivative financial liabilities Variable interest rate	5.81%	1,550,879	394,492	291,822	88,070	3,045,044	5,370,307
Non-derivative financial liabilities Fixed interest rate	6.26%	246,290	436,585	1,191,809	224,226	11,209,036	13,307,946
Non-derivative financial assets	5.26%	648,972	9,500	11,000	-	-	669,472
Non-derivative financial assets - portfolio	7.52%	390,592	209,328	306,307	437,725	605,803	1,949,755
Total		2,836,733	1,049,905	1,800,938	750,021	14,859,883	21,297,480
2020							
Non-derivative financial liabilities variable interest rate	4.40%	1,051,434	909,154	565,409	480,441	2,897,040	5,903,478
Non-derivative financial liabilities fixed interest rate	6.47%	339,585	208,763	399,058	1,174,508	10,522,734	12,644,648
Non-derivative financial assets	2.77%	2,055,439	8,000	-	8,500	-	2,071,939
Non-derivative financial assets - portfolio	6.51%	280,850	512,543	253,152	230,468	888,843	2,165,856
Total		3,727,308	1,638,460	1,217,620	1,893,917	14,308,617	22,785,921

Amounts stated in millions of Colombian pesos

The values included in the above tables for non-derivative financial assets and liabilities may change in response to fluctuations in the variable interest rate relative to the estimated interest rate at the end of the reporting period. The Company considers that cash flows may not occur earlier than indicated above.

The following table shows the remaining contractual maturity analysis of derivative financial liabilities:

	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021						
Options	3,673	-	-	-	-	3,673
Contracts <i>Swap</i>	103,480	169,464	170,578	169,764	260,196	873,482
Total	107,153	169,464	170,578	169,764	260,196	877,155
2020						
Swap Contracts	157,138	61,100	90,966	91,581	766,656	1,167,440
Total	157,138	61,100	90,966	91,581	766,656	1,167,440

Amounts stated in millions of Colombian pesos

The main method for measuring and monitoring liquidity is the cash flow forecast, which is carried out in EPM and consolidated in the cash budget. Derived from this, a daily follow-up of its cash position is performed, and cash projections are continuously made, in order to:

- Follow up liquidity needs related to operating and investment activities associated with the acquisition and disposition of long-term assets.
- Pay, prepay, refinance and/or obtain new loans, according to EPM's cash flow generation capacity.

These projections consider EPM's debt financing plans, compliance with ratios, compliance with organizational objectives and applicable regulations.

Note 43. Fair value measurement on a recurring and non-recurring basis

The methodology established in IFRS 13 Fair Value Measurement specifies a hierarchy in valuation techniques based on whether the variables used in determining fair value are observable or unobservable. The Group determines the fair value on a recurring and non-recurring basis, as well as for disclosure purposes:

- Based on quoted prices in active markets for identical assets or liabilities that the Group can access on the measurement date (level 1).
- Based on valuation techniques commonly used by market participants that use variables other than quoted prices that are directly or indirectly observable for assets or liabilities (level 2).

- Based on internal cash flow discount valuation techniques or other valuation models, using variables estimated by the Group that are unobservable for the asset or liability, in the absence of variables observed in the market (level 3).

Valuation techniques and variables used by the Group to measure fair value for recognition and disclosure:

Cash and cash equivalents: include fixed income instruments and fiduciary charges. The latter reflects the balance of the Collective Investment Funds (FIC) owned by the Grupo EPM. These funds are used as a savings and investment mechanism and are managed by trust companies. Through these funds, resources are invested in a portfolio of assets that are updated at fair value. The Grupo EPM uses the market approach as a valuation technique for this item, these items are classified in level 1 of the fair value hierarchy.

Investments at fair value through results and through equity: corresponds to the investments made to optimize liquidity surpluses, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the companies. Additionally, it includes the resources delivered to a financial institution as collateral for the sale of the Los Cururos Wind Farm and EPM Transmission Chile. The Grupo EPM uses the market approach as a valuation technique, these items are classified in level 1 of the fair value hierarchy.

Equity investments: corresponds to the resources placed in equity securities of national or foreign entities, represented in shares or parts of social interest. The methodologies used are the market price for those listed on the stock exchange (level 1) and the discount of cash flows for the rest (level 3).

Fiduciary rights: corresponds to the rights originated by virtue of the execution of commercial fiduciary contracts. The Grupo EPM uses the market approach as a valuation technique, these items are classified at level 1. Regarding the fiduciary rights, it is understood that, the fiduciary entities must follow the law's guidelines associated to the related patrimony with pension bonds, and other fiduciaries follow internal guidelines established by EPM for the investment they perform in subjacent assets.

Derivative instruments: The Group uses derivative financial instruments, such as forward contracts, futures contracts, financial swaps (swaps), and options, to hedge various financial risks, mainly the risk of interest rate, exchange rate, and price of basic products (commodities). Such derivative financial instruments are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The Group uses discounted cash flow as a valuation technique for swaps, in an income approach. The variables used are Interest rate swap curve for rates denominated in dollars, to discount flows in dollars; and External Interest Rate Swap Curve for rates denominated in pesos, to discount flows in pesos. These items are classified in level 2 of the fair value hierarchy.

Regarding Zero Cost Collar options, the Black and Scholes model is used as a reference, which analyzes the value of options based on the price of the asset underlying the option and follows a continuous stochastic process of Gauss-Wiener evolution with mean and constant instantaneous variance. These items are classified in level 2 of the fair value hierarchy.

Additionally, for the put option of the climatic derivative, the Montecarlo method is used as a valuation technique, which simulates the non-financial variable (rainfall measured in two meteorological stations located in the basins of two of the most important rivers in EPM's area of influence: Río Abajo and Riogrande I) in a series of situations or possible scenarios for a given event, including the limits and present value of the flows defined in the contract. This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used.

Accounts receivable: made up of the account receivable originating from the business combination for the acquisition of the subsidiary Empresas Públicas de Rionegro, for its valuation the discount of the payment flows is considered, applying the weekly deposit rates for TDC at 360 days. published by the Banco de la República; and for the account receivable associated with the contract for the firm supply of liquid fuel (ACPM) for the La Sierra y Termodorada thermoelectric plants, which is updated according to the value of the fuel unit stipulated in the contract. Both items are classified in level 3 of the fair value hierarchy.

Investment properties: are properties (land or buildings, considered in whole or in part, or both) that are held (by the Group in its own name or through a financial lease) to obtain rents, capital gains, or both, in place of for:

- Its use in the production or supply of goods or services, or for administrative purposes; or
- Their sale in the ordinary course of operations.

The Group uses two valuation techniques for these items. Within the market approach, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand, and appraisals of similar or comparable real estate, prior adjustments for time, composition, and location. Within the cost approach, the residual method is used, which is applied only to buildings and is based on the determination of the updated construction cost, less depreciation due to age, and state of conservation. Both items are classified in level 3 of the fair value hierarchy.

Contingent considerations: arising from the business combinations in the acquisitions of the subsidiaries Espiritu Santo Energy S. de RL and Empresas Varias de Medellín SA ESP – EMVARIAS, the discount of the payment flows is considered by applying the discount rates: Libor rate and TES rate, respectively. These items are classified in level 3 of the fair value hierarchy.

Other accounts payable: corresponds to the premium payable for a weather derivative whose valuation technique is the average of expected future flows, discounted at a risk-free rate plus a spread that considers the possibility of default (own credit risk). This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used, such as own credit risk.

The following table shows for each of the fair value hierarchy levels, the Company's assets and liabilities measured at fair value on a recurring basis 2021 and 2020:



2021	Level 1	Level 2	Level 3	Total
Assets				
Negotiable or designated to fair value measurement				
Cash and cash equivalents	688,620	-	-	688,620
Total negotiable or designated to fair value measurement	688,620	-	-	688,620
Other investments in debt securities				
Fixed Income Securities	165,709	-	-	165,709
Variable Income Securities	137,029	-	-	137,029
Investments pledged or delivered under warranty	704	-	-	704
Total other investments measured at fair value(See Note 13)	303,442	-	-	303,442
Other equity investments				
Equity securities	2,189,167	-	6,733	2,195,900
Total Other Investments (See Note 13)	2,189,167	-	6,733	2,195,900
Fiduciary Rights				
Noodle in administration	362,316	-	-	362,316
Total Trust Rights (See Note 13)	362,316	-	-	362,316
Derivatives				
Swaps	-	131,577	-	131,577
Put Option	-	-	102,210	102,210
Collar option	-	3,672	-	3,672
Total Derivatives (See Note 13)	-	135,249	102,210	237,459
Other Accounts receivables				
Other Accounts receivables	-	-	23,187	23,187
Total Debtors (See Note 12)	-	-	23,187	23,187
Investment properties				
Urban and rural land	-	-	121,339	121,339
Buildings and houses	-	-	31,000	31,000
Total investment properties (See Note 6)	-	-	152,339	152,339
Liabilities				
Derivatives				
Swaps	-	164,270	-	164,270
Total Derived Liabilities (see note 24)	-	164,270	-	164,270
Contingent liabilities				
Provision-business combination	-	-	165,214	165,214
Total Contingent compensation (See Note 27)	-	-	165,214	165,214
Other Accounts payables.				
other accounts payables.	-	-	91,317	91,317
Total Other Accounts payable(See Note 23.1)	-	-	91,317	91,317
Total	3,543,545	(29,021)	27,938	3,542,462
<i>Amounts stated in millions of Colombian pesos</i>	100%	-1%	1%	

2020	Level 1	Level 2	Level 3	Total
Assets				
Negotiable or designated to fair value measurement				
Cash and cash equivalents	157,155	-	-	157,155
Total negotiable or designated to fair value measurement	157,155	-	-	157,155
Other investments in debt securities				
Fixed Income Securities	1,994,631	-	-	1,994,631
Variable Income Securities	119,210	-	-	119,210
Investments pledged or delivered under guarantee	796	-	-	796
Total other investments measured at fair value (See Note 13)	2,114,637	-	-	2,114,637
Other equity investments				
Equity securities	2,511,649	-	6,733	2,518,382
Total Other Investments (See Note 13)	2,511,649	-	6,733	2,518,382
Fiduciary rights				
Noodle in administration	423,102	-	-	423,102
Total Trust Rights (See Note 13)	423,102	-	-	423,102
Derivatives				
Swaps	-	62,374	-	62,374
Put Option	-	-	128,204	128,204
Total Derivatives (See Note 13)	-	62,374	128,204	190,578
Other Accounts receivable s.				
Other Accounts receivable s.	-	-	23,237	23,237
Total Debtors (See Note 12)	-	-	23,237	23,237
Investment properties				
Urban and rural land	-	-	116,532	116,532
Buildings and houses	-	-	35,833	35,833
Total investment properties (See Note 6)	-	-	152,365	152,365
Derivatives				
Swaps	-	416,595	-	416,595
Total Derived Liabilities (see note 24)	-	416,595	-	416,595
Contingent liabilities				
Provision-business combination	-	-	155,378	155,378
Total Contingent compensation (See Note 27)	-	-	155,378	155,378
Other Accounts payable Gones - Disclosure				
other accounts payable s.	-	-	120,429	120,429
Total Other Accounts payable Tint (See Note 23.1)	-	-	120,429	120,429
Total	5,206,543	(354,221)	34,732	4,887,054
<i>Amounts stated in millions of Colombian pesos</i>	147%	-10%	1%	



The carrying amounts and estimated fair values of the Company's assets and liabilities that are not recognized at fair value in the separate statement of financial position, but require disclosure at fair value, as of December 31, 2021 and 2020 are as follows:

Concept	2021			2020	
	Value in books	Estimated Per-use Fair Value Measurement		Estimated Per-use Fair Value Measurement	
		Level 2	Total	Level 2	Total
Assets					
Public utility accounts receivable	2,369,387	2,374,698	2,374,698	1,821,665	1,821,665
Employee loans	142,604	148,427	148,427	126,283	126,283
Related parties	934,372	934,372	934,372	1,163,777	1,163,777
Other accounts receivables.	2,787,408	2,787,374	2,787,374	786,498	786,498
Total Assets	6,233,771	6,244,871	6,244,871	3,898,223	3,898,223
Liabilities					
Commercial bank loans	2,371,547	2,371,546	2,371,546	1,543,589	1,543,589
Multilateral bank loans	1,326,950	1,326,950	1,326,950	2,962,186	2,962,186
Bank loans for development	1,798,200	1,798,200	1,798,200	1,534,291	1,534,291
Bonds and securities issued	13,336,399	12,638,410	12,638,410	13,693,376	13,693,376
Total liabilities	18,833,096	18,135,106	18,135,106	19,733,442	19,733,442
Total	(12,599,325)	(11,890,235)	(11,890,235)	(15,835,219)	(15,835,219)

Amounts stated in millions of Colombian pesos

Note 44. Service concession arrangements

As of December 31, 2021, the company manages as operator several concessions that contain provisions for the construction, operation and maintenance of facilities, as well as the provision of public services such as water supply and wastewater collection and treatment, in accordance with the applicable regulations.

The remaining period of the concessions where the company acts as operator is detailed below:

Company/Agreement	Contract No	Subscription Date	Activity	Country	Grant Period	Initial Remaining Period
Empresas públicas de Medellín - Municipio de Caldas	1401288	No date	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	30 years (extendable)	7 years
Empresas públicas de Medellín - Municipio de Sabaneta	1/DJ/-7885/19	03/10/1984	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	10 years (extendable)	3 years
Empresas públicas de Medellín - Municipio de La Estrella	1/DJ/-7835/17	10/09/1984	Execution of works and provision of water supply services drinking and sewerage.	Colombia	10 years (extendable)	3 years
Empresas públicas de Medellín - Municipio de Envigado	1/DJ/-5991/30 1/DJ/-7982/5	03/08/1977 27/02/1985	Provision of aqueduct service and Sewerage and construction of works for the provision of the Aqueduct and Sewer service.	Colombia	10 years (extendable)	6 years
Empresas públicas de Medellín - Municipio de Itagüí	1/DJ/-6199/10 2/DJ/-1190/33 1/DJ/-2079/58 2801799	06/09/1978 10/10/1994 04/07/1996 02/09/1998	Construction of aqueduct networks and sewers for the provision of service of assigned neighborhoods. Collector construction parallel to the La Justa and Sewer ravine on the street 36 at the height of the Ditaires Park. Construction of the collector parallel to the cover of the La Munoz gorge. Transfer of Hydraulic Structures to provide the service of Sewer in the municipality and provide the sanitation to the Medellín River.	Colombia	30 years (extendable)	26 years
Empresas públicas de Medellín - Municipio de Bello	1/DJ/-6208/11	05/09/1978	Execution of works and provision of the aqueduct and sewerage service.	Colombia	10 years (extendable)	2 years
Empresas públicas de Medellín - Municipio de Copacabana	1/DJ-9994/9	31/10/1990	Execution of works for him drinking water supply, sewerage and provision of such services.	Colombia	20 years (extendable)	9 years
Empresas públicas de Medellín - Municipio de Girardota	1/JD-591/2	12/04/1993	Provision of aqueduct service and sewage.	Colombia	20 years (extendable)	11 years
Empresas públicas de Medellín - Municipio de Barbosa	1401287	02/10/1997	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	30 years (extendable)	6 years



As of the balance sheet date, no revenues and costs incurred for construction services exchanged for a financial asset or an intangible asset have been recognized.

Service concession agreements

The concession agreements between EPM and the Municipalities establish the conditions under which the aqueduct and sewerage networks are managed, operated, and maintained for the provision of drinking water and wastewater sanitation services to their inhabitants, under the terms, conditions, and rates established by the Drinking Water and Basic Sanitation Regulatory Commission (CRA).

The user is charged via tariffs according to the intervention of replacement, expansion, or interventions in the networks with the execution of projects under construction (Construction in progress). Following the parameters and conditions established by the CRA (Water Regulation Commission).

The agreements indicate the following rights and obligations for EPM as an operator in the service concession agreement:

- The right to receive from the Municipality the totality of the water and sewage networks and to have exclusivity as operator of the system.
- Obligation to make exclusive use of the water and sewerage networks for the purposes for which they are intended, maintain them and return them in the conditions in which they were received.
- Some concession agreements have the option to be automatically renewed for equal periods unless one of the parties expresses its intention not to continue with the agreement.
- The concession agreements do not establish an obligation to construct items of property, plant and equipment.

Upon termination of the concession, EPM must return the water and sewage networks without any consideration to the Municipalities. There have been no changes in the terms of the concession agreement during the period.

For these agreements, the intangible asset model is applicable.



See [Note 7 Goodwill and other intangible Assets](#).

Note 45. Events after the reporting period

Payment by Mapfre insurance company for contingency coverage of the future Ituango hydroelectric power plant:

On January 25, 2022, the company Mapfre Seguros Generales de Colombia, an insurer of the future Ituango hydroelectric power plant, made a final, total, and definitive payment for USD 633.8 million for the contingency initiated in the project in April 2018, within the coverage of the all-risk construction and assembly policy. This payment was made in compliance with the provisions of the transaction contract signed on December 10, 2021, between Mapfre and EPM, and the second instance ruling of the Comptroller General of the Republic notified on November 26, 2021. This fact does not represent an adjustment to the figures of the separate financial statements as of December 31, 2021, because it was recognized for the same amount as a lower value in the item of property, plant, and equipment with the exchange rate in effect on the day the transaction contract was subscribed, equivalent to \$2,471,853.

After receiving the payment, on that same date, EPM withdrew the arbitration claim before the conciliation, arbitration, and amicable composition center of the Medellín Chamber of Commerce for Antioquia.

After the date of presentation of the separate financial statements and before the date of authorization of their publication, there were no other relevant events that imply adjustments to the figures.



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CERTIFICATION OF FINANCIAL STATEMENTS

Medellín, March 23, 2022

To the Board of Directors of Empresas Públicas de Medellín E.S.P.

We, the undersigned, in our capacity as the Legal Representative and Accountant of Empresas Públicas de Medellín E.S.P., hereby certify that the balances of the Separate Financial Statements of Empresas Públicas de Medellín E.S.P. at December 31, 2021 and 2020, were faithfully taken from the accounting books, which are prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original) and adopted by the Colombian General Accounting Office through Resolution 037/2017 and its amendments. These accounting and financial reporting standards are based on the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the Interpretations Committee, adopted in Colombia through Decree 2420/2015 and its amendments.

We certify that the assertions contained in the separate Financial Statements were verified for accuracy in relation to:

- a) All economic events that have occurred during the reporting period have been properly recorded for their due recognition in the appropriate amounts and accounts, measured at fair value and adequately disclosed.
- b) That economic events are classified, presented and disclosed in accordance with accounting and financial reporting standards.
- c) All assets, liabilities and equity in the separate financial statements represent the existence of assets, rights and obligations and have been valued at the appropriate amounts.
- d) The disclosures or accounting notes are prepared clearly and in accordance with accounting and financial reporting standards.

The separate financial statements do not contain any defects, inaccuracies or misstatements that would prevent the true financial position and financial performance of the Entity and its subsidiaries from being known.

Jorge Andrés Carrillo Cardoso
Legal Representative

John Jaime Rodríguez Sosa
Public Accountant
Professional License No. 144842-T

estamos ahí.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
 Empresas Públicas de Medellín E.S.P.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the separated financial statements of Empresas Públicas de Medellín E.S.P. ("the Entity"), which comprise the statement of financial position as of December 31, 2021, the statements of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, and the notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying separated financial statements, present fairly in all material respects, the financial position of the Entity as of December 31, 2021, its financial performance and its cash flows for the year ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia adopted by the Nation's General Accounting Office through resolution 037 of 2017, Resolution 056 of 2020, Resolution 035 and 0197 of 2021.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards accepted in Colombia. Our responsibilities under these standards are described below in the Auditor Responsibilities section. We are independent with respect to the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Colombia and have fulfilled the other ethics ethical responsibilities in accordance with those requirements. We consider the audit evidence obtained to be sufficient and appropriate to provide a reasonable basis for expressing our opinion.

Emphasis of Matter

Without changing our opinion, we draw attention to the facts indicated in Note 4 to the separate financial statements, with reference to the contingency of the Ituango Hydroelectric Project and its impact on the financial statements. The Entity continues to monitor the evolution of the project and to take all relevant measures and actions to identify and recognize the accounting effects caused by this contingency and the actions of the control agencies and environmental authorities. The final outcome of the impacts on the financial position, the results of the operation and the statement of cash flows is uncertain, and will depend on the subsequent evolution of these events until the completion of the project.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were covered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and accordingly, we do not express a separate opinion on these matters.

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1. Impairment Assessment of Long-Lived Assets – Cash Generating Unit (CGU) Power generation

As described in Notes 7.18 and 11.2 to the separate financial statements, as of 31 December 2021, the book value of the Entity related to the Cash Generating Unit (CGU), the power generation, was \$38,338,578 million.

The Management analyzes the recoverability of its non-financial long-lived assets periodically or when events or changes in circumstances indicate their recoverable amount, which are measured by comparing the book value of the asset or group of assets with their expected future cash flows before taxes, which may be lower than their carrying amount.

The Value in use is determined based on projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets considered.

The discount rate used to discount future net cash flows is the WACC, which was determined considering the industry and economic environment of the Entity.

Management's cash flow projections included assumptions and judgments related to: (i) the methodology used and calculations performed for the estimation of value in use and (ii) the relevant inputs and assumptions used in the model such as: (1) the historical behavior and growth rates of certain base variables for the projection; (2) the discount rates applied and macroeconomic variables used; (3) the projection period and (4) the perpetual gradient growth.

The main considerations for selecting as a key audit matter the impairment assessment of the Power Generation CGU are: 1) Use of significant judgments by Management to calculate the value in use of the CGU and 2) The progress of the Ituango hydroelectric project, included within the Power Generation CGU, where there is an impact on the projection of cash flows.

This, in turn, led to a high degree of auditor's judgment, subjectivity and effort in performing procedures to evaluate management's cash flow projections, complex assumptions and judgments, including, among others, revenue growth rates, discount rates, projection period and growth gradient in perpetuity.

In addition, the audit efforts, involved the use of professionals with specialized skills and knowledge to assist us in performing these procedures and evaluating the audit evidence obtained.

Procedures developed by the audit team

Our audit procedures related to the impairment assessment of the Power Generation CGU included the following, among others:

- Evaluation of the design and effectiveness of controls related to management's assessment of the value in use of the CGU. This included the control associated with the approvals of key operating assumptions included in the projections by the Vice President and Board of Directors.
- The evaluation of Management's assumptions involved assessing whether the assumptions used were reasonable, considering (i) the current and past performance of the Power Generation CGU, (ii) consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.
- Involvement of professionals with knowledge and experience in valuation who assisted us in: (i) the evaluation of the methodology used to estimate the value in use and the development of independent calculations, and (ii) the evaluation of the following relevant inputs and assumptions used in the model: (1) the historical behavior and growth rates of certain base variables for the projection; (2) the discount rates applied and macroeconomic variables used; (3) the projection period; and (4) the perpetual gradient growth.



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- Evaluation of the disclosures included in the notes to the separate financial statements in accordance with the applicable financial reporting framework.

2. Determination of provisions and Contingent liabilities

As described in Note 27.1.1 and 27.2 to the separate financial statements, the Management registers liabilities for processes related to labor, civil matters, administrative and tax litigation in those instances in which it can reasonably estimate the amount of the loss and when the liability is probable.

The Entity discloses contingencies in which management concludes that it is not probable, but possible, that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

As indicated in Note 27, as at 31 December 2021, the entity recognized provisions for litigation amounting to \$467,293 million, and disclosed Contingent liabilities a total of \$1,297,185 million.

The main considerations for selecting provisions and contingent liabilities as a key audit matter are: 1). The judgment applied by management in determining the value and the probability of occurrence of provisions and contingencies for litigation and 2). The materiality of the contingent liabilities.

This led to a high degree of auditor judgment, subjectivity and audit efforts in assessing the judgments applied by management in the provisions and contingencies for litigation.

Procedures developed by the audit team

Our audit procedures related to the determination of provisions and contingent liabilities for litigation included the following, among others:

- Understanding of the processes established by the Entity for the estimation of litigation provisions and determination of contingent liabilities including assessment of the design, implementation and effectiveness of relevant controls.
- Confirmation from a sample of the Entity's internal and external lawyers regarding the probabilities of failure and the status of the current processes.
- Recalculation of the valuation of the provisions registered.
- Selection of a sample of the main litigation processes and contingencies to analyze supporting documentation, legal claims, probability of failure indicated by the Entity and the estimated amount.
- Evaluation of the disclosures included in the notes to the separate financial statements in accordance with the applicable financial reporting framework.

Other information

Management is responsible for the other information. The other information comprises the information included in the management report but does not comprise the separate financial statements or our auditors' report.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance on it.

In connection with our audit of the separate financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information contained therein is materially inconsistent with the separate



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financial statements or our knowledge obtained during the audit, or appears to contain a material misstatement. If based on the work we have performed, we conclude that there is a material misstatement of the other information, we would be required to report it. We have nothing to report on this matter.

Responsibility of management and Those Charged with Governance in relation to the separate financial statements

Management is responsible for the preparation and fair presentation of this separate financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia as adopted by the Nation's General Accounting Office through Resolution 037 of 2017, Resolution 056 of 2020, Resolution 035 and 0197 of 2021, and for such internal control as management determines is relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Entity or to cease operations, or there is no realistic alternative.

Those charged with corporate governance are responsible for overseeing the process for reporting the Entity's financial information.

Auditor's responsibilities in relation to audit of the separate financial statements

Our objective is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit performed in accordance with International Standards on Auditing accepted in Colombia will always detect a material error when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with International Standards on Auditing accepted in Colombia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, deliberate misstatements, intentional misrepresentations, or the circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding of the Entity, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Entity with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

As noted in Note 2.3, the attached separate financial statements have been prepared to comply with the legal provisions in force in Colombia. These financial statements should be read in along with the consolidated financial statements issued separately.

The separate financial statements for the year ended 31 December 2020, are presented solely for comparative purposes, were audited by another External Auditor who expressed an unqualified opinion on 23 March 2021.


DELOITTE & TOUCHE LTDA.

March 23, 2022.



Grupo EPM Financial management



Grupo•epm

Annual consolidated financial statements
Under Colombian Generally Accepted

Accounting Principles (NCIF)

December 31, 2021 and 2020




**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of December 31, 2021 and 2020

Amounts stated in millions of Colombian pesos

	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment, net	5	39,025,180	37,651,696
Investment property	6	167,329	165,119
Goodwill	7	3,218,802	3,123,221
Other intangible assets	7	2,846,369	2,684,858
Right-of-use assets	15	697,918	571,222
Investments in associates	31	1,393,915	1,643,033
Investments in a joint ventures	32	24,054	32,467
Deferred tax assets	41	906,746	726,806
Trade and other receivables	13	1,534,443	1,276,757
Other financial assets	14	2,843,684	3,441,279
Other assets	17	285,165	93,104
Cash and cash equivalents (restricted)	19	70,530	110,920
Total non-current assets		53,064,155	51,520,482
Current assets			
Inventories	18	511,364	477,338
Trade and other receivables	13	7,626,019	4,179,728
Assets for current tax assets	41	575,023	416,267
Other financial assets	14	1,004,346	2,411,864
Other assets	17	839,770	785,297
Cash and cash equivalents	19	4,019,511	3,987,044
Total current assets		14,576,033	12,257,538
Total assets		67,640,188	63,778,020
Debit balances of deferred regulatory accounts	31	136,282	767
Total assets and debit balances of deferred regulatory accounts		67,776,470	63,778,787
Equity			
Issued capital	20	67	67
Treasury shares		(52)	(52)
Reserves	20	2,416,297	2,298,987
Accumulated other comprehensive income	21	3,798,458	4,079,874
Retained earnings	20	18,125,734	16,057,923
Net profit for the period	20	3,039,783	3,564,538
Other components of equity		74,520	71,537
Equity attributable to Owners of the Company		27,454,807	26,092,876
Non-controlling interests	20	1,295,378	1,034,317
Total equity		28,750,185	27,127,193

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2021 and 2020

In millions of Colombian pesos

	Notes	2021	2020
Liabilities			
Non-current liabilities			
Loans and borrowings	22	22,644,119	20,687,484
Creditors and others accounts payable	23	667,530	619,099
Other financial liabilities	24	1,037,843	1,320,326
Employee benefits	26	900,109	1,021,447
Income tax payable	41	33,351	33,701
Deferred tax liabilities	41	2,171,022	1,978,080
Provisions	28	1,089,354	592,862
Other liabilities	29	721,786	954,417
Total non-current liabilities		29,265,114	27,207,416
Current liabilities			
Loans and borrowings	22	3,121,673	3,900,318
Creditors and others account payable	23	3,970,341	3,086,015
Other financial liabilities	24	603,430	577,488
Employee benefits	26	310,639	284,489
Income tax payable	41	159,025	197,380
Taxes contributions and rates payable	27	480,022	376,960
Provisions	28	535,902	690,892
Other liabilities	29	539,255	330,406
Total current liabilities		9,720,287	9,443,948
Total liabilities		38,985,401	36,651,364
Deferred tax liabilities related to balances of deferred regulatory accounts	31	40,884	230
Total liabilities and credit balances of deferred regulatory accounts		39,026,285	36,651,594
Total liabilities and equity		67,776,470	63,778,787

The accompanying notes are an integral part of the Consolidated Financial Statements

Jorge Andres Carrillo Cardoso
 General manager
 attached certification

Martha Lucia Duran Ortiz
 Executive Vice President of Finance and
 Investments

John Jaime Rodriguez Sosa
 Director of Accounting and Costs
 TP144842-T
 attached certification

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020
 Amounts stated in millions of Colombian pesos

	Notes	2021	2020
Sale of goods	32	74,594	27,928
Rendering of services	32	24,649,101	19,201,942
Leases	32	107,952	96,741
Total revenue		24,831,647	19,326,611
Other income	33	423,450	471,794
Income from sale of assets	34	1,832	507
Total income		25,256,929	19,798,912
Costs of goods sold and services rendered	35	(16,739,661)	(13,508,628)
Administrative expenses	36	(2,217,684)	(1,772,997)
Impairment loss on accounts receivable		(401,045)	(295,471)
Other expenses	37	(186,272)	(92,187)
Financial income	38	153,186	157,273
Financial expenses	38	(1,430,845)	(1,267,632)
Net foreign exchange difference	39	(20,922)	(374,260)
Share of loss of equity accounted investees	11 and 12	(269,896)	(91,970)
Gain on equity investments	40	124,050	1,664,795
Profit of the period before taxes from continuing activities		4,267,840	4,217,835
Income tax expense	41	(1,074,627)	(499,028)
Profit for the period after taxes		3,193,213	3,718,807
Net movement in balances of net regulatory accounts related to the result of the period	31	126,824	30,534
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period	31	(38,391)	(8,423)
Profit for the period and net movement in deferred tax related to deferred regulatory accounts		3,281,646	3,740,918
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Reclassification of properties, plant and equipment to investment properties	21	187	-
Remeasurement of defined benefit plans	21	158,695	(52,321)
Equity investments measured at fair value through equity	21	(322,482)	596,104
Equity accounted investees - share of OCI	11 and 21	9,535	(825)
Income tax related to components that will not be reclassified	21 and 41	(48,232)	14,025
		(202,297)	556,983
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges:	21	(513,965)	(27,458)
Reclassified to profit or loss for the period		375,323	(402,757)
Effective portion of changes in fair value		(889,288)	375,299
Exchange differences on translation of foreign operations	21	282,638	230,765
Equity accounted investees - share of OCI	11 and 21	11,121	872
Hedges of net investments in foreign operations		(61,509)	-
Income tax related to the components that may be reclassified	21 and 41	209,275	11,142
		(72,440)	215,321
Other comprehensive income, net of taxes		(274,737)	772,304
Total comprehensive income for the period		3,006,909	4,513,222
Profit for the period attributable to:			
Owners of the company		3,039,783	3,584,538
Non-controlling interest		241,863	156,380
		3,281,646	3,740,918
Total comprehensive income attributable to:			
Owners of the company		2,758,357	4,359,720
Non-controlling interest		248,552	153,502
		3,006,909	4,513,222

The accompanying notes are an integral part of the Consolidated Financial Statements

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 Certification Attached

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John Jaime Rodríguez Sosa
 Director of Accounting and Costs
 Professional Card N° 144842-T
 Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2021 and 2020
Amounts stated in millions of Colombian pesos

	Other comprehensive income												Attributable to Owners of the Company	Non-controlling interests	Total
	Issued capital	Treasury shares	Reserves	Retained earnings	Other components of equity	Equity investments	Defined benefit plans	Cash flow hedges	Hedges of net investments in foreign operations	Conversion differences	Reclassification of properties, plant and equipment to investment property	Result of the period in other comprehensive income of associates and joint ventures business			
	Note 20.1		Note 20.2	Note 20.3	Note 20.4	Note 21.3	Note 21.2	Note 21.5	Nota 21.6	Nota 21.6	Nota 21.1	Nota 21.4			
Balance at January 1, 2020	67	(41)	2,337,862	17,503,406	68,333	2,794,405	(77,145)	(21,584)	-	600,765	12,234	(3,914)	23,214,388	964,572	24,178,960
Profit for the period	-	-	-	3,584,539	-	-	-	-	-	-	-	-	3,584,539	156,380	3,740,919
Other comprehensive income of the period, net of income tax	-	-	-	-	-	594,266	(33,299)	(16,316)	-	230,485	-	47	775,183	(2,878)	772,305
Comprehensive income for the period	-	-	-	3,584,539	-	594,266	(33,299)	(16,316)	-	230,485	-	47	4,359,722	153,502	4,513,224
Reacquisition of shares	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(10)	(21)
Surpluses or dividends decreed	-	(11)	-	(1,488,302)	-	-	-	-	-	-	-	-	(1,488,302)	(103,440)	(1,591,742)
Movement of reserves	-	-	(40,418)	40,418	-	-	-	-	-	-	-	-	-	-	-
Purchases and sales to uncontrolled participations	-	-	1,543	432	(370)	-	-	-	-	31	-	-	1,636	(1,461)	175
Transfers to retained earnings	-	-	-	27	-	(19)	(8)	-	-	-	-	-	-	-	-
Income tax related to transactions with owners	-	-	-	(2,246)	-	-	-	-	-	-	-	-	(2,246)	(2,142)	(4,388)
Equity method on variations in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	(156)	(156)
Income tax related to transactions with owners	-	-	-	-	3,574	-	-	-	-	-	-	-	3,574	-	3,574
Other movement of the period	-	-	-	4,187	-	(47)	(52)	-	-	6	21	-	4,115	23,452	27,567
Balance at December 31, 2020	67	(52)	2,298,987	19,642,461	71,537	3,388,605	(110,504)	(37,900)	-	831,287	12,255	(3,867)	26,092,876	1,034,317	27,127,193
Balance at January 1, 2021	67	(52)	2,298,987	19,642,461	71,537	3,388,605	(110,504)	(37,900)	-	831,287	12,255	(3,867)	26,092,876	1,034,317	27,127,193
Profit for the period	-	-	-	3,039,783	-	-	-	-	-	-	-	-	3,039,783	241,863	3,281,646
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(324,555)	101,836	(304,690)	(61,509)	286,698	139	20,655	(281,426)	6,689	(274,737)
Comprehensive income for the period	-	-	-	3,039,783	-	(324,555)	101,836	(304,690)	(61,509)	286,698	139	20,655	2,758,357	248,552	3,006,909
Surpluses or dividends decreed	-	-	-	(1,396,953)	-	-	-	-	-	-	-	-	(1,396,953)	(107,744)	(1,504,697)
Movement of reserves	-	-	117,311	(117,311)	-	-	-	-	-	-	-	-	-	-	-
Transfers to retained earnings	-	-	-	-	-	-	2	-	-	-	-	-	2	-	2
Income tax related to transactions with owners	-	-	-	(2,814)	-	-	-	-	-	-	-	-	(2,814)	(2,692)	(5,506)
Equity method on variations in equity	-	-	-	-	3,003	-	-	-	-	-	-	-	3,003	-	3,003
Other movement of the period	-	-	(1)	351	(20)	(13)	(58)	-	-	-	77	-	336	122,945	123,281
Balance at December 31, 2021	67	(52)	2,416,297	21,165,517	74,520	3,064,037	(6,724)	(342,590)	(61,509)	1,117,985	12,471	16,788	27,454,807	1,295,378	28,750,185

The accompanying notes are an integral part of the Consolidated Financial Statements

Jorge Andrés Carrillo Cardoso
General Manager
Certification Attached

Martha Lucía Durán Ortiz
Executive Vice-President of Finance
and Investments

John Jaime Rodriguez Sosa
Director of Accounting and Costs
Professional Card N° 144842-T
Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2021 and 2020
 Amounts stated in millions of Colombian pesos

	Notes	2021	2020
Cash flows from operating activities:			
Profit for the year		3,281,646	3,740,918
Adjustments to reconcile the net profit for the year to the net cash flows used in operating activities:			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	35 and 36	1,353,687	1,265,623
Impairment of property, plant and equipment, right of use assets and intangible assets	8	10,004	200,267
Impairment loss on accounts receivable	13	401,046	295,471
Reversal loss of impairment of property, plant and equipment value, right-of-use assets and intangible assets	8	(47,969)	-
Write-down of inventories, net	35 and 37	2,918	848
Gain / loss due to exchange difference	39	20,922	374,260
Gain / loss due to valuation of investment property	33 and 37	142	18,250
Result for valuation of financial instruments and hedge accounting	38.1 and 38.2	178,636	44,027
Result of compensation for activities associated with investment flow	33	(159)	(192)
Provisions, post-employment and long-term defined benefit plans	36	499,411	311,982
Provisions for tax, insurance and reinsurance obligations and financial updating	36 and 38.2	34,368	29,086
Government subsidies applied	33	(119,831)	(30,782)
Deferred income tax	41	159,076	(237,239)
Current income tax	41	915,551	736,268
Share of loss of equity-accounted investees	10 and 11	269,896	91,970
Interest and yield income	38.1	(122,232)	(77,563)
Interest and commission expenses	38.2	1,199,044	1,119,023
Gain / loss due to disposal of properties, plant and equipment, right-of-use assets, intangibles and investment property	34 and 37	(833)	55
Result from withdrawal of property, plant and equipment, right of use assets, intangible assets and investments	34 and 37	30,251	14,767
Non-cash recoveries	33	(98,481)	(111,208)
Result of deferred regulatory accounts	31	(88,434)	(22,110)
Gain / loss from due to disposal of Investments in subsidiaries	40	-	192
Gain / loss from business combinations	40	10,039	(1,592,003)
Dividend income from investments	14	(134,089)	(72,984)
		7,754,609	6,098,926
Net changes in operating assets and liabilities:			
Change in inventories		(33,870)	(38,772)
Change in trade and other receivables		(1,426,647)	943,027
Change in other assets		(576,889)	(135,223)
Change in creditors and other accounts payable		844,614	374,585
Change in employee benefits		(7,446)	(1,877)
Change in provisions		(192,949)	(177,451)
Change in other liabilities		417,780	320,173
Cash generated from operating activities		6,779,202	7,383,388
Interest paid		(1,501,384)	(1,310,429)
Income tax paid		(1,051,369)	(1,140,994)
Income tax refund		52,848	46,785
Net cash provided by operating activities		4,279,297	4,978,750
Cash flows from investing activities:			
Acquisition of subsidiaries or business, net of cash acquired		(10,039)	554,720
Disposal of subsidiaries or business		-	(192)
Purchase of property, plant and equipment	5	(4,256,108)	(3,165,459)
Disposal of property, plant and equipment	5	12,359	3,048
Purchase of intangible assets	7	(331,400)	(278,216)
Disposal of intangible assets	7	2,138	671
Acquisition of investment properties	6	(280)	-
Disposal of investment properties		-	507
Purchase of investments in financial assets	14 and 24	(734,148)	(2,177,248)
Disposal of investments in financial assets	14	2,735,146	382,341
Interest received		1,040	4,236
Dividends received from subsidiaries		18	-
Dividends received from associates and joint business	11	19,073	16,786
Other dividends received	14	134,089	72,965
Compensation received	5	694,919	369,700
Other cash flows from investment activities		29,597	20,350
Net cash flow used in investing activities		(1,703,596)	(4,195,791)
Cash from financing activities:			
Acquisition of own shares		-	(21)
Obtaining of borrowings and loans	22	4,816,759	6,424,523
Payments of borrowings and loans	22	(5,701,677)	(2,896,219)
Transaction costs due to issuance of debt instruments	22	(44,163)	(28,553)
Payments of liabilities for financial leasing	24	(76,052)	(46,525)
Dividends or surpluses paid to Medellín Municipality	42	(1,396,953)	(1,488,319)
Dividends or surplus paid to non-controlling interests	9	(52,702)	(104,256)
Subsidies of capital		2,662	460
Payments of capital of derivatives designated as cash flow hedges		22,985	19,586
Acquisition of non-controlling interests		-	175
Payment of pension bonds	24	(47,249)	(7,712)
Other cash from financing activities		14,103	(3,422)
Net cash flows provided / (used in) by financing activities		(2,462,287)	1,869,717
Net increase in cash and cash equivalents		113,414	2,652,676
Effects of variations in exchange rates in the cash and cash equivalents		(121,317)	(265,278)
Cash and cash equivalents at beginning of the year	19	4,097,964	1,710,566
Cash and cash equivalents at end of the year	19	4,090,061	4,097,964
Restricted cash	19	903,773	541,788

The accompanying notes are an integral part of these Consolidated Financial Statements.

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 General Manager
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 and Investments

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Notes to the consolidated financial statements of Grupo EPM for the periods ended December 31, 2021 and 2020

(In millions of Colombian pesos, except when otherwise indicated)

Note 1. Reporting entity

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter "Grupo EPM" for its initials in Spanish) is the parent company of a multi-Latin business group made up of 44 companies and four structured entities¹; with presence in the rendering of public services in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

Empresas Públicas de Medellín ESP (hereinafter EPM for its initials in Spanish), the parent company of the EPM Group, is a decentralized entity of the municipal order, created in Colombia through Agreement 58 of August 6, 1955, of the Administrative Council of Medellín, as an autonomous public establishment. It was transformed into an industrial and commercial company of the State of municipal order, by Agreement 069 of December 10, 1997, of the Council of Medellín. Due to its legal nature, EPM is endowed with administrative and financial autonomy and its assets, in accordance with Article 85 of Law 489 of 1998. The capital with which it was established and operates, as well as its assets, is public nature, being its sole owner of the municipality of Medellín. Its main address is at Carrera 58 No. 42-125 in Medellín, Colombia. It does not have an established term of duration.

EPM provides residential public services of aqueduct, sewage, energy, and distribution of fuel gas. It can also provide the residential public service of cleaning, treatment, and use of garbage, as well as the complementary activities of one of these public services



¹ Autonomous Estates of Social Financing of EPM, CHEC, EDEQ and ESSA. Under International Financial Reporting Standards –IFRS adopted in Colombia, they are considered structured entities that are part of the perimeter of consolidation of financial statements of Grupo EPM.

The Group offers its services through the following segments, whose activities are described in Note 47. Operating segments: Electricity Generation, Distribution and Transmission; Distribution and Marketing of Natural Gas; Water provision; Wastewater Management; Solid Waste Management. Additionally, the Others Segment includes participation in the telecommunications business, through the associate UNE EPM Telecomunicaciones SA and its subsidiaries: Edatel SAESP, Orbitel Servicios Internacionales SA - OSI, Cinco Telecom Corporation – CTC, and Colombia Móvil SA; and the associate Inversiones Telco SAS and its subsidiary Emtelco SA; offering voice services, data, Internet, professional services, data center, among others.

The consolidated financial statements of the Group for the year ended December 31, 2021, were authorized by the Board of Directors for publication on March 23, 2022.

Legal and regulatory framework

The activities carried out by the EPM Group, provision of residential public services, are regulated in Colombia, Chile, El Salvador, Guatemala, Mexico, and Panama. The most significant regulatory aspects that apply to it are:

1. Regulations for Colombia

The activity carried out by Grupo EPM, provision of home public services in Colombia, is mainly regulated by Law 142 of 1994, Law of Home Public Services, and Law 143 of 1994, Electricity Law. For the electricity sector, Law 1715 of 2014 (development and use of non-conventional energy sources) and Law 2099 of 2021 (provisions for energy transition) stand out.

The control, inspection, and surveillance functions of the entities that provide residential public services are exercised by the Superintendence of Residential Public Services (SSPD, for its initials in Spanish). For purposes of protection of competition and personal data, the Superintendence of Industry and Commerce carries out surveillance and control tasks.

As an issuer of Bonds, EPM is subject to the control of the Financial Superintendence of Colombia under Decree 2555 of 2010, by which the regulations regarding the financial, insurance, and stock market sectors are collected and reissued, and other provisions are issued, establishing that the SIMEV is the set of human, technical and management resources that the Financial Superintendence of Colombia will use to allow and facilitate the provision of information to the market. Within these tools, is the National Registry of Securities and Issuers - RNVE, whose purpose is to have a record of the issuers of securities and the issues they carry out. When issuing bonds, EPM is subject to the control of this Superintendence and to the regulations that for financial information purposes are requested by its issuance, especially External Circular 038 of 2015 whose reference is: Modification to the terms for the transmission of the Interim Quarterly and Year-End Financial Statements under IFRS adopted in Colombia, Individual or Separate and Consolidated and their report in XBRL language (extensible Business Reporting Language) and unification of the instructions contained in External Circulars 007 and 011 of 2015.

For accounting purposes, the Company is governed by the accounting standards issued by the National Accounting Office, these standards are based on the IFRS issued by the IASB, as well as the interpretations issued by the IFRIC, as described in the accounting policies section. For administering the health service as employee benefits, the figure of the Adapted Health Company, is supervised by the National Health Superintendence.

As a decentralized municipal entity, EPM is subject to the political control of the Administrative Council of Medellín, the fiscal control of the Medellín General Comptroller's Office, and the disciplinary control of the Attorney General's Office.



1.1 Regulatory commissions

Law 142 of 1994 in its articles 68 and 69, delegates in the regulation commissions the presidential function of indicating general policies of administration and efficiency control in residential public services.

These entities are the following:

- The Energy and Gas Regulation Commission (CREG for its initials in Spanish), a technical body attached to the Ministry of Mines and Energy (MME), which regulates energy sales rates and aspects related to the operation of the Wholesale Energy Market and, more generally, with the provision of electricity, fuel gas and liquid fuel services.
- The Commission for the Regulation of Potable Water and Basic Sanitation (CRA for its initials in Spanish), regulates the rates for aqueduct, sewage and sanitation and their provision conditions in the market. It is a special administrative unit, attached to the Ministry of Housing, City and Territory.

1.2 Regulation by sector

1.2.1 1.2.1 Activities of the aqueduct, sewage and sanitation sector

Law 142 of 1994, Public Services Law, defined water, sewage and cleaning services:



Aqueduct: also called home public drinking water service. Activity that consists of the municipal distribution of water suitable for human consumption, including its connection and measurement. Includes complementary activities such as water collection and processing, treatment, storage, conduction, and transportation.



Sewerage: an activity that consists of the municipal collection of waste, mainly liquid, through pipes and conduits. Includes complementary activities of transport, treatment and final disposal of such waste.



Cleaning: an activity that consists of the municipal collection of waste, mainly solid. Includes complementary activities of transport, treatment, use and final disposal of such waste.

For the first two services, the tariff framework is established in Resolutions CRA 688 of 2014, 735 of 2015, 821 of 2017 and 908 of 2019, compiled in Resolution CRA 943 of 2021. For the public sanitation service, in resolution CRA 720 of 2015, compiled in Resolution CRA 943 of 2021. These regulations establish quality and coverage indicators, encourage compliance with goals, and define remuneration mechanisms to guarantee the financial sufficiency of the company.

1.2.2 Activities of the electricity sector

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which can be developed by independent or integrated companies in the terms defined in article 298 of Law 1955 of 2019. The legal framework aims to supply the demand for electricity under economic criteria and financial viability and promote an efficient, safe and reliable operation of the sector.



Generation: consists of the production of electricity from different sources (conventional or non-conventional), whether that activity is carried out exclusively or in combination with one or more other activities in the electricity sector, whichever of them is the main activity.



Transmission: the national transmission activity is the transport of energy in the National Transmission System (hereinafter STN for its initials in Spanish). It is made up of a set of lines, with their corresponding connection equipment, which operate at voltages equal to or greater than 220 kV. The National Transmitter is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the development of that activity.

Distribution: consists of transporting electrical energy through a set of lines and substations, with their associated equipment, which operate at voltages less than 220 kV.



Commercialization: an activity consisting of the purchase of electricity in the wholesale market and its sale to other market agents or to regulated and non-regulated end users, whether this activity is carried out exclusively or combined with other activities in the electricity sector, whichever is the main activity.

1.2.3 Natural gas sector activities

Law 142 of 1994 defined the legal framework for the provision of home public services, an area in which the home public service of fuel gas is defined as:

Set of activities related to the distribution of fuel gas, by pipeline or other means, from a large volume storage site or from a central gas pipeline to the installation of a final consumer, including its connection and measurement. This Law will also apply to complementary commercialization activities from the production and transportation of gas through the main gas pipeline, or by other means, from the generation site to the one where it is connected to a secondary network.

2. Regulations for Chile

2.1 Health sector activities

The Sanitary Sector is constituted by a set of entities whose functions are related to the services of production and distribution of drinking water and collection and disposal of wastewater, that is, the companies in charge of providing said services and the Superintendence of Services. Sanitary, the regulatory and supervisory body of this sector.

2.2 Regulatory framework

In the current regulation scheme, where the normative and supervisory function of the State is separated from the production function, the Superintendence of Sanitary Services is created, a regulatory and supervisory entity of the sector. This agency is a decentralized entity with legal personality and its assets, subject to the supervision of the President of the Republic through the Ministry of Public Works. It exercises the regulatory and supervisory functions of the activity of the companies that operate in this sector.

The regulation model emphasizes two crucial aspects to introduce economic rationality in the operation of the sector: tariffs and the concession regime, both aspects are contained in the legal framework under which the operation of the sector is regulated, being a function of The Superintendence of Sanitary Services apply and enforce the provisions of the respective legal bodies: DFL No. 70 of 1988, Tariff Law, and DFL No. 382 of 1988, General Law of Sanitary Services.

The legal framework of the Chilean health sector is mainly made up of:

- Law of the Superintendence of Sanitary Services - Law 18,902 of 1990 (Modified by Law No. 19,549 of 1998 and Law No. 19,821 of 2002 and Law No. 20,417 of 2010): creates the Superintendence of Sanitary Services as a functionally decentralized service, with legal personality and its own assets, subject to the supervision of the President of the Republic through the Ministry of Public Works.

The Superintendence of Sanitary Services will be responsible for supervising the providers of sanitary services, compliance with the regulations related to sanitary services and the control of industrial liquid waste that is linked to the benefits or services of the sanitary companies, being able to ex officio or at the request of any interested party, to inspect the sanitary infrastructure works carried out by the providers.

- Decree with Force of Law, of 1988, of the Ministry of Public Works, General Law of Sanitary Services.
- Regulation of the General Law of Sanitary Services, Supreme Decree (DS for its initials in Spanish) of the Ministry of Public Works (MOP for its initials in Spanish) No. 1199,

Dec/2004 - Published in the Official Gazette (DO for its initials in Spanish) on Nov 9, 2005: approves the regulation of the Sanitary concessions for the production and distribution of drinking water and the collection and disposal of sewage and the standards on quality of care for users of these services.

- Sanitary services tariff law: Decree with Force of Law MOP No. 70 of 1988 - Published in DO 30-Mar-1988 (modified by Law No. 19,549 of 1998 and Law No. 21,075 of 2018).
- Supreme Decree No. 453, of 1990, of the Ministry of Economy, Regulation of the Sanitary Services Tariff Law.
- Supreme Decree No. 214, of 2005, of the Ministry of Public Works, establishes the requirements to which the public bidding processes to which sanitation providers are obliged must comply, by virtue of the provisions of article 67 of the General Law of Services Sanitary.
- Water Code and its amendments: DFL No. 1,122 regulates the ownership and the right to use water. The latest amendments are: Law No. 20,017 of 2005, Law No. 20,099 of 2006, Law No. 20,304 of 2008, Law 20,417 of 2010, Law No. 20,697 of 2013 and Law No. 21,064 of 2018.
- Regulation of Residential Drinking Water and Sewage Installations - DS MOP No. 50 of January/2003 (amended by DS MOP No. 669 of 2009).

2.3 Regulatory entities

Some of the main regulatory entities for the sanitation sector (drinking water and sewage) in Chile are:

- **Ministry of Public Works (MOP):** grants concessions and promotes water supply and sanitation in rural areas through its Department of Sanitation Programs. Apart from its own functions, in relation to the health sector, it is responsible for the administration of legislation on water resources, the allocation of water rights and the approval of concession rights to establish, build and operate sanitary services.

- **Superintendence of Sanitary Services (SISS for its initials in Spanish):** Chilean State agency that regulates and oversees companies that provide drinking water services and the collection and treatment of wastewater for the urban population.
- **Ministry of Health:** monitors the quality of water in the sanitary services that are not under the jurisdiction of the Superintendence (which are not public sanitary services) and makes official the quality standards studied under the provisions of the National Institute for Standardization.
- **Ministry of Economy, Development and Tourism:** designs and monitors the implementation of public policies that affect the country's competitiveness; promotes and controls activities in the sectors of industry, services and commerce. Its main lines of action are related to the design and promotion of Innovation and Entrepreneurship Policies. In relation to the health sector, it is the setting of regulated prices, at the proposal of the Superintendence.
- **The General Head of Waters (DGA for its initials in Spanish):** is the State agency in charge of managing, verifying and disseminating the country's water information, especially regarding its quantity and quality, the natural and legal persons who are authorized to use it, the works existing hydraulics and their safety ; with the purpose of contributing to a greater market competitiveness and safeguarding legal and water certainty for the country's sustainable development.

3. Regulations for El Salvador

In El Salvador, a restructuring process of the electricity sector was developed, which materialized in a legal and institutional framework that aims to promote competition and the necessary conditions to ensure the availability of an efficient energy supply, capable of supplying the demand under technical, social, economic, environmental, and financial viability, criteria.

In the 1990s, El Salvador promoted a reform process in the energy sector that consisted of the restructuring of the hydrocarbon and electricity sectors, the privatization of most of the state companies that provided energy goods or services, and the deregulation of the markets.

3.1 Regulatory framework

The legal framework of the Salvadoran electricity sector is made up of the Law for the Creation of the General Superintendence of Electricity and Telecommunications (SIGET for its initials in Spanish), issued through Legislative Decree 808 of September 12, 1996, which gave legal life to the regulatory entity; as well as by the General Electricity Law (LGE for its initials in Spanish), issued through Legislative Decree 843 of October 10, 1996, and by the Regulations of the General Electricity Law, established through Executive Decree 70 of July 25, 1997, including its modifications.

As a result of the restructuring process of the electricity sector, the Transactions Unit SA (UT for its initials in Spanish), which manages the Wholesale Electricity Market, and the Transmission Company of El Salvador (ETESAL for its initials in Spanish) were created, while the distribution companies were privatized, as well as thermal generation. In addition, hydroelectric and geothermal generation activities were separated.

3.2 Regulatory entities

Some of the main regulatory entities at the energy field in El Salvador are:

- **Ministry of Economy (MINEC for its initials in Spanish):** Central Government institution whose purpose is to promote economic and social development by increasing production, productivity and the rational use of resources. Its responsibilities include defining the country's trade policy, monitoring and promoting Central American economic integration, and heading the National Energy Council. It also contributes to

the development of competition and competitiveness of productive activities, both for the internal and external markets.

- **General Superintendence of Electricity and Telecommunications (SIGET):** is an autonomous non-profit public service institution. Said autonomy includes the administrative and financial aspects and is the competent entity to apply the norms contained in international treaties on electricity and telecommunications in force in El Salvador, as well as in the laws that govern the electricity and telecommunications sectors and their regulations, in addition to knowing of non-compliance with them.
- **Transactions Unit (UT):** one of its functions is to manage the wholesale electricity market and operate the transmission system, maintaining safety and quality and providing market operators with satisfactory answers for the development of their activities transparently and efficiently. Likewise, it coordinates with the Regional Operator Entity (EOR) the energy transactions carried out by El Salvador with other countries at the Central American and international levels. Finally, it determines responsibilities in case of system failures.
- **National Energy Council (CNE for its initials in Spanish):** The CNE is the superior, guiding and regulatory authority of energy policy whose objectives are to develop the National Energy Policy and short, medium and long-term energy planning; promote the existence of regulatory frameworks to promote investment and development of the energy sector, monitor the proper functioning of energy markets; promote the rational use of energy; develop and expand renewable energy resources and promote the integration of regional energy markets.

4. Regulations for Guatemala

The Political Constitution of the Republic of Guatemala of 1985 declared the electrification of the country a national urgency, based on plans formulated by the State and the municipalities, in a process that could count on the participation of private initiative.

4.1 Regulatory framework

With the Political Constitution as a legal basis, in 1996 the General Electricity Law (Decree No. 93-96) was decreed, by means of which the fundamental legal norms were established to facilitate the performance of the different sectors of the electrical system.

4.2 Regulatory entities

Some of the main regulatory entities at the energy field in Guatemala are:

- **Ministry of Energy and Mines:** it is the most important Guatemalan government entity in the electricity sector. It is responsible for enforcing the General Electricity Law and related regulations, as well as coordinating policies between the National Electric Energy Commission (CNNE for its initials in Spanish) and the Wholesale Market Administrator (AMM for its initials in Spanish). This government agency also has the authority to grant authorization permits for the operation of distribution, transmission and generation companies.
- **National Electric Energy Commission (CNNE):** The Guatemalan electricity sector is regulated by the CNEE, a regulatory entity created in accordance with the General Electricity Law, as a technical body of the Ministry of Energy and Mines and subordinate to it. It is made up of three members appointed by the President of the Republic from short lists proposed by the rectors of the universities, the Ministry of Energy and Mines and the agents of the Wholesale Market. The duration of each board of directors is five years.
- **Wholesale Market Administrator (AMM):** is the entity in charge of managing the Guatemalan Wholesale Market, a private entity created by the General Electricity Law, which coordinates the operation of generation facilities, international interconnections and transmission lines that make up the National Interconnected System. Likewise, it is responsible for the safety and operation of the system by carrying out an economically efficient dispatch and managing electricity resources, in such a way as to minimize operating costs, including failure costs, within the restrictions imposed by the transmission

system and quality of service requirements. Also, the AMM is in charge of programming the supply and dispatch of electricity. The regulations of the AMM are subject to the approval of the CNNE. If a generation, transmission, distribution company or an electricity agent or large user does not operate its facilities in accordance with the regulations established by the AMM, the CNNE has the ability to sanction it with fines and, in the event of a serious violation, may require you to disconnect from the National Interconnected System.

5. Regulations for México

5.1 Regulatory framework of the water and sanitation sector

At the state level, each of the 32 federal entities has its respective water laws, with substantially the same purposes despite the various denominations. Modifications to state legislation associated with the provision of water and sanitation services derived mainly from a series of initiatives promoted by the National Water Commission (CONAGUA for its initials in Spanish) in the 1990s.

The National Water Commission (CONAGUA) is an administrative, regulatory, technical, advisory and decentralized body of the Ministry of the Environment and Natural Resources (Semarnat for its initials in Spanish) created in 1989, with the mission of preserving national waters and their inherent public goods for its sustainable administration and guarantee water security with the responsibility of government orders and society in general.

Various instances at the federal, state and municipal levels, as well as associations of users, companies and institutions of the private and social sector that work together with CONAGUA.

This is how the evolution that since then and until the beginning of this decade has experienced the state legal regime in matters of water and sanitation is summarized:

- Reforms of 1983 to Article 115 of the Constitution, with which the municipal nature of water and sanitation services was ratified and strengthened, which made it necessary to guide the role of state authorities in this matter to assign them a subsidiary role and to some extent regulatory.
- Government policies established to promote the creation of decentralized bodies (creation decrees) of the Municipal Administration, with the technical capacity and administrative and financial autonomy necessary for the efficient provision of services, together with the introduction of private sector participation schemes.
- Greater participation of the state authorities in the administration of national waters, through agreements that, in accordance with the provisions of Article 116 of the Constitution, the federation can sign with the state governments, so that the latter carry out or exercise different tasks or attributions, of exclusive competence of the federal government. This possibility was further reinforced by the amendments and additions to the National Water Law that came into force in 2004.
- On March 23, 2021, the Chamber of Deputies approved reforms to the National Water Law, which aims to establish the National Water Program that includes sustainable use, savings and efficient use, which will ensure the availability of the liquid.

The report, which adds a second paragraph to section III of article 9 and reforms section VIII of article 14 Bis 3 of the aforementioned legal system, sent to the Senate for its constitutional effects, adds that the development and implementation of alternative systems of use and capture of rainwater. It includes actions for sustainable development, saving and efficient use of water, and will assist in scientific research and technological development.

5.2 Regulatory entities

Some of the main regulatory entities in the sanitation sector in Mexico are:

- **The Committee of the Environment and Natural Resources (SEMARNAT):** in the different fields of society and the public function, it incorporates criteria and instruments that ensure optimal protection, conservation and use of the country's

natural resources, thus forming a comprehensive environmental policy and inclusive that allows achieving sustainable development, provided that they are not expressly entrusted to another dependency; likewise, in terms of ecology, environmental sanitation, water, environmental regulation of urban development and fishing activity, with the corresponding participation of other dependencies and entities.

- **National Water Commission (CONAGUA):** with the participation of society, it manages and preserves national waters, to achieve the sustainable use of the resource with the co-responsibility of the three orders of government and society in general. It constitutes an authority with technical quality and promoter of government orders in the integrated management of water resources and their inherent public goods and protects water bodies to guarantee sustainable development and preserve the environment.
- **Mexican Institute of Water Technology:** is a public research and technological development center that works in the various areas of water resource management, in the areas of basic and applied research, technology development and transfer, specialized advice, training of human resources, dissemination and dissemination of knowledge to help protect and conserve the country's water resources.
- **Federal Office for Environmental Protection:** Its main task is to increase the levels of compliance with environmental regulations, in order to contribute to sustainable development and enforce environmental laws.
- **Secretary of Welfare, (formerly Secretary of Social Development):** defines the commitments of the administration to advance in the achievement of effective social development. Formulates and coordinates the solidarity and subsidiary social policy of the federal government, oriented towards the common good, and executes it in a co-responsible manner with society.

6. Regulations for Panama

- **The electricity sector in Panama is divided into three areas of activities:** generation, transmission and distribution. The country has a regulatory structure in place for the electricity industry, based on legislation passed between 1996 and 1998. This

framework creates an independent regulator, the National Public Services Authority (ASEP), and creates a transparent process for setting rates for the sale of energy to regulated customers.

6.1 Regulatory framework

The regulatory regime is mainly composed of the following rules:

- **Law 6 of February 3, 1997:** dictates the regulatory and institutional framework for the provision of public electricity service. It establishes the regime to which the activities of distribution, generation, transmission and commercialization of electrical energy will be subject.
- **Law 57 of October 13, 2009:** several modifications are made to Law 6 of 1997, among which are: the obligation of generating companies to participate in the processes of purchasing energy or power, the obligation for the Electric Transmission Company SA (ETESA for its initials in Spanish) to buy energy on behalf of the distributors, and the increase in the fines that the regulator can impose up to \$20 million balboas, while establishing the right of customers to refrain from paying for the portion they claim and grants a term of 30 days to claim before the regulator in case of not being satisfied with the response given by the distributor.
- **Law 58 of May 30, 2011:** the articles related to rural electrification are modified, among which are: the modification of the calculation of the subsidy that the Rural Electrification Office (OER for its initials in Spanish) must pay to the distributors for a period of 4 years (before it was paid for 20 years) and the creation of a rural electrification fund for 4 years, which will be made up of contributions from market agents that sell electricity and will not exceed 1% of their net income before taxes.

6.2 Regulatory entities

Some of the main regulatory entities at the energy field in Panama are:

- **The Secretary of Energy:** its mission is to formulate, propose and promote the national energy policy in order to guarantee the security of supply, the rational and efficient use of resources and energy in a sustainable manner, according to the National Development Plan. It is currently negotiating with the Electricity Transmission Company (ETESA for its initials in Spanish) the formation of an energy matrix with greater and more varied renewable and clean resources (wind, gas, among others).
- **The National Public Services Authority (ASEP for its initials in Spanish):** established in accordance with the 1996 Public Services Regulatory Entity Law. It is an autonomous entity of the Government with responsibility for regulating, controlling and supervising the provision of water and electricity services and sanitary sewage, telecommunications, radio and television, electricity and natural gas.
- On February 22, 2006, by Decree Law 10, the Regulatory Entity of Public Services (ERSP for its initials in Spanish) was restructured and changed its name, for which since April 2006 it is known as ASEP, with the same responsibilities and functions that it had. the regulatory entity, but with a general administrator and an executive director, each appointed by the President of the Republic of Panama and ratified by the National Assembly. Likewise, it has three national directors under the authority of the general administrator, one for the electricity and water sector, one for the telecommunications sector and one for the user service sector. The national directors are responsible for issuing resolutions related to their respective industries, and appeals to them are resolved by the general administrator as the final stage of the administrative process.
- **The Planning Unit of the Electricity Transmission Company (ETESA):** prepares the reference expansion plans and projects the global energy requirements and the ways to satisfy such requirements, including the development of alternative sources and establishing programs to conserve and optimize the energy use. Public service companies are required to prepare and submit their expansion plans to ETESA.

- **The National Dispatch Center (CND):** is operated by ETESA. Plans, supervises and controls the integrated operation of the National Interconnected System. Received offers from generators that participate in the energy sales market (spot), determines energy spot prices, manages the transmission network and provides settlement values between suppliers, producers and consumers, among others.
- **The Rural Electrification Office (OER):** is responsible for promoting electrification in rural areas that are not served, are not profitable, and are not granted concessions.

Note 2. Significant accounting policies

2.1 Basis for the preparation of the financial statements

The consolidated financial statements of the Group are prepared in accordance with the Accounting and Financial Information Standards Accepted in Colombia (INCIF) and adopted by the General Accounting Office of the Nation through Resolution 037 of 2017 and Resolution 056 of 2020, resolution 035 and 0197 of 2021 (hereinafter, IFRS adopted in Colombia). These accounting and financial reporting standards are based on International Financial Reporting Standards (hereinafter IFRS) issued by the International Accounting Standards Board (hereinafter IASB), as well as the interpretations issued by the Interpretations Committee (hereinafter IFRIC). These financial statements are harmonized with the generally accepted accounting principles in Colombia enshrined in the Annex to Decree 2420 of 2015 and its subsequent amendments.

The presentation of the financial statements in accordance with the IFRS adopted in Colombia requires making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information.

Actual results may differ from such estimates. Estimates and assumptions are constantly reviewed. The review of accounting estimates is recognized for the period in which they are reviewed, if the review affects said period or in the review period and future periods. The estimates made by Management when applying the IFRS adopted in Colombia, which have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail in Note 3 Significant accounting judgments, estimates and causes of uncertainty in the preparation of the financial statements.

EPM and each of the subsidiaries present separate or individual financial statements, as appropriate, for compliance with the control entities and for internal administrative monitoring and providing information to investors.

Assets and liabilities are measured at cost or amortized cost, with the exception of certain financial assets and liabilities and investment properties that are measured at fair value. Financial assets and liabilities measured at fair value correspond to those that are classified in the category of assets and liabilities at fair value through results, some equity investments at fair value through equity, as well as all financial derivative assets and recognized liabilities that are designated as hedged items in a fair value hedge, whose carrying amount is adjusted for changes in fair value attributed to the hedged risks.

The consolidated financial statements are presented in Colombian pesos and their figures are expressed in millions of Colombian pesos.

2.2 Consolidation principles

The consolidated financial statements include the financial statements of EPM and its subsidiaries as of December 31, 2021 and 2020. Using the global integration method, EPM consolidates the financial results of the companies over which it exercises control, which are detailed in the Note 9 Investments in subsidiaries.

Control is obtained when any of the Group companies controls the relevant activities of the subsidiary, which are generally operating and financing activities, is exposed, or has rights,

to the variable returns of the latter and has the ability to use its power on the subsidiary to influence its returns.

There is generally a presumption that a majority of the voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances to assess whether it has power over an investee, including contractual arrangements with other voting holders of the investee, the rights derived from other contractual agreements and the voting rights of the Group as potential voting rights. The Group reassesses whether or not it controls the investee if the facts and circumstances indicate that there are changes in one or more of the three elements of control.

The consolidated financial statements of the Group are presented in Colombian pesos, which is both the functional currency and the presentation currency of EPM, the Group's parent company. Each Group subsidiary determines its own functional currency and includes items in its financial statements using that functional currency.

The information of all the companies of the Group was prepared using the same accounting policies of the Group, according to the IFRS adopted in Colombia.

For consolidation purposes, the financial statements of the subsidiaries are prepared under the Group's accounting policies and are included in the consolidated financial statements from the date of acquisition to the date on which the Group loses its control.

Assets, liabilities, equity, income, costs, expenses and intragroup cash flows are eliminated in the preparation of the consolidated financial statements; that is, those related to transactions between the Group Companies, including unrealized internal results, which are eliminated in full. The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ends when the Group loses control. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date it ceases to control the subsidiary.

When the Group loses control over a subsidiary, the assets (including goodwill), liabilities, non-controlling interest and other components of equity are derecognized; any residual

participation that is retained is measured at fair value, the gains or losses arising from this measurement are recognized in the result of the period.

Non-controlling interests in the net assets of subsidiaries are presented separately from the Group's equity. Profit for the period and other comprehensive income are also attributed to non-controlling and controlling interests.

Changes in the Group's interest in subsidiaries that do not result in the loss of control are accounted for as equity transactions. The book value of the Group's controlling interests and the non-controlling interest is adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the controlling interest, the non-controlling interest and the fair value of the consideration paid or received are adjusted, is recognized directly in equity.

When the Group loses control over a subsidiary, the gain or loss is recognized in income and is calculated as the difference between the sum of the fair value of the consideration received and the fair value of any interest retained and the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. All amounts related to the subsidiary, previously recognized in other comprehensive income, are accounted for as if the Group had directly disposed of its related assets or liabilities (that is, reclassified to profit or loss or transferred to another category of equity as permitted, by the applicable IFRS and adopted in Colombia). The fair value of the investment retained in the former subsidiary on the date control is lost is considered as the fair value at initial recognition for subsequent measurement, either as an investment in a financial instrument or an investment in a joint venture or in an associate.



2.3 Classification of assets and liabilities in current and non-current

An asset is classified as a current asset when it is held primarily for trading purposes or is expected to be realized within a period not exceeding one year after the reporting period or is cash and cash equivalents that are not subject to restrictions on their exchange or for their use in settling a liability at least one year after the reporting period. All other assets are classified as non-current assets.

A liability is classified as a current liability when it is held primarily for trading purposes, or when it is expected to be settled within a period not exceeding one year after the reporting period, or when the Group does not have an unconditional right to postpone its liquidation for at least one year after the reporting period. All other liabilities are classified as non-current liabilities.

Derivative instruments that are not subject to hedge accounting are classified as current or non-current, or separated into current and non-current portions, based on an evaluation of the facts and circumstances (that is, the underlying contractual cash flows).

- When the Group maintains a derivative, to which hedge accounting is not applied, for a period of more than twelve (12) months from the presentation date, the derivative is classified as non-current (or divided into portions current and non-current) to correspond to the classification of the underlying item.
- Derivative instruments that are designated as hedging instruments and that are effective are classified consistent with the classification of the underlying hedged item. The derivative instrument is divided into a current and a non-current portion only if such allocation can be made reliably.

2.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows include cash on hand and in banks and highly liquid investments, easily convertible into a given amount of cash and subject to an insignificant risk of changes in its value, with a maturity of three months or less from the date of its acquisition. Bank overdrafts that are an integral part of the Group's cash management represent a component of cash and cash equivalents in the statement of cash flows.

2.5 Business combinations

Business combinations are recorded using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred measured at the acquisition date at fair value and the amount of minority interests in the acquiree. For each business combination, the Group decides whether the non-controlling interests in the acquiree should be measured at their fair value or by the proportional part of the identifiable net assets of the acquired entity. All costs related to the acquisition are recognized as an expense when incurred and included in administrative expenses.

The identifiable assets acquired, and the liabilities assumed are recorded at their fair value on the date of acquisition, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit agreements must be recognized and measured in accordance with IAS 12 Income Tax and IAS 19 Employee Benefits adopted in Colombia.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group made as a replacement for share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payments at the date of acquisition.

- The assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations adopted in Colombia, are measured in accordance with said Standard.

When the Group acquires a business, the financial assets and liabilities assumed are evaluated for the appropriate classification and designation in accordance with the contractual terms, the economic circumstances and the pertinent conditions on the date of acquisition. This includes the separation of derivatives embedded in the host contracts by the acquiree.

The Group recognizes an intangible asset acquired in a business combination, independent of goodwill, provided that the intangible asset meets the recognition criteria, is identifiable, or arises from contractual and legal rights; measures the value of a reacquired right recognized as an intangible asset based on the remaining contractual term of the related contract, regardless of whether market participants would consider potential contractual renewals in determining fair value.

If a business combination is carried out in stages, any prior interest is remeasured at its acquisition date at fair value and any resulting gain or loss is recognized in income. The accounting treatment of what is recorded in the Other Comprehensive Income (OCI), at the time of the new purchase, that is, the amounts resulting from the previous participation in the acquiree at the date of acquisition that had been previously recognized in other comprehensive income and are reclassified to the result of the period as long as said treatment is appropriate, in the event that said participation is sold.

If the initial accounting of a business combination is not completed at the end of the financial statement presentation period in which the combination occurs, the Group reports the provisional amounts of the items for which the accounting is incomplete. During the measurement period, the acquirer recognizes adjustments to the provisional amounts or recognizes additional assets or liabilities necessary to reflect new information obtained about facts and circumstances that existed at the acquisition date and that, if known, would have affected the measurement of the assets recognized on that date.

The consideration transferred is measured as the aggregate value of the fair value, at the acquisition date of the assets delivered, the liabilities incurred or assumed, and the equity instruments issued by the Group, including any contingent consideration, to obtain control of the entity acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any previously held interest in the acquiree, over the net value of the assets acquired, liabilities and contingent liabilities assumed on the acquisition date. The gain or loss resulting from the measurement of the previously held interest is recognized in profit or loss for the period or in other comprehensive income. When the consideration transferred is less than the fair value of the net assets of the acquiree, the corresponding gain is recognized in income for the period, on the date of acquisition.

Any contingent consideration in a business combination is classified as an asset, liability or equity and is recognized at fair value on the acquisition date and is included as part of the consideration transferred in a business combination. Changes subsequent to the measurement period at fair value of contingent consideration, classified as a financial asset or financial liability, are recognized in profit or loss for the period, or in the case of specific liabilities designated at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the credit risk of the liability are recognized in other comprehensive income; when it is classified as equity, it is not remeasured and its subsequent settlement is recognized in equity. If the consideration does not classify as a financial liability, it is measured in accordance with the applicable IFRS. An asset or liability is remeasured at its reporting date in accordance with IFRS 9 Financial Instruments or IAS 37 Provisions, Contingent Liabilities and Contingent Assets when appropriate.

The accounting policy established to record changes in the fair value of the contingent consideration during the measurement period is as follows: all changes in the fair value of the contingent consideration that qualify as adjustments to the measurement period are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments arising from additional information obtained during the 'measurement period' (which may not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill arising in a business combination is assigned, on the acquisition date, to the Group's cash-generating units - CGU, which are expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill arising from the acquisition of a business is recorded at cost on the date of business acquisition less accumulated impairment losses, if any.

For impairment assessment purposes, goodwill is assigned to each of the Group's CGUs (or groups of CGUs) that expect to benefit from the synergies of this combination.

The CGUs to which the goodwill is assigned are subject to impairment evaluations annually, or more frequently, if there is an indication that the unit may have suffered impairment. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first in order to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit, proportionally, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. The impairment loss recognized for goodwill purposes cannot be reversed in the following period.

When goodwill is part of a CGU and part of the operation within such unit is sold, the goodwill associated with the sold operation is included in the book value of the operation at the time of determining the gain or loss on disposal of the operation. The goodwill that is written off is determined based on the percentage of the operation sold, which is the ratio of the book value of the operation sold and the book value of the CGU.

If the initial accounting of a business combination is incomplete at the end of the accounting period in which the combination occurs, the Group discloses the provisional values of the items whose accounting is incomplete. These provisional values are adjusted during the measurement period, and additional assets and liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that would have affected the values recognized at that date.

Business combinations under common control are recorded using the uniting of interest method as a reference. Under this method, the assets and liabilities involved in the transaction are kept reflected at the same values used in the consolidation of the financial statements of the controlling company of the companies under common control, any difference between what was paid over the book value of the assets acquired and transferred liabilities is recognized as an equity transaction; revenues, costs and expenses of the combined companies (after elimination of transactions between them) are combined from the beginning of the period in which the combination occurs until the date of the combination of entities under common control.

2.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence over financial and operating policy decisions, without having control or joint control.

A joint venture is an arrangement in which the Group has joint control, under which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

On the acquisition date, the excess of the acquisition cost over the portion of the net fair value of the identifiable assets, liabilities and contingent liabilities assumed of the associate or joint venture is recognized as goodwill. Goodwill is included in the book value of the investment and is not amortized or individually tested for impairment.

Investments in associates and joint ventures are measured in the consolidated financial statements using the equity method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Non-current assets held for sale and discontinued operations. Through this accounting methodology, the investment is initially recorded at cost and is subsequently adjusted based on the changes experienced after the acquisition, for the portion of the net assets of the entity that corresponds to the investor. The Group's profit for the period includes its participation in the profit for the period of the investee and the other comprehensive income of the Group includes its participation in the other comprehensive income of the investee. When there are variations in the percentages of participation in the associate or joint venture that do not imply a loss of significant influence or joint control, the effect of these changes is recognized directly in equity. When the Group's participation in the losses of an associate or joint venture exceeds the Group's participation in them (which includes any long-term participation that, in essence, forms part of the Group's net investment in the associate or joint venture), the Group stops recognizing its participation in future losses. Additional losses are recognized as long as the Group has contracted any legal or implicit obligation or has made payments on behalf of the associate or joint venture. When the associate or joint venture later obtains profits, the company resumes the recognition of its participation in them only after its participation in the aforementioned profits equals the participation in the unrecognized losses.

Investments in associates and joint ventures are accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

Dividends received from the associate or joint venture are recognized as a reduction in the value of the investment when the company's right to receive payment is established.

The Group periodically analyzes the existence of value impairment indicators and, if necessary, recognizes impairment losses on the investment in the associate or joint venture. Impairment losses are recognized in profit or loss for the period and are calculated as the difference between the recoverable value of the associate or joint venture, this being the highest of the value in use and its fair value less the costs necessary for its sale, and its book value.

When significant influence over the associate or joint control over the joint venture is lost, the Group measures and recognizes any residual investment it retains in it at fair value. The difference between the book value of the associate or joint venture and the fair value of the retained residual investment, with the value from its sale, is recognized in profit or loss for the period.

The Group discontinues the use of the equity method from the date on which the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Additionally, the Group records all amounts previously recognized in other comprehensive income with respect to that associate or joint venture on the same basis that would have been required if said associate or joint venture directly sold the financial assets or liabilities. Therefore, if a gain or loss previously recorded in other comprehensive income by the associate or joint venture had been reclassified to profit or loss at the time of the sale of the related assets or liabilities, the Group would reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) at the time the use of the equity method is discontinued.



2.7 Joint operations

It is a joint arrangement whereby the parties with joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement.

In joint operations, the Group recognizes its participation as follows: its assets, including its participation in the assets held jointly; its liabilities, including its share of jointly incurred liabilities; its revenue from ordinary activities from the sale of its interest in the proceeds arising from the joint operation; its participation in the income from ordinary activities from the sale of the product carried out by the joint operation; and your expenses, including your share of expenses incurred jointly. The Group records the assets, liabilities, income from ordinary activities and expenses related to its participation in a joint operation in accordance with the guidelines applicable in particular to assets, liabilities, income from ordinary activities and expenses.

2.8 Functional currency and foreign currency

The financial statements of the Group are presented in Colombian pesos, which is the functional and presentation currency of the parent company.

Transactions in foreign currency are initially recorded at the functional currency exchange rates in effect on the date of the transaction. Subsequently, monetary assets and liabilities in foreign currency are converted at the functional currency exchange rate in effect at the closing date of the period, non-monetary items that are measured at fair value are converted using exchange rates at the date on which their fair value is determined and the non-monetary items that are measured at historical cost are translated using the exchange rates in force at the date of the original transactions.

All exchange differences are recognized in income for the period, except for adjustments originating from capitalizable interest costs and from loans in foreign currency to the extent that they are considered as adjustments to interest costs.

For the presentation of the consolidated financial statements of the Group, the assets and liabilities of the foreign businesses, including goodwill and any adjustment to the fair value of the assets and liabilities arising from the acquisition, are translated into Colombian pesos at the rate exchange rate in force at the closing date of the reporting period. Revenues, costs and expenses and cash flows are translated at the average exchange rates for the period. Exchange differences arising from the conversion of foreign operations are recognized in other comprehensive income, as are exchange differences on long-term accounts receivable or payable that are part of the net investment in the Foreign. In the disposal of the foreign business, the item of other comprehensive income that is related to the foreign business is recognized in the period result.

The adjustments corresponding to goodwill and the fair value of identifiable assets and liabilities acquired generated in the acquisition of a business abroad are considered as assets and liabilities of said operation and are translated at the exchange rate in force at the end of each period on which is reported. The exchange differences that arise will be recognized in other comprehensive income.

Additionally, with respect to the partial disposal of a subsidiary (which includes a foreign operation), the entity will reattribute the proportional part of the accumulated amount of the exchange differences to the non-controlling interests and they are not recognized in profit or loss. In any other partial disposal (that is, partial disposal of associates or joint agreements that do not involve the loss of significant influence and joint control by the Group) the entity will reclassify to profit or loss only the proportional part of the accumulated amount of the differences in change.

2.9 Income from ordinary activities

Income from ordinary activities corresponds basically to the development of the Group's main activity, which is the provision of energy, gas, water supply and sanitation services, and is recognized when the service is provided or at the time of the delivery of goods, to the extent that performance obligations are met by the Group, when the service has been provided and has not been billed, the accrual of income is made as an estimate. Revenues are measured at the value of the consideration received or to be received, excluding taxes or other obligations. Discounts, customer compensation for quality of service and financial

components that are granted, are recorded as an adjustment to the value of income. The financing component is only recognized if the contract with customers has a duration of more than one year.

The most representative revenues of the energy business in Colombia are as follows:

- **Reliability charge:** remuneration paid to a generating agent for the availability of generation assets with the characteristics and parameters declared for the calculation of firm energy for the reliability charge - ENFICC, which guarantees compliance with the Firm Energy Obligation - OEF that was assigned in an auction for the assignment of firm energy obligations or in the mechanism that takes its place.
- **Long-term contracts:** contract for the purchase and sale of energy entered into between trading agents and generators that is settled in the energy exchange. Under this type of energy contract, generators and traders freely agree on quantities and prices for the purchase and sale of energy in terms of more than one day.

In the case of long-term energy purchase contracts, which have prices lower than those of the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain benefits, it is considered that it does not comply with the own use exception

- **Secondary firm energy market or secondary market:** bilateral market in which generators negotiate a support contract among themselves to guarantee, for a certain period of time, the partial or total fulfillment of the firm energy obligations acquired by one of them.
- **Sale of non-regulated market energy:** It is the energy that is sold in the market to customers whose maximum demand is greater than a value in MW (megawatt for its acronym in English) or a minimum monthly energy consumption in MWh (megawatt per hour for its acronym in English), defined by the regulatory entity, by legalized installation, from which it does not use public electricity transmission networks and uses it in the same property or adjoining properties. Your electricity purchases are made at prices freely agreed between the buyer and the seller.
- **Sale of regulated market energy:** It is the energy that is sold to clients whose monthly consumption is less than a predetermined value and is not empowered to negotiate

the price paid for it, since both concepts are established by regulation; It usually uses energy for its own consumption or as an input for its manufacturing processes and not to develop its commercialization activities.

- **Automatic generation regulation – AGC (for its initials in Spanish):** it is a system for the control of secondary regulation, used to monitor load variations through generation, control the frequency within an operating range and scheduled exchanges. The AGC can be programmed in a centralized, decentralized, or hierarchical mode.
- **Firm energy:** is the incremental contribution of a company's generation plants to the interconnected system, which is carried out with a reliability of 95% and is calculated based on a methodology approved by the Commission and on the operational planning models used in the national interconnected system.

Gas revenues come from the distribution and sale of natural gas to the regulated and unregulated market.

In the water business, revenues come from the provision of aqueduct and sewage services. The other countries where the Group provides its services, including energy services, have their own regulations, which are described for each country in the Legal and regulatory framework in note 1.

At the time of revenue recognition, the Group evaluates based on specific criteria to identify when it acts as principal or commission agent and thus determines whether revenue should be recognized gross or net for marketing activities.

2.10 Contracts with clients

When the results of the contract can be measured reliably, the Group recognizes the income and expenses associated with contracts with customers, measuring the degree of progress in the satisfaction of the performance obligations using the input method based on the proportion that the incurred costs represent for work performed to date and the estimated total costs to completion.

The cost incurred comprises the costs, including borrowing costs, directly related to the contract, until the work has been completed. Administrative costs are recognized in income for the period.

On the other hand, the incremental costs incurred by the Group to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position under Other assets and are amortized on a straight-line basis over the term of the contract, provided that the term of the contract exceeds one year. Otherwise, the Group recognizes it directly in the result of the period.

Payments received from the client before the corresponding work has been carried out are recognized as a liability in the statement of financial position as other liabilities.

The difference between the income recognized in the result of the period and the billing is presented as an asset in the statement of financial position called Trade debtors and other accounts receivable, or as a liability called Other liabilities.

In the initial recognition of an account receivable from a contract with a customer, the difference between the measurement of the account receivable and the value of the corresponding income is presented as an expense in the statement of comprehensive income called Impairment of accounts receivable.

2.11 Written premiums and acquisition costs

Written premiums comprise the total premiums receivable for the coverage period. Income from issued premiums is recognized proportionally, throughout the duration of the policy; the income from these premiums is reduced by cancellations and annulments; In the case of cancellations, it corresponds to the amount of the premium accrued until the moment of cancellation due to the expiration of the term for payment.

Income from premiums accepted in reinsurance is accrued at the time of receiving the corresponding account statements from the reinsurers.

Unearned premiums are calculated separately for each individual policy to cover the remaining portion of written premiums.

2.12 Deferred income reinsurance commission

The deferred commissions in the development of its reinsurance activity are recorded in the Group, where the income for the amounts collected is deferred from the commissions to the reinsurers for the cessions of premiums made each month. The reinsurer pays the ceding company a commission on the premiums it receives in order to offset the costs of capturing the business and maintaining the portfolio. The value of the commission is established as a percentage of the premium and will depend on the negotiation made.

2.13 Reinsurance

The Group considers reinsurance as a contractual relationship between an insurance company and a reinsurance company, in which the former totally or partially transfers to the reinsurer the risk(s) assumed with its policyholders.

Premiums corresponding to ceded reinsurance are recorded in accordance with the conditions of the reinsurance contracts and under the same criteria as direct insurance contracts.

All accounts receivable and accounts payable generated in the relationship with the reinsurer are handled independently and are not subject to compensation.

2.14 Government grants

Government grants are recognized at fair value when there is reasonable assurance that they will be received and all conditions attached to them will be met. Grants intended to offset costs and expenses, already incurred, without subsequent related costs, are recognized in income for the period in which they become payable. When the grant is related to an asset, it is recorded as deferred income and recognized in profit or loss on a systematic basis over the estimated useful life of the corresponding asset. The benefit of a state loan at a below-market interest rate is treated as a government grant, measured as the difference between the amounts received and the fair value of the loan based on the market interest rate.

2.15 Taxes

The fiscal structure of each country where the Group companies are located, the regulatory frameworks and the plurality of operations that the companies undertake make each enterprise a taxable entity, i.e. a payer of taxes, rates and contributions on a national and territorial basis. These are liabilities generated from the central government, the states/ departments, municipal entities and other active subjects, once the conditions foreseen in the corresponding acts and laws issued are met.

Among the most relevant taxes are the income tax and the value-added tax:

Income tax

- **Current:** current assets and liabilities for income tax for the period are measured by the values that are expected to be recovered or paid to the tax authority. The income tax expense is recognized in the current tax according to the filtering carried out between the tax income and the accounting profit or loss affected by the income tax rate of the current year and in accordance with the provisions of the tax regulations from the

country. The tax rates and regulations used to compute these values are those that are enacted or substantially approved at the end of the reporting period, in the country in which the Group operates and generates taxable profits.

Taxable profit differs from profit reported in profit or loss due to income and expense items that are taxable or deductible in other years, and items that will not be taxable or deductible in the future.

Current assets and liabilities for income tax are also offset if they relate to the same tax authority, and it is intended to settle them at net value or to realize the asset and settle the liability simultaneously.

- **Deferred:** deferred income tax is recognized using the liability method, calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The deferred tax liability is generally recognized for all taxable temporary differences, while the deferred tax asset is recognized for all deductible temporary differences and for future offsetting of unused tax credits and tax losses to the extent that availability is probable. of future taxable profits against which they can be allocated. Deferred taxes are not discounted.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or a liability in a transaction that does not constitute a business combination and that, at the time of the transaction, affected neither accounting profit nor tax gain or loss; and in the case of the deferred tax liability when it arises from the initial recognition of goodwill.

Deferred tax liabilities related to investments in subsidiaries, associates and interests in joint ventures are not recognized when the timing of the reversal of temporary differences can be controlled, and it is probable that those differences will not be reversed in the near future. Deferred tax assets related to investments in subsidiaries, associates and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will be reversed in the near future, and it is probable that future taxable profits will be available against which These deductible differences will be charged.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that there will be sufficient taxable profit to use all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future tax gains will allow their recovery.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the asset is realized or the liability is canceled, based on the tax rates and regulations that were approved at the presentation date, or whose approval procedure is close to being completed by that date. The measurement of deferred tax assets and liabilities will reflect the tax consequences that would arise from the way in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities should be presented as non-current.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to do so and they are with the same tax authority.

Deferred tax is recognized in income for the period, except for that related to items recognized outside income; in this case, it will be presented in the other comprehensive income or directly in equity.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties is presumed to be fully recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits generated by the investment property over time, and not through sale. The directors reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all the economic benefits generated by the investment properties over time and not through sale. Therefore, the directors have determined that the presumption of "sale" established in the amendments to IAS 12 Income Tax applies.

When the current tax or deferred tax arises from the initial accounting of the business combination, the tax effect is considered within the accounting of the business combination.

Sales tax - VAT

The companies of the Group located in Colombia, which make sales of personal property and provide taxed services or obtain exempt income from exports, are responsible for the common regime of this tax; They are also acts taxed with VAT, the sale or assignment of rights over intangible assets, associated with industrial property and the importation of tangible assets. Currently, in Colombia, energy services, aqueduct, sewage, public sanitation services and public garbage collection services and home gas service are excluded from this tax.

The general rate is 19% and there is a differential rate of 5%.

In Colombia, in the generation of income excluded in the particular case of home public services, the VAT paid on purchases is part of a higher cost value. Likewise, when taxable income is generated, that is, when taxable goods or services are sold, the VAT paid on the purchase or acquisition of inputs for these sales will be deductible from the value of the tax payable. When the company generates income that is excluded from VAT, but at the same time generates income that is exempt and taxed, it must make an apportionment of the VAT paid to determine the percentage of VAT to be deducted.

In Panama, the Tax on the Transfer of Material Goods and Services (ITBMS for its initials in Spanish), is generated by the transfer of movable tangible assets, the provision of services, the leasing of movable assets located in the country and the importation of merchandise from abroad. The general tax rate is 7%, but there are also 10% and 15% rates.

In Guatemala, the alienation of movable property, the provision of services, imports, leasing of movable and immovable property, dation in payment of movable and immovable property, self-consumption of goods and other operations with real estate, such as the first sale of them that generate Value Added Tax. The fee is 12%; but it is reduced to 5% in the sales of small taxpayers, there are exempt goods with a 0% rate and in the sale of used vehicles a fixed amount is charged. The tax period is monthly, and its effect is translational towards the final consumer.

The Value Added Tax in El Salvador has a general rate of 13% and there are exempt goods (0% rate). The tax is levied on the transfer of tangible personal property and the provision of services; the importation of services; the import and export of tangible personal property; and the self-consumption of inventories or the transfer of tangibles for promotional purposes. However, the transfer of fixed assets that have been used for four years or more is not subject to tax.

In Mexico, the Value Added Tax is caused in its territory for acts or activities such as the sale of goods, the provision of independent services, the temporary use or enjoyment of goods, the export and import of goods and services, and the offer of digital services provided by Mexican residents abroad. The general rate is 16%, however, there are acts tariff-free.

The value added tax (VAT) in Chile is applied to sales and other transfer operations of tangible movable and immovable property, except land; to the provision of services, provided or used in the country; to the import of goods; to withdrawals from inventory, contributions in kind and leasing of personal property; as well as the recurring or habitual sale of real estate, but the land is exempt, so it must be subtracted from the VAT tax base to determine the tax. The general tax rate is 19%.

2.16 Property, plant, and equipment

Property, plant, and equipment are measured at cost, net of accumulated depreciation, and accumulated impairment losses if any. The cost includes the acquisition price, the costs directly related to the location of the asset in the place and the necessary conditions for it to operate in the manner intended by the Group, the costs for loans of the projects under construction that take a substantial period to be completed, if the recognition requirements are met, and the present value of the expected cost of dismantling the asset after use if the recognition criteria for a provision are met.

Construction in progress is measured at cost less any recognized impairment loss and includes those expenditures that are essential and directly related to the construction of the asset, such as professional fees, supervision, civil works, and, in the case of those qualifying assets, borrowing costs are capitalized. Such construction in progress is classified into the appropriate categories of property, plant, and equipment at the time of its completion and when it is ready for use. The depreciation of these assets begins when they are ready for use according to the same basis as in the case of other items of property, plant, and equipment.

The Group capitalizes as a higher value of the assets, the additions or improvements made on them, if they meet any of the following conditions: a) they increase the useful life, b) they extend the productive capacity and operating efficiency of the same and c) reduce costs for the Group. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Inventories of spare parts for specific projects, which are not expected to rotate in one year and meet the criteria to be capitalized, known as replacement assets, are presented under other property, plant, and equipment. They are depreciated considering the time spent in the warehouse and the technical useful life of the asset once its use begins.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plants, ducts and tunnels	
Civil work	<u>50</u> to <u>100</u> years
Equipment	<u>10</u> to <u>100</u> years
Networks, lines and cables	
Electric transmission network	<u>30</u> to <u>40</u> years
Power distribution network	<u>30</u> to <u>40</u> years
Aqueduct network	<u>40</u> to <u>80</u> years
Network Wastewater	<u>30</u> to <u>80</u> years
Gas network	<u>60</u> to <u>80</u> years
Buildings	<u>50</u> to <u>100</u> years
Communication and computer equipment	<u>5</u> to <u>40</u> years
Machinery and equipment	<u>7</u> to <u>40</u> years
Furniture, fixtures and office equipment	<u>10</u> to <u>15</u> years
Grounds ⁽¹⁾	<u>10</u> to <u>20</u> years



(1) Corresponds to the subsidiary Emvarias that exhausts the land on which it carries out the final disposal activity due to the detriment it suffers with the disposal of solid waste, degradation and environmental recovery period that goes beyond 20 years.

Useful lives are determined considering, among others, the manufacturer's technical specifications, the knowledge of the technicians who operate and maintain the assets, the geographical location, and the conditions to which it is exposed.

The Group calculates depreciation by components, which implies individually depreciating the parts of the asset that have different useful lives. The depreciation method used is straight line; the residual value calculated for the assets is not part of the depreciable amount.

A component of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when future economic benefits are not expected from their use or disposal. The gain or loss at the time of derecognition of the asset, calculated as the difference between the net value of the disposal and the book value of the asset, is included in the statement of comprehensive income.

Assets classified temporarily out of service continue to depreciate and are tested for impairment within the CGU to which they are assigned.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if required.

2.17 Leases

The determination of whether an arrangement constitutes or contains a lease is based on the substance of the arrangement at its commencement date, considering whether fulfillment of the arrangement requires the use of an asset and whether it transfers the right to control the use of that asset by a period of time, in exchange for a consideration.

On the start date of the lease contract, the Group acting as lessee recognizes an asset for right of use and a liability for lease, except for leases with a term of less than 12 months or those whose new value of the underlying asset is less than 15 (fifteen) current legal minimum wages (SMMLV for its initials in Spanish).

The Group acting as lessor classifies the lease as operating or financial. A lease is classified as a finance lease when the risks and rewards inherent to ownership of the leased asset are substantially transferred to the lessee; otherwise, it is classified as an operating lease.

Grupo EPM as lessee

Right-of-use assets are recognized and presented as assets in the statement of financial position at the beginning of the lease, at cost. The corresponding liability is included in the statement of financial position as a lease liability.

Right-of-use assets are amortized over the useful life of the asset using the straight-line method, if ownership of the underlying asset is transferred at the end of the contract or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or an option to purchase the asset is not exercised, the asset is amortized only to the end of its useful life or lease term, whichever comes first.

Lease payments are divided between financial expenses and debt repayment. Financial charges are recognized in income for the period unless they can be directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy for borrowing costs. Variable lease payments, which depend on an index or a rate, are included in the measurement of the lease liability. Leases with a duration of less than 12 months or those whose new value of the underlying asset is less than 15 (fifteen) SMMLV are recognized as operating leases in the result of the period throughout the term of the lease.

Grupo EPM as lessor

Assets leased under financial leases are not presented as property, plant, and equipment since the risks associated with the property have been transferred to the lessee, instead, an account receivable is recognized for a value equal to the net investment in the lease.

When a lease agreement includes components of land and buildings together, the Group assesses the classification of each component separately as a financial or operating lease. If the lease payments cannot be allocated reliably between these two components, the entire lease is classified as a finance lease, unless it is clear that both components are operating leases, in which case the entire lease is classified as an operating lease.

Variable leasing income, which depends on an index or a rate, is included in the valuation of the net investment in the lease.

The initial direct costs, such as commissions, fees, legal and internal costs that are incremental and directly attributable to the negotiation and contracting of the lease, are included in the measurement of the net investment in the lease at the beginning and are reflected in the calculation of the implicit interest rate.

2.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily take a substantial period of time to prepare for its intended use or sale, are capitalized as part of the cost of the respective assets until the asset is ready for its intended use. The income received for the temporary investment in specific pending loans to be consumed in qualifying assets is deducted from the costs for loans suitable for capitalization. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred by the Group in connection with borrowing funds. To the extent that the funds come from generic loans and are used to obtain a qualifying asset, the value of the costs eligible for capitalization is determined by applying a capitalization rate (weighted average of the costs for loans

applicable to the general loans outstanding during the period) to the disbursements made on that asset.

The capitalization of borrowing costs begins on the date on which the following conditions are met:

- Disbursements are incurred in relation to the asset.
- Borrowing costs are incurred.
- Activities necessary to prepare the asset for its intended use or for sale are carried out.

The capitalization of loan costs is suspended during periods in which the activities of a qualified asset are interrupted for periods greater than one year. However, the capitalization of borrowing costs is not interrupted for a period if important technical or administrative actions are being carried out. Capitalization of borrowing costs is also not suspended when a temporary delay is necessary as part of the process of preparing a qualifying asset for use or sale.

Capitalization of borrowing costs is completed when substantially all activities necessary to prepare the qualifying asset for use or sale have been completed. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is stopped.

2.19 Investment property

Investment property is land or buildings or part of a building or both, held to earn rentals or for capital appreciation (including investment property under construction for such purposes). Investment properties are initially measured at cost, including transaction costs. The book

value includes the cost of replacement or substitution of a part of an existing investment property at the time the cost is incurred if the recognition criteria are met and excludes the costs of daily maintenance of the investment property.

After initial recognition, investment properties are measured at fair value, reflecting market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the section results for the period in the period in which they arise.

Investment properties are derecognized, either at the time of disposal, or when permanently withdrawn from use, and no future economic benefit is expected. The difference between the net value obtained from the disposal and the book value of the asset is recognized in the statement of comprehensive income in the section results for the period in the period in which it was written off.

Transfers to or from investment properties are made only when there is a change in their use. In the case of a transfer from an investment property to property, plant, and equipment, the cost taken into account for subsequent accounting is the fair value at the date of the change in use. If a property, plant, and equipment becomes an investment property, it will be accounted for at its fair value, the difference between the fair value and the book value will be recorded as a revaluation applying IAS 16 Property, plant, and equipment.

2.20 Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in business combinations is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. Intangible assets generated internally are capitalized as long as they meet the criteria for recognition as an asset and the generation of the asset must be classified into the research phase and development phase; If it is not possible to distinguish

the research phase from the development phase, the disbursements must be reflected in the statement of comprehensive income in the period in which they are incurred.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their economic useful life in a straight line and are evaluated to determine if they had any impairment in value, whenever there are indications that the intangible asset could have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each period. Changes in the expected useful life or in the expected pattern of consumption of the future economic benefits of the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The expense for amortization of intangible assets with finite useful lives is recognized in the statement of comprehensive income in the section results for the period in the category of expenses that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but rather are subject to annual tests to determine if they have suffered an impairment in value, either individually or by cash-generating unit - CGU. The indefinite life assessment is reviewed annually to determine if the indefinite life is still valid. If it is not, the change of useful life from indefinite to finite is made prospectively.

The useful lives of intangible assets are:

Similar concessions and rights	Depending on the term of the contract
Easements	Indefinite
Capitalized development costs	Indefinite
Software and computer applications	Indefinite/ finite 3 ... 5
Licenses	Indefinite/ finite 3 ... 5
Rights	Depending on the term of the contract
Other intangible assets	Indefinite/ finite 7 ... 15

An intangible asset is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal. The gains or losses that arise are measured by the difference between the value obtained in the disposal and the book value of the asset, and are recognized in the statement of comprehensive income, section results for the period.

Research and development costs

Research costs are expensed as incurred. Disbursements for development in an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale.
- Your intention to complete the asset and your ability to use or sell the asset.
- How the asset will generate future economic benefits, considering, among others, the existence of a market for the production generated by the intangible asset or for the asset itself, or the usefulness of the asset for the entity.
- The availability of technical and financial resources to complete the asset and to use and sell it.
- The ability to reliably measure disbursement during development.

In the statement of financial position, the asset for disbursements for development is recognized from the moment in which the element meets the conditions for its recognition established above, and they are recorded at cost less accumulated amortization and accumulated losses due to impairment of value.

When the development of an intangible asset related to a power generation project begins, the costs are accrued as construction in progress.

Asset amortization begins when development is complete, and the asset is available for use. It is amortized over the period of expected future economic benefit. During the development period, the asset is tested annually to determine if its value is impaired.

Research costs and development costs that do not qualify for capitalization are recorded as expenses in the statement of comprehensive income, results for the period section.

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value at the time of acquisition of the assets acquired, the liabilities assumed and the contingent liabilities of the acquiree.

Goodwill is not amortized, is measured at cost less any accumulated impairment loss and is subject to annual impairment tests or more frequently when there are indicators of impairment. Value impairment losses are recognized in the statement of comprehensive income in the section results for the period.

For CGUs that have goodwill assigned, value impairment is evaluated annually, which implies the calculation of the value in use of the CGUs to which it is being assigned. The calculation of the value in use requires the determination of the future cash flows that must arise from the CGUs and an appropriate discount rate to calculate the present value. When actual future cash flows are less than expected, an impairment loss may arise.

2.21 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and, simultaneously, to a financial liability or capital instrument in another entity.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party in accordance with the contractual conditions of the instrument.



2.21.1 Financial assets

The Group initially recognizes its financial assets at fair value. Transaction costs directly attributable to the financial asset are added to or deducted from their fair value if they are subsequently measured at amortized cost or fair value through other comprehensive income or are recognized immediately in the statement of comprehensive income, if the assets are measured at fair value through profit or loss.

For subsequent measurement, financial assets are classified at amortized cost or at fair value (through other comprehensive income or through profit or loss) depending on the Group's business model for managing the financial assets and the characteristics of the contractual cash flows of the instrument.

- **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are assets whose contractual cash flows are highly liquid. The Group classifies a financial asset in this category if it is acquired mainly for the purpose of being sold in the short term.

Investments made to optimize liquidity surpluses are included, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the company. The investment of excess liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative spirit (EPM General Management Decree 2015-DECGGL-2059 of February 6 of 2015). Gains and losses arising from changes in fair value are included in the statement of comprehensive income under Financial Income or Expenses, in the period in which the mentioned changes in fair value occur.

Dividend income is recognized when the Group's right to receive payment is established.

At the same time, the Group can irrevocably designate a financial asset as measured at fair value through profit or loss.

- **Financial assets at fair value with changes in other comprehensive income**

Assets measured at fair value with changes in other comprehensive income are classified as debt instruments that are held under a business model whose objective is to hold to collect the contractual cash flows and then sell the instruments, in addition, the instrument grants, on specific dates, cash flows that correspond solely to payments of principal and interest on the value of the outstanding principal.

Variations in the fair value of the investment are recorded in other comprehensive income, except for impairment losses or recoveries, interest income and foreign exchange gains and losses, which are recognized in profit or loss for the period.

The Group has made the irrevocable election to present in other comprehensive income the subsequent changes in the fair value of some investments in equity instruments that are not held for trading. Dividends from this type of investment are recognized in income for the period when the right to receive payment is established.

In the disposal of equity investments at fair value through other comprehensive income, the accumulated value of gains or losses is transferred directly to retained earnings and is not reclassified to income for the period.

- **Financial assets at amortized cost**

A financial asset is subsequently measured at amortized cost using the effective interest² rate if the asset is held within a business model whose objective is to hold it to obtain the contractual cash flows and the contractual terms of the same that grant, on specific dates, cash flows that are solely payments of principal and interest on the principal value outstanding.



² The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocating income over the relevant period. The effective interest rate is the discount rate that exactly equals the future cash flows of a financial asset (including all fees, commissions and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts) over the expected life of the instrument, or if appropriate, a shorter period, at its carrying amount on initial recognition.

Impairment of financial instruments

At each reporting date, the Group recognizes value adjustment for expected credit losses on financial assets that are measured at amortized cost or at fair value with changes in other comprehensive income, including accounts receivable from leases, contract assets or loan commitments and financial guarantee contracts to which the value impairment requirements are applied during the life of the asset.

Expected credit losses are estimated considering the probability that a loss of uncollectable debts may or may not occur, and are recognized as a gain or loss in the result of the period against a lower value of the financial asset. The Group assesses the credit risk of accounts receivable on a monthly basis at the time of reporting to determine the value adjustment for expected credit losses on financial assets.

The Group assesses on a collective basis the expected losses for financial assets that are not individually significant. When the collective evaluation of expected losses is carried out, accounts receivable are grouped by similar credit risk characteristics, which allow identifying the debtor's payment capacity, in accordance with the contractual terms of negotiation of the account receivable.

The Group determines that the credit risk of a client increases significantly when there is a breach of the financial agreements by the counterparty, or when internal information or information obtained from external sources indicates that payment by the debtor is unlikely, without taking into account the guarantees held.

Non-compliance with the agreements is generally measured in accordance with what is indicated in the service provision contracts and the regulations of the subsidiary in each country, however, there are individual agreements or contracts that indicate non-compliance immediately, the obligation is no longer met.

The Group determines that a financial asset is credit-impaired when there is a breach of the financial agreements by the counterparty, or when internal information or information obtained from external sources indicates that payment by the debtor is unlikely, without taking into account the guarantees maintained.

Credit risk is affected when there are changes in financial assets. The Group's policy to reassess the recognition of credit losses is when there is a breach of the financial agreements by the counterparty; or the information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full, regardless of collateral held. The Group writes off the financial asset when there is information indicating that the counterparty is in severe financial difficulties and there are no realistic prospects for recovery, for example, when the counterparty has been put into liquidation or has initiated bankruptcy proceedings or, in the case of accounts receivable, when the amounts exceed two years past due, whichever occurs first.

Impaired financial assets may continue to be subject to collection execution activities under the Group's recovery procedures, taking into account legal collection where appropriate. The recoveries made are recognized in income for the period.

Derecognition of financial assets

A financial asset or part of it is derecognized from the statement of financial position when it is sold, transferred, expires or the Group loses control over the contractual rights or the cash flows of the instrument.

The Group derecognizes a financial asset when there is information indicating that the counterparty is in severe financial difficulties and there are no realistic prospects for recovery, when the counterparty has been put into liquidation or has initiated bankruptcy proceedings or, in the case of accounts receivable, when amounts exceed two years past due, whichever occurs first.

If the Group does not transfer or retain substantially all the risks and rewards inherent to ownership and continues to retain control of the transferred asset, the Group recognizes its share in the asset and the associated obligation for the amounts it would have to pay, likewise, if the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized loan for the income received.

In the total derecognition of a financial asset measured at fair value through profit or loss, the difference between the carrying amount of the asset and the sum of the consideration

received and to be received is recognized in profit or loss for the period. For financial assets measured at fair value through other comprehensive income, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized in profit or loss for the period, and the gain or loss that would have been recognized in other comprehensive income is reclassified to retained earnings

Credit refinancing

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not give rise to derecognition of that financial asset in accordance with IFRS 9 adopted in Colombia, the Group recalculates the value gross book value of the financial asset and recognizes a change gain or loss in profit or loss for the period. The gross carrying amount of the financial asset is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial asset (or effective interest rate adjusted for credit quality for financial assets with purchased or originated credit-impaired rates) or, when applicable, the revised effective interest rate. Any cost or fee incurred adjusts the carrying amount of the modified financial asset and is amortized over its remaining life.

2.21.2 Financial liabilities

On initial recognition, the Group measures financial liabilities at fair value. The transaction costs directly attributable to the acquisition or obtaining of the financial liability are deducted from their fair value if these are subsequently measured at amortized cost, or are recognized in the result of the period if the liabilities are measured at their fair value. Subsequently, financial liabilities are measured as follows:

- **At fair value through profit or loss**, include liabilities held for trading, financial liabilities designated at the time of initial recognition as at fair value through profit or loss, and derivatives. Gains or losses on liabilities held for trading are recognized in profit or loss

for the period. On initial recognition, the Group designated financial liabilities as at fair value through profit or loss.

- **At amortized cost**, they are measured using the effective interest rate. Gains and losses are recognized in income for the period.

Compound instruments

Financial instruments that contain both a liability and an equity component (compound financial instruments) are recognized and accounted for separately. Therefore, for the initial measurement, the liability component is determined by the fair value of future cash flows and the residual value is assigned to the equity component.

For subsequent measurement, the liability component is measured at amortized cost including the effect of amortization costs, interest and dividends. The equity component retains the initial recognition measurement.

Financial guarantee contracts

The financial guarantee contracts issued by the Group are those that require a specific payment to be made to reimburse the holder for the loss incurred when a specified debtor fails to comply with its payment obligation, in accordance with the conditions of a debt instrument. Financial guarantee contracts are initially recognized as a liability at fair value, adjusted for transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the greater of (i) the amount of the value correction for expected losses and (ii) the value initially recognized less the accumulated value of recognized income.

Derecognition of financial liabilities

A financial liability or part of it is derecognized from the statement of financial position when the contractual obligation has been settled or has expired.

When an existing financial liability is replaced by another from the same lender under substantially different terms, or if the terms of an existing liability are substantially modified,

such exchange or modification is treated as a write-off of the original liability and the recognition of a new liability and the difference in the respective book values are recognized in the result of the period.

If the changes are not material, the Group recalculates the gross carrying amount of the financial liability and recognizes a change gain or loss in the result for the period. The gross carrying amount of the financial liability is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the carrying amount of the modified financial liability and is amortized over its remaining term.

2.21.3 Equity instruments

An equity instrument consists of any contract that evidences a residual interest in the assets of an entity, after deducting all of its liabilities. Equity instruments issued by Group companies are recognized by the income received, net of direct issuance costs.

The repurchase of the Group companies' own equity instruments is recognized and deducted directly in equity, which means that no gain or loss is recognized in the results from the purchase, sale, issue or cancellation of the equity instruments. assets of the Group companies.

2.21.4 Derivative financial instruments

A financial derivative is an instrument whose value varies in response to changes in a variable such as an interest rate, exchange rate, the price of a financial instrument, a credit rating, or an index. This instrument does not require an initial investment or is less than other financial instruments with a similar response to changes in market conditions, and is generally settled at a future date.

The Group uses derivative financial instruments, such as forward contracts, futures contracts, financial swaps (swaps), and options to hedge various financial risks, mainly the risk of interest rate, exchange rate, and price of basic products (commodities). Such derivative financial instruments are initially recognized at their fair value on the date the derivative contract is entered into, and are subsequently remeasured at their fair value. Derivatives are recorded as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative, in the statement of financial position.

Commodity contracts that meet the definition of a derivative, but are entered into in accordance with the Group's expected purchase requirements, are recognized in profit or loss as cost of sales.

Any gain or loss arising from changes in the fair value of derivatives is recognized directly in income for the period, except for those that are under hedge accounting.

In general, derivatives embedded in host contracts are treated as separate derivatives as long as they meet the definition of a derivative and their risks and characteristics are not closely related to those host contracts and the contracts are not measured at fair value through changes in results. However, the derivatives embedded in contracts where the host is a financial asset within the scope of IFRS 9 adopted in Colombia are never separated. Instead, the hybrid financial instrument as a whole is assessed for financial asset classification.

Hedge accounting

At the beginning of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for hedging. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or in the cash flows attributable to the hedged risk. Hedges are expected to be highly effective in offsetting changes in fair value or cash flows, and for this purpose they are continually evaluated throughout the reporting periods for which they were designated.

For hedge accounting purposes, hedges are classified and accounted for as follows, once the strict criteria for their accounting are met:

- **Fair value hedges**, when they hedge the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

The change in the fair value of a derivative that is a hedging instrument is recognized in the result of the period as financial cost or income. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in profit or loss as financial cost or income.

For fair value hedges that relate to items carried at amortized cost, adjustments to book value are amortized through profit or loss over the remaining term to maturity. Amortization of the effective interest rate may begin as soon as there is an adjustment to the book value of the hedged item, but must begin no later than when the hedged item is no longer adjusted for changes in its fair value attributable to the risk being covered. Amortization of book value adjustments is based on the recalculated effective interest rate on the amortization start date. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss for the period.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with its corresponding gain or loss recognized in profit or loss.

- **Cash flow hedges**, when they cover the exposure to the variation in cash flows attributed, either to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or to the exchange rate risk in a commitment unrecognized firm.

The purpose of cash flow hedge accounting is to recognize in other comprehensive income the changes in the fair value of the hedging instrument to apply them to the income statement when and at the rate that the hedged item affects them.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge will be recognized in equity within other comprehensive income.

The effective part will be equal (in absolute terms) to the value that is less between:

- The difference between the fair value at the time of valuation and the inception date of the hedging instrument.
- The difference between the fair value (present value) of the expected future cash flows of the hedged item at the measurement date and at the commencement date.
- The ineffective part of the gain or loss of the hedging instrument will be recognized in the result of the period.

The ineffective part shall be the difference between:

- The difference between the fair value at the time of valuation and the inception date of the hedging instrument.
- The effective part of the coverage.
- The measurement of the effectiveness of the hedges is carried out on a monthly basis.

The amounts recognized in other comprehensive income are reclassified to income for the period when the hedged transaction affects the result, as well as when the hedged financial income or expense is recognized, or when the forecast transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

If the hedging instrument expires or is sold, terminated, or exercised without successive replacement or renewal of one hedging instrument with another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized on the other comprehensive income remains in the other comprehensive income until the planned operation or firm commitment affects the result.

- **Hedges of a net investment abroad**, when they cover the exposure to the volatility in the conversion of foreign operations to the presentation currency of the Group associated with the exchange rate risk.

The objective of the net investment hedge in foreign currency is to cover the exchange rate risks that a Principal or Intermediate Holding Company that has business abroad may have on the impact on the conversion of financial statements from the functional currency to the currency of presentation. The foreign currency net investment hedge is a hedge of the foreign currency exposure, not a fair value hedge of changes in the value of the investment.

Effectiveness and ineffectiveness are accounted for in a similar way to cash flow hedges.

Gains or losses on the hedging instrument that are related to the effective portion of the hedge are recognized in other comprehensive income, while any gain or loss related to the ineffective portion is recognized in profit or loss. Upon disposition of the business abroad, the accumulated value of the gains or losses recorded in the other comprehensive income is reclassified to profit or loss.

2.21.5 Compensation of financial instruments

Financial assets and liabilities are offset so that the net value is reported in the statement of financial position, only if (i) there is, at the present time, a legally enforceable right to offset the recognized values, and (ii) there is an intention to liquidate them at net value, or to realize the assets and cancel the liabilities simultaneously.



2.22 Inventories

Goods acquired with the intention of selling them in the ordinary course of business or consuming them in the process of rendering services are classified as inventories.

Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to affect the sale.

Inventories include merchandise in stock that does not require transformation, such as energy, gas and water meters and supplies. They include materials such as minor spare parts and accessories for the provision of services and goods in transit and in the possession of third parties.

Inventories are valued using the weighted average method, and their cost includes the costs directly related to the acquisition and those incurred to bring them to their current condition and location.

2.23 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a tangible or intangible asset may be impaired in value. The Group estimates the recoverable value of the asset or CGU, at the time it detects an indication of impairment, or annually (as of November 30, and it is reviewed if there are relevant or significant events presented in December that merit analysis and inclusion in the calculation of the impairment) for intangible assets with indefinite useful lives and those not yet in use.

The recoverable value of an asset is the higher of the fair value less costs to sell, whether of an asset or a CGU, and its value in use is determined for an individual asset, unless the asset does not generate cash flows. Cash that are substantially independent of those of other assets or groups of assets, in this case the asset must be grouped into a CGU. When a reasonable and consistent basis of distribution is identified, common/corporate assets are also allocated to individual CGUs or distributed to the smallest group of CGUs for which a reasonable and consistent basis of distribution can be identified. When the book value of an asset or a CGU exceeds its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable amount.

In calculating value in use, the estimated cash flows, whether from an asset or a CGU, are discounted to their present value using a pre-tax discount rate that reflects market considerations of the time value of money and the asset-specific risks. To determine fair value less costs to sell, an appropriate valuation model is used.

Value impairment losses are recognized in the statement of comprehensive income in the section results for the period in those expense categories that correspond to the function of the impaired asset. Impairment losses attributable to a CGU are assigned proportionally based on the book value of each asset to the non-current assets of the CGU after exhausting goodwill. The CGU is the smallest identifiable group of assets that generates cash inflows in favor of the Group, which are largely independent of the cash flows derived from other assets or groups of assets. In the Group, CGUs were defined considering: 1) the existence of income and costs for each group of assets, 2) the existence of an active market for the generation of cash flows and 3) how operations are managed and monitored.

For the purposes of assessing value impairment losses, assets are grouped into the following CGUs:

Subsidiary	CGU
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Generation
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Hidroecológica del Teribe S.A. (HET)	

Subsidiary	CGU
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Transmission
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Transportista Eléctrica Centroamericana S.A. (TRELEC)	
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Distribution
Caribemar de la Costa S.A.S. E.S.P. (AFINIA)	
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	
Crediegsa S.A. (CREDIEGSA)	
Distribuidora de Electricidad del Sur (DELSUR)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Elektra Noreste S.A. (ENSA)	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	
Empresa Eléctrica de Guatemala S.A. (EEGSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Enérgica S.A. (ENERGICA)	
ENSA Servicios S.A.	
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	Gas
Aguas de Antofagasta S.A.	Water Supply
Aguas de Malambo S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Públicas de Rionegro S.A. E.S.P. (EP RIO)	

Subsidiary	CGU
Aguas de Antofagasta S.A.	Sanitation
Aguas de Malambo S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Aquasol Morelia S.A. de C.V.	
Corporación de Personal Administrativo S.A. de C.V.	Others
Desarrollos Hidráulicos de Tampico S.A. de C.V.	
Ecoagua de Torreón S.A. de C.V.	
Ecosistema de Ciudad Lerdo S.A. de C.V.	
Ecosistemas de Celaya S.A. de C.V.	
Ecosistemas de Colima S.A. de C.V.	
Ecosistemas de Tuxtla S.A. de C.V.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Varias de Medellín S.A. E.S.P.	
Proyectos de Ingeniería Corporativa S.A. de C.V.	
Tecnología Intercontinental S.A. de C.V. TICSA	
Gestión de Empresas Eléctricas S.A. (GESA)	
Innova Tecnología y Negocios S.A. de C.V.	
Maxseguros EPM Ltd.	
Promobiliaria S.A.	

Impairment of value for goodwill is determined by evaluating the recoverable value of each CGU (or group of CGUs) to which the goodwill is related. Impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, excluding goodwill, at each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses no longer

exist or have decreased. If there is such an indication, the Group calculates an estimate of the recoverable value of the asset or the CGU. A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the recoverable value of an asset since the last time the impairment loss was recognized. The reversal is limited so that the asset's carrying amount does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. Such reversal is recognized in the statement of comprehensive income in the section results for the period.

2.24 Provisions

Provisions are recorded when the Group has a present legal or implicit obligation as a result of a past event. It is likely that the Group will have to dispose of resources embodying economic benefits to settle the obligation, and a reliable estimate of the value of the obligation can be made. In cases where the Group expects the provision to be reimbursed in whole or in part, the reimbursement is recognized as a separate asset, but only in cases where such reimbursement is practically certain, and the amount of the asset can be measured reliably. In the Group, each provision is used only to meet the disbursements for which it was originally recognized.

Provisions are measured by management's best estimate of the disbursements required to settle the present obligation, at the end of the reporting period, considering the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its carrying amount corresponds to the present value of said cash flow, using for the discount a rate calculated with reference to the market yields of the bonds issued by the National Government of the country in which the subsidiary is located. In Colombia, the yield of the TES Bonds (public debt securities issued by the General Treasury of the Nation) at the end of the reporting period must be used.

The expense corresponding to any provision is presented in the statement of comprehensive income in the section results for the period, net of any reimbursement. The increase in the provision due to the passage of time is recognized as a financial expense.

Dismantling cost provision

The Group recognizes as part of the cost of a fixed asset in particular, whenever there is a legal or implicit obligation to dismantle or restore, the estimate of the future costs in which the Group expects to incur to carry out the dismantling or restoration and its counterpart is recognized as a provision for dismantling or restoration costs. The cost of dismantling is depreciated over the estimated useful life of the fixed asset.

Dismantling or restoration costs are recognized at the present value of the expected costs to settle the obligation using estimated cash flows. Cash flows are discounted at a pre-tax rate, which must be determined by reference; for subsidiaries in Colombia, in terms of risk-free rates, the yield of TES Bonds (public debt securities issued by the General Treasury of the Nation) is used; For the subsidiaries in Panama, the market yields of the bonds issued by the National Government are used, and in El Salvador for the rate of loans with a term of more than 1 year to companies, an average rate of the banking financial system (the yield of the notes of the Government is temporarily not considered a risk-free rate due to the deterioration of the credit quality of the country).

Estimated future costs for dismantling or restoration are reviewed annually. Changes in estimated future costs, in the estimated dates of disbursements or in the discount rate applied are added to or deducted from the cost of the asset, not to exceed the carrying amount of the asset. Any excess is recognized immediately in the result of the period. The change in the value of the provision associated over time is recognized as a financial expense in the statement of comprehensive income in the section results for the period.

Onerous contracts

The Group recognizes the present obligations that derive from an onerous contract, as provisions and its counterpart is in the statement of comprehensive income in the section results for the period. An onerous contract is one in which the unavoidable costs of fulfilling the obligations that it entails exceed the economic benefits that are expected to be received from it.

Contingent liabilities

Possible obligations arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely under the control of the Group or present obligations arising from past events but not it is probable, if not possible, that an outflow of resources that includes economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, they are not recognized in the statement of financial position and, instead, are disclosed as contingent liabilities. Contingent liabilities arising from a business combination are recognized at fair value at the acquisition date.

Contingent assets

Assets of a possible nature, arising as a result of past events, whose existence has to be confirmed only by the occurrence, or in its case by the non-occurrence, of one or more uncertain events in the future, which are not entirely under the control of the Group, are not recognized in the statement of financial position, instead they are disclosed as contingent assets when their occurrence is probable. When the contingent event is true, the asset and the associated income are recognized in income for the period. Contingent assets acquired in a business combination are initially measured at their fair values on the acquisition date. At the end of subsequent reporting periods, such contingent assets are measured at the higher of the amount that would have been recognized, and the amount initially recognized less recognized accumulated amortization.

2.25 Employee benefits

2.25.1 Post-employment benefits

Defined contribution plans

Contributions to defined contribution plans are recognized as expenses in the statement of comprehensive income in the section results for the period at the time the employee has rendered the service that gives him the right to make the contributions.

Defined benefit plans

Post-employment benefit plans are those in which the Group has the legal or implicit obligation to respond for the payment of the benefits that remained at its expense.

For defined benefit plans, the difference between the fair value of plan assets and the present value of the plan obligation is recognized as an asset or liability in the statement of financial position. The cost of providing benefits under the defined benefit plans is determined separately for each plan, through the actuarial valuation method of the projected credit unit, using actuarial assumptions at the date of the reporting period. Plan assets are measured at fair value, which is based on market price information and, in the case of listed securities, is the published purchase price.

Actuarial gains or losses, return on plan assets and changes in the effect of the asset ceiling, excluding from these values included in net interest on the net defined benefit liability (asset), are recognized in the other Integral result. Actuarial gains or losses comprise the effects of changes in actuarial assumptions, as well as experience adjustments.

Net interest on the net defined benefit liability (asset) comprises interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling and is recognized in profit or loss of the period.

The cost of current service, the cost of past service, any liquidation or reduction of the plan is recognized immediately in the statement of comprehensive income in the section results for the period in which they arise.

2.25.2 Short term benefits

The Group classifies as short-term employee benefits those obligations with employees, which it expects to settle within the twelve months following the end of the accounting period in which the obligation was generated, or the service was provided. Some of these benefits

are generated by current labor regulations, by collective agreements or by non-formalized practices that generate implicit obligations.

The Group recognizes short-term benefits at the time the employee has rendered his services as:

A liability, for the value that will be paid to the employee, deducting the amounts already paid previously, and its counterpart as an expense for the period, unless another chapter requires or allows the inclusion of payments in the cost of an asset or inventory, for example, if the payment corresponds to employees whose services are directly related to the construction of a work, these will be capitalized to that asset.

The amounts already paid in advance correspond, for example, to salary advances and per diem advances, among others, which, if they exceed the corresponding liability, the Group must recognize the difference as an asset in the expense account paid in advance, to the extent that the payment in advance gives rise to a reduction in payments to be made in the future or to a cash refund.

In accordance with the foregoing, the accounting recognition of short-term benefits is made at the time the transactions occur, regardless of when they are paid to the employee or third parties to whom the Group has entrusted the provision of certain services.

2.25.3 Long term benefits

The Group classifies as long-term employee benefits those obligations that it expects to settle after the twelve months following the end of the accounting year or the period in which the employees provide the related services, that is, from the thirteenth month onwards; they are different from short-term benefits, post-employment benefits, and termination benefits.

The Group measures the long term benefits the same way it does with the defined post-employment benefit plans. Although its measurement is not subject to the same degree of uncertainty, the same methodology will be applied for its measurement, as follows:

- The Group must measure the surplus or deficit in a long-term employee benefit plan, using the technique that is applied for post-employment benefits both for the estimation of the obligation and for the assets of the plan.
- The Group must determine the value of the net long-term employee benefits (liabilities or assets) by finding the deficit or surplus of the obligation and comparing the asset ceiling.

The benefits received by employees year after year throughout their working lives should not be considered "long-term", if at the close of the accounting year of each year the Group has delivered them in full.

2.25.4 Termination benefits

The Group recognizes as termination benefits, the consideration granted to employees, payable as a result of the company's decision to terminate an employee's employment contract before the normal retirement date or the decision of an employee to accept voluntary resignation in exchange for those benefits.

2.26 Reserves reinsurance activities

The assets and liabilities for reinsurance contracts represent for the Group the best estimate of the future collections and payments to be made for the risks assumed and ceded in the reinsurance obligations; which are measured and recognized through technical reserves:



2.26.1 Unearned subscribed and assigned premium reserve

They are constituted for the fulfillment of future obligations derived from the commitments assumed and assigned in the current policies. They correspond to the portion of the premium that, at the calculation date, has not been recognized as income or expense by the reinsurer. Its purpose is to adjust the result so that the profit is assigned to the period in which the premium was earned, regardless of when it was issued. This reserve is calculated policy by policy, as the result of the total premium assumed divided by the number of days the policy is in force, multiplied by the number of days corresponding to the time the risk has not been run on the calculation date. Likewise, the part of the reserve corresponding to the retrocession is calculated, considering the premium that has been assigned.

2.26.2 Reserve for reported losses or claims

This reserve is a provision of money that the Group must set up to cover the costs derived from claims already reported and pending payment. Its purpose is to establish adequate reserves to guarantee the payment of claims that have not been resolved during the accounting year. This reserve is constituted per claim, on the date in which the insurer becomes aware of the occurrence of the claim, and corresponds to the best technical estimate of its cost. The amount of the reserve constituted is readjusted to the extent that more information is available and if there are reports from internal or external liquidators. The reserve includes the settlement expenses incurred to address the claim, including the costs of attorneys' fees for those claims that are in court.

2.26.3 Reserve for unreported incurred losses (IBNR)

It represents an estimate of the amount of resources that the Group must allocate to meet future payments of claims that have already occurred at the date of calculation of

this reserve, but have not been notified or for which there is not enough information. To calculate this reserve, the following methodologies are used: the Bornhuetter - Ferguson method and the Chain-ladder method. The Bornhuetter - Ferguson method is a standard actuarial method used to estimate final claims costs. The technique combines; (a) an initial benchmark or market estimate of final losses; and (b) a final loss estimate based on actual claims experience to date. The first is based on a measure of exposure, such as premiums or the number of policies. The second is based on claims paid or incurred to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time goes on. The Chain Ladder method is a standard actuarial method that can be applied to premiums, claims paid, reserves for ongoing claims or claims incurred, or number of claims. The method involves analysis of historical claim development factors (the ratio of amounts accrued in one development period to the previous development period). Based on this analysis, a development pattern is selected, which is used to estimate future claims/premium development.

2.27 Liabilities adequacy test

The technical provisions recorded by the Group are regularly subject to a reasonableness test in order to determine their sufficiency. If, as a result of the test, it is revealed that they are insufficient, they are adjusted with a charge to the result for the period.

2.28 Service concession agreements

The Group recognizes service concession agreements in accordance with the requirements of the IFRIC interpretation 12 Service Concession Agreements.

This interpretation is applicable for concessions in which:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price.
- The grantor controls, through ownership, right of use or otherwise, any significant residual interest in the infrastructure at the end of the term of the agreement.

The Group does not recognize these infrastructures as property, plant, and equipment, it recognizes the consideration received in the contracts that meet the above conditions at fair value, as an intangible asset to the extent that the Group receives a right to charge users of the service, as long as these rights are conditional on the degree of use of the service, or as a financial asset, to the extent that there is an unconditional contractual right to receive cash or another financial asset, either directly from the assignor or from a third party. In cases where the Group is paid for construction services, partly through a financial asset and partly through an intangible asset, each component of the consideration is accounted for separately.

Financial assets of service concession agreements are recognized in the consolidated statement of financial position and subsequently measured at amortized cost, using the effective interest rate. The evaluation of the impairment of these financial assets is carried out in accordance with the policy of impairment of financial assets.

Intangible assets from service concession agreements are recognized in the consolidated statement of financial position as intangible assets called “intangible assets from service concession agreements” and are amortized on a straight-line basis over the term thereof.

Revenue from ordinary activities and costs related to operating services are recognized in accordance with the accounting policy for revenue from ordinary activities and services related to construction or improvement services, in accordance with the accounting policy for construction contracts. The contractual obligations assumed by the Group for the maintenance of the infrastructure during its operation, or for its return to the transferor at the end of the concession agreement under the conditions specified therein, to the extent that it does not involve an activity that generates income, It is recognized following the accounting policy for provisions.

2.29 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

To determine the fair value, the Group takes into account the characteristics of the asset or liability in the same way that market participants would take into account when setting the price of said asset or liability on the measurement date. Fair value for measurement and disclosure purposes in the financial statements is determined on that basis, except for share-based payment transactions, lease transactions, and measurements that have certain similarities to fair value but are not fair value, such as net realizable value or value in use. The fair value of all financial assets and liabilities is determined at the date of presentation of the financial statements, for recognition and disclosure in the notes to the financial statements.

The fair value is determined:

- Based on quoted prices in active markets for identical assets or liabilities that the Group can access on the measurement date (level 1).
- Based on inputs applied to valuation methodologies commonly used by market participants, which are different from quoted prices that are observable for assets or liabilities, directly or indirectly (level 2).
- Based on internal cash flow discount valuation techniques or other valuation models, using variables estimated by the Group that are unobservable for the asset or liability, in the absence of variables observed in the market (level 3).

Note 45 Measurement of fair value on a recurring and non-recurring basis provides an analysis of the fair values of financial instruments and non-financial assets and liabilities and greater detail of their measurement.

2.30 Operating segment

An operating segment is a component of the Group that develops business activities from which it can obtain income from ordinary activities and incur costs and expenses, about which financial information is available and whose operating results are regularly reviewed by the highest authority in the Group's operating decision-making, which is the Board of Directors to decide on the allocation of resources to the segments and the Management Committee to evaluate their performance.

The financial information of the operating segments is prepared under the same accounting policies used in the preparation of the Group's consolidated financial statements.

2.31 Dividends and surpluses in cash distributed to the shareholders and owner of the Group

The Group recognizes a liability to make distributions to shareholders and owners of the Group in cash when the distribution is authorized and is no longer at the Group's discretion. The corresponding amount is recognized directly in equity.

2.32 Changes in estimates, accounting policies and errors

2.32.1 Application of new and revised standards

Changes in accounting policies

During 2021, the applied countable practices in the Grupo's consolidated Financial States are consistent with the year 2020, except for the following changes:

New standards implemented

During 2021, the company implemented the changes accepted by through Resolutions 035 and 197 of 2021, issued by the General Accounting Office of the Nation, where the changes in the IFRS (new standards, amendments or interpretations) are incorporated, issued by the Standards Council International Accounting Standards (IASB), which are mandatory for the annual period beginning on or after January 1, 2021.

IFRS 9 IAS 39 IFRS 7 – IBOR - Reference Interest Rate Reform – Phase 1

This amendment, issued in September 2019, is intended to provide relief from the highly probable and prospective assessments required by IFRS 9 and IAS 39 for hedging relationships that are affected by the uncertainties of the IBOR reform. With the same objective, the Amendments provide retrospective assessment relief under IAS 39. The exceptions described in the Amendments apply only to those hedging relationships directly affected by uncertainties of the IBOR reform, including interest rate swaps between foreign exchange (for the affected interest component).

For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4 to 6.8.12 of IFRS 9 or paragraphs 102D to 102N of IAS 39, it shall disclose:

- a. The significant benchmark interest rates to which the entity's hedging relationships are exposed.
- b. The measure of risk exposure that the entity manages that is directly affected by the reform of the reference interest rate.
- c. The way in which the entity is managing the process of transition to alternative reference rates.
- d. A description of any significant assumptions or judgments the entity made in applying these paragraphs (for example, assumptions or judgments about when the uncertainty arising from interest rate benchmark reform ceases to be present with respect to the timing and amount of cash flows based on the reference interest rate).
- e. The nominal amount of the hedging instrument in such hedging relationships.

The company had no impact on the financial statements due to the uncertainty arising from the reform of the reference interest rate, since at the closing date there were no hedging relationships indexed to LIBOR

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - IBOR - Reference Interest Rate Reform – Phase 2.

This amendment, issued in August 2020, which modified IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, added paragraphs 5.4.5 to 5.4.9, 6.8.13, Section 6.9 and paragraphs 7.2. 43–7.2.46.

The amendments refer to:

- **Practical solution for contract modifications:** even if there are changes in the contractual cash flows due to the adopted reform, companies will not have to derecognize or adjust the book value of financial instruments, but rather the interest rate will be updated effective to reflect the change to the alternative reference rate.
- **Exemption to avoid having to interrupt certain hedging relationships:** even if the company makes the required changes in hedge accounting for adopting the reform, it will not have to discontinue its coverage since the company can update the coverage documentation to reflect the new benchmark.

Once the new reference index has been implemented, the hedged items and hedging instruments must be valued with the new index, and the possible ineffectiveness that may exist in the hedge will be recognized in results.

- **Disclosures:** The company must disclose information about
 - a. How the entity is managing the transition to the alternative reference rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments due to the transition.
 - b. Quantitative information on financial instruments that have yet to transition to an alternative reference rate at the end of the reporting period, showing separately:

- (i) non-derivative financial assets;
- (ii) non-derivative financial liabilities; and
- (iii) derivatives; and

c. The nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks.

The company identified financial instruments (such as financial assets, financial liabilities, contingent consideration) that are related to the LIBOR reference interest rate impacted by the reform. For further details, see note 44 Financial risk management objectives and policies.

IFRS 16 - Rent reductions related to covid-19 beyond June 30, 2021.

This amendment, issued in March 2021, extends the term of this practical application by changing the year of reduction of lease payments from 2021 to 2022.

The Group is not affected by this amendment because it does not apply and will not apply lease concessions.

Lessee will apply this amendment for annual reporting periods beginning on or after April 1, 2021. Early application is permitted, including for financial statements not authorized for issue as of March 31, 2021.

Application of new and revised standards

The changes to IFRS (new standards, amendments and interpretations), which have been published in the period, but which have not yet been implemented by the Group, are detailed below:

Rule	Mandatory Application Date	Exchange rate
IFRS 17 - Insurance Contract	January 1, 2023	New
IFRS 17 - Insurance Contract - Initial application with IFRS 9 and comparative information	January 1, 2023	Modification
IAS 1 - Presentation of financial statements and Modification, classification of liabilities as current or non-current	January 1, 2023	Modification
IFRS 3 - Reference to the Conceptual Framework	January 1, 2022	Modification
IAS 37 - Onerous contract - Costs of fulfilling a contract	January 1, 2022	Modification
IAS 16 - Property, plant, and equipment - Product before intended use	January 1, 2022	Modification
IFRS 1 - Annual cycle 2018-2020 - Adoption for the first time.	January 1, 2022	Modification
IFRS 9 - Annual cycle 2018-2020 - Rates of financial instruments in the "10 percent" test for derecognition in financial liability accounts.	January 1, 2022	Modification
IAS 1 - Disclosure of Accounting Policies and Practice Statement 2 of IFRS	January 1, 2023	Modification
IAS 8 - Definition of accounting estimates	January 1, 2023	Modification
IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023	Modification

IFRS 17 Insurance Contract.

Issued in May 2017, replacing IFRS 4, which was approached as an interim standard, which was being developed in phases.

IFRS 17 solves the comparison problems generated by the application of IFRS 4, given that it was allowed to apply local standards and historical values in insurance contracts, now with this new standard, all insurance contracts will be recorded in a consistent manner and current values, generating more useful information for stakeholders, which will allow a better understanding of the financial position and profitability of insurance companies, providing a more uniform presentation and measurement approach for all insurance contracts.

The Group is evaluating the impacts that the application of this new standard could generate.

The modifications will be mandatory for annual periods beginning on or after January 1, 2021, but at the request of international insurers, the IFRS Foundation extended its application for two additional years, to be enforceable in 2023. Early application if IFRS 9 and IFRS 15 are applied.

IFRS 17 – Insurance Contract - Initial application with IFRS 9 and comparative information

Issued in December 2021, in order to reduce temporary accounting mismatches that arise between financial assets and liabilities of insurance contracts that may arise in the comparative information presented by the initial application of IFRS 17, when it also applies IFRS 9 allows the entity to overlap the classification of the financial asset, in order to improve the usefulness of the comparative information for investors.

This will allow insurers to have an option for the presentation of comparative information on financial assets. The classification overlay allows the entity to align the classification and measurement of a financial asset in the comparative information with what the entity expects that the classification and measurement of that financial asset would be carried out in the initial application of IFRS 9, considering the business model and the characteristics of the cash flow it generates. Any difference for this application would go to retained earnings.

If, for example, using the classification overlay, an entity presented a financial asset previously measured at amortized cost instead of fair value through profit or loss, the carrying amount of that asset at the date of transition to IFRS 17 would be its fair value measured on that date. Applying section C28D of IFRS 17, any difference in the carrying amount of the financial asset at the transition date resulting from the application of the classification overlay would be recognized at the opening of retained earnings.

This amendment adds paragraphs C28A to C28E and C33A; and will become effective on the date of initial application of IFRS 17, that is, on January 1, 2023.

IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current

This amendment, issued in January 2020, clarifies that the classification of liabilities as current or non-current is based on the rights that existed at the end of the reporting period, specifies

that the classification as current or non-current liability is not affected by expectations about whether or not the entity will exercise the right to defer the settlement of the liability, specifies that the rights exist if at the end of the reporting period complied with payment agreements; Additionally, the amendment clarifies that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments or other economic resources.

The Group is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IAS 1 will be mandatory for annual periods beginning on or after January 1, 2023 retrospectively. Permit your anticipate app.

IFRS 3 - Reference to the Conceptual Framework.

This amendment, issued in May 2020, updates the reference to the Conceptual Framework for Financial Reporting, since IFRS 3 referred to a previous version of the Conceptual Framework, and in turn adds one more exception to the recognition principles of liabilities and contingent liabilities that requires that the criteria of IFRIC 21 or IAS 37 be applied, respectively, to determine whether there is a present obligation at the acquisition date, additionally, it prohibits the recognition of contingent assets acquired in a business combination.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be mandatory prospectively for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 37 - Onerous contract - Costs of fulfilling a contract.

This amendment, issued in May 2020, included in the measurement and recognition rules the way to measure an onerous contract more reliably through the directly related cost approach, which includes all costs that an entity cannot avoid, for the fulfillment of a contract, these direct costs also include the incremental costs of the contract and an allocation of other

costs incurred in the activities required to fulfill it; the incremental cost approach -the one contemplated by IAS 37 before this amendment- included only the costs that an entity would avoid if it did not have the contract.

To date, there are no contracts classified as onerous in the Group, therefore it is not possible to measure the impact of the effects that the application of this amendment could cause in the presentation of liabilities in the statement of financial position, in the event of presenting a contract of this nature will be analyzed in light of the amendment.

The amendment to IAS 37 will be mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 16 Property, plant and equipment - Product before its intended use.

This amendment, issued in May 2020, modifies the elements of analysis for the determination of the components of the cost of property, plant and equipment, eliminating from paragraph 17 (e) the possibility of "deducting the net values of the sale of any elements produced during the installation and start-up process of the asset (such as samples produced while the equipment was being tested)" and including that the income and costs associated with that produced during said installation and start-up process are recognized directly in the period statement in accordance with applicable regulations.

The amendment aims, in a simple and effective way, to eliminate the diversity that may arise in the practice adopted by companies when deciding whether or not to deduct the value of the product produced during the installation and commissioning process, and in this way improve the homogeneity of financial information.

The Group is evaluating the effects that the application of this amendment could have on the presentation of assets in the statement of financial position.

The amendment to IAS 16 will be mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted.



IFRS 1 - Annual cycle 2018-2020 - Adoption for the first time.

This amendment, issued in May 2020, establishes how assets, liabilities and accumulated translation differences should be measured for a subsidiary that becomes an entity that adopts IFRS for the first time after its parent.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment to IFRS 1 will be mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS 9 - Annual cycle 2018-2020 - Rates of financial instruments in the 10% test for derecognition in financial liability accounts.

This amendment, issued in May 2020, consists of clarifying the commissions that an entity includes when evaluating whether the terms of a new or modified financial liability are materially different from those of the original financial liability and defines then that a borrower includes only the commissions paid or received between the borrower and the lender, including those paid or received by one or the other on behalf of the other.

The Group is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IFRS 9 will be mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted. If an entity applies the amendment for an earlier period, it shall disclose this fact.

IAS 1 - Disclosure of Accounting Policies and Statement of Practice 2 of the IFRS

This amendment, issued in February 2021, requires companies to disclose material accounting policy information rather than the description of their accounting policies. The amendment

also makes an adjustment to Practice Statement 2 Making Materiality Judgments as to how to apply the concept of materiality to accounting policy disclosures and adjusts paragraph 21 of IFRS 7 Financial Instrument Disclosures, specifying the disclosure of significant accounting policies.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be mandatory prospectively for annual periods beginning on or after January 1, 2023. Early application is permitted.

IAS 8 - Definition of accounting estimates.

This amendment, issued in February 2021, updates the definition of accounting estimates in order to differentiate changes in estimates from changes in accounting policies, given their prospective or retroactive effect, respectively. To do this, it indicates that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. Sometimes the application of the accounting policy will require the application of estimates.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be mandatory prospectively for annual periods beginning on or after January 1, 2023. Early application is permitted.

IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

This amendment, issued in April 2021, clarifies that the exception provided by IAS 12 of not applying deferred tax when an asset or liability is initially and simultaneously recognized, which generates equal temporary differences, would not apply in the case of leases. (IFRS 16) and in dismantling (IAS 37 and IAS 16), cases in which, if IAS 12 should be applied for

deferred tax. Added paragraph 22A states that, depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences, and an entity recognizes any resulting deferred tax liability and asset.

The Group is not affected by this amendment because it has been applying this interpretation or has been applying the deferred tax in this way in said transactions/or is in the process of implementing it.

This amendment will be mandatory for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.



Note 3. Significant accounting judgments, estimates and causes of uncertainty in the preparation of the financial statements

The following are the significant judgments and assumptions, including those that involve accounting estimates, that the Group's management used in the application of the accounting policies under IFRS adopted in Colombia, and that have a significant effect on the values recognized in the consolidated financial statements.

The estimates are based on historical experience and based on the best information available on the facts analyzed at the cut-off date. These estimates are used to determine the value of assets and liabilities in the consolidated financial statements, when it is not possible to obtain said value from other sources. The Group evaluates its estimates regularly. Actual results may differ from these estimates.

The significant estimates and judgments made by the Group are described below:

- **Valuation of the existence of value impairment indicators for assets, goodwill and asset valuation to determine the existence of value impairment losses**

On each reporting date, the status of the assets is reviewed to determine if there are indications that any of them have suffered an impairment loss. If there is an impairment loss, the asset's recoverable amount is affected; if the estimated recoverable amount is lower, it is reduced to its recoverable value and the impairment loss is recognized immediately in profit or loss for the period.

The evaluation of the existence of value impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. The evaluations are based on financial results, the legal, social and environmental environment and market conditions; significant changes in the scope or manner in which the asset or CGU is used or expected to be used and evidence of the obsolescence or physical deterioration of an asset or CGU, among others.

Determining whether goodwill has been impaired involves calculating the value in use of the CGUs to which it has been assigned. The calculation of the value in use requires the entity to determine the future cash flows that should arise from the CGUs and an appropriate discount rate to calculate the present value. When actual future cash flows are less than expected, an impairment loss may arise.



[See Note 8 Impairment of assets](#)

- **The assumptions used in the actuarial calculation of post-employment obligations with employees**

The assumptions and hypotheses used in actuarial studies include: demographic assumptions and financial assumptions, the former refer to the characteristics of current and past employees, are related to the mortality rate and turnover rates among employees, the latter relate to the discount rate, future wage increases, and changes in future benefits.



[See note 26 Employee benefits](#)

- **The useful life and residual values of property, plant and equipment and intangibles**

In the assumptions and hypotheses used to determine the useful lives of property, plant and equipment and intangibles, technical aspects such as: periodic maintenance and inspections performed on assets, failure statistics, environmental conditions and operational environment are considered. , protection systems, replacement processes, obsolescence factors, manufacturer recommendations, climatic and geographical conditions and the experience of the technicians who know the assets. To determine the residual value, aspects such as: market values, reference magazines and historical sales data are considered.



[See note 5 Property, plant and equipment, net; note 7 Goodwill and other intangible assets](#)

- **The assumptions used to calculate the fair value of financial instruments, including credit risk**

The Group discloses the fair value corresponding to each class of financial instrument in a manner that allows comparison with the book values. Macroeconomic projections calculated within the Group company are used. The investment portfolio is valued at market price. When this is absent, a similar one is sought in the market and if not, the following assumptions are used.

- Derivatives are estimated at fair value. [See note 25 Derivatives and hedges.](#)
 - Accounts receivable are estimated at the prevailing market rate for similar loans. [See note 13 Trade debtors and other accounts receivable.](#)
 - Accounts receivable from employees are valued similarly to mass debtors, except for housing loans. [See note 13 Trade debtors and other accounts receivable.](#)
 - For equity investments, the methodology is cash flow; it is estimated at market price for those listed on the stock exchange. [See note 14 Other financial assets.](#)
- **The probability of occurrence and the value of liabilities of uncertain value or contingent**

The assumptions used for uncertain or contingent liabilities include the qualification of the legal process by the "expert opinion" of the professionals in the areas, the type of contingent liability, possible legislative changes and the existence of jurisprudence of the high courts that are applied to the specific case, the existence within the Group of similar cases, the study and analysis of the merits of the matter, the guarantees existing at the time of the occurrence of the facts. The Group discloses and does not recognize in the financial statements those obligations classified as possible; obligations classified as remote are not disclosed or recognized.



[See note 28 Provisions, contingent assets and liabilities](#)

- **Future disbursements for dismantling and asset retirement obligations**

In the assumptions and hypotheses used to determine future disbursements for dismantling and asset retirement obligations, aspects such as: estimation of future disbursements in which the Group must incur for the execution of activities associated with dismantling of the assets on which legal or implicit obligations have been identified, the initial date of dismantling or restoration, the estimated date of completion and the discount rates.



[See note 28 Provisions, contingent assets and liabilities](#)

- **Determination of the existence of financial or operating leases based on the transfer of risks and benefits of the leased assets**

The significant assumptions that are considered for the determination of the existence of a lease include the evaluation of the conditions if the right to control the use of the asset is transferred for a period of time in exchange for a consideration, that is, the existence of an identified asset; the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; the right to direct how and for what purpose the asset is used throughout the period of use; right to operate the asset throughout the period without changes in the operating instructions.



[See note 15 Leases](#)

- **The recoverability of deferred tax assets**

The deferred tax asset in the Group has been generated by temporary differences, which generate future tax consequences in the financial situation of the Group companies. These differences are fundamentally represented in tax assets that exceed the assets under IFRS adopted in Colombia, and in tax liabilities, lower than the liabilities under IFRS adopted in Colombia, as is the case of the components of the pension liability, amortized cost of bonuses, financial leasing and other sundry provisions and for contingencies.

The deferred tax asset of the Group is recovered in the net income taxed on the current income tax generated in each Group company.



[See note 41 Income tax](#)

- **The determination of whether a set of assets meets the conditions to be classified as a discontinued operation**

The significant assumptions for a set of assets to be classified as a discontinued operation consider the fact that it is a component of the entity that has been disposed of, or has been classified as held for sale, and represents a line of business, or a geographic area, which is significant and can be considered separate from the rest and is part of a single coordinated plan for its sale.

The Group classifies a non-current asset (or a disposal group) as held for sale if its carrying amount will be recovered primarily through a sale transaction, rather than through continued use.

To apply the above classification, the asset (or group of assets for disposal) must be available, in its current condition, for immediate sale, subject exclusively to the usual and customary terms for the sale of these assets (or groups of assets), assets for disposal, and their sale must be highly probable.

- **The determination of control, significant influence or joint control over an investment**

Significant influence over VE Servicios de Eficiencia Energética SAS

As of December 31, 2021 and 2020, the Group, through the subsidiary EPM Latam SA, holds 2.1% of the equity instruments of VE Servicios de Eficiencia Energética SAS, therefore, it does not hold more than 20% participation in the rights of vote of the latter, however, due to contractual agreements and representation on the entity's Board of Directors with 2 members out of a total of 5, the Group exercises significant influence over the financial and operating policy decisions of VE Servicios de Eficiencia Energética

SAS, and therefore, is included in the Group's consolidated financial statements as an investment in an associate measured by the equity method.



[See note 11 Investments in associates](#)

- **Determination of portfolio impairment**

To calculate the expected credit loss, each obligation is assigned an individual probability of non-payment that is calculated based on a probability model that involves sociodemographic, product, and behavioral variables.

The model will be applied based on the table of scores (Scorecard) developed taking into account the information of each company in the Group. The models are defined according to the information available and the characteristics of the population groups for each one. Although the methodology applies to all accounts with a balance, some exclusions should be considered, such as: charged-off accounts; self-consumption; contributions; public lighting and in general charges from third parties. For its calculation, the moment from which an obligation is considered to have been breached and will not be recovered is previously defined.

To calculate the credit loss of trade debtors and other accounts receivable (except accounts receivable between related parties) the following formula is used:

PE = SE x PI x PDI, where:

Where, Exposed Asset Balance (SE): corresponds to the capital balance, interest balance, and other current charges of the obligations. Probability of Default (PI): corresponds to the result of a statistical model that provides the probability that each account defaults in the following twelve months. This individual probability is located within a range found to attenuate the fluctuations in the value of the general provision from one month to the next and stabilize its behavior, which results in a standard PI by range.

Loss given default (PDI): is defined as the economic deterioration that the entity would incur in the event that any of the default situations materializes. It is a percentage obtained from a table taken from the current regulations of the Financial Superintendence of Colombia, Chapter II of External Circular Letter 100 of 1995.



[See note 13 Trade debtors and other accounts receivable](#)

- **Income estimate**

The Group recognizes revenue from the sale of goods and the provision of services to the extent that performance obligations are met by the Group, regardless of the date on which the corresponding invoice is prepared. To make this estimate, the information of the contracts or agreements with the clients and thus the value to be recognized in income is established.

When there is uncertainty about the moment in which the income should be recognized, the Group decides to recognize it at the moment in which the performance obligation is fulfilled, for those performance obligations that are satisfied over time, it is common to use the resource method calculated as executed costs compared to estimated costs. For concepts other than the provision of residential public services, the Group estimates and recognizes the value of income from the sale of goods or provision of services based on the terms or conditions of interest rate, term, among others, of each contract that causes the sale.

In the month after the estimated income is registered, its value is adjusted by the difference between the value of the actual income already known against the estimated income.



[See note 32 Income from ordinary activities](#)

- **Risks and uncertainty arising from climate change**

Given that the largest participation in the energy market that EPM has in Colombia is from hydraulic generation that can be affected by climate changes, currently in the business financial scheme we have a risk coverage called "Climate Derivative" whose objective is to have with the protection coverage of the risk in income due to the occurrence of extreme climatic events that affect the rainfall and therefore the contractual commitments of energy generation. Likewise, it serves to protect exposure to risk due to purchases on the energy exchange in said periods, which consequently also increases.

It is important to note that under this coverage, all the impact that the company could receive due to non-generation and non-compliance with contractual commitments is transferred to the reinsurance market.

- **Operating segments**

To determine the operating segments, the information that is regularly provided to the Group's highest decision-making authority is based on information and how this information is segmented is identified. Once these segments have been identified, the ability to generate income and incur costs and expenses of the identified groupings is analyzed. Likewise, it is verified if the highest decision-making authority reviews the yields and allocates resources based on this segmentation, finally, it is examined if there is disaggregated financial information that supports this segmentation. In addition to the above factors, the Group's approach and management are analyzed in order to take into account today's possible segments that may arise in the future, according to its strategy.



[See note 47 Operating segments](#)



Note 4. Significant transactions carried out and other relevant aspects that occurred during the period

As of December 31, 2021, the significant transactions and other relevant aspects that occurred during the period, other than those of the normal course of business of the Group, are related to:

4.1 Expenses and others related to the contingency of the future Ituango hydroelectric plant:

- The progress of the works for the start-up of the Project continues according to the proposed schedules.
- The progress of the works for the start-up of the Project continues according to the proposed schedules.
- The protocol for attention to events and crises (PADEC for its initials in Spanish) continues to prevent the spread of the coronavirus (COVID-19).
- On March 11, 2021, the Administrative Court of Antioquia inadmissible the lawsuit filed by EPM for \$9.9 billion pesos against the Constructor, Auditor and Designer Consortiums of the future Ituango hydroelectric power plant, as well as that of the Suramericana insurance companies. Insurance and CHUBB. Faced with this decision, EPM filed an appeal for reconsideration on the 17th of the same month and year. As of the date of the period for which the separate financial statements are reported, the resolution of the appeal is pending.

- In December 2021, EPM signed a transaction contract with MAPFRE SEGUROS GENERALES DE COLOMBIA SA for the payment of compensation under the All Risk Construction and Assembly policy, for the contingency of the Ituango Hydroelectric Project, for USD 983.8 million. To date, EPM had received an advance payment of USD\$350 million.



[See notes 5 and 12](#)

- Faced with the arbitration claim, filed against Mapfre Seguros Generales - construction all-risk policy, with the signing of the transaction contract, EPM was obliged to withdraw the claim once the payment of all the sums subject to compensation had been made, taking into account that the arbitral tribunal was not constituted nor the claim admitted.
- In December 2021, EPM received the following payments under the policies of directors and administrators: \$402,454 (USD 100.67 million) from SEGUROS GENERALES SURAMERICANA SA, \$21,500 from AXA COLPATRIA SEGUROS SA, and \$2,000 from SBS SEGUROS COLOMBIA SA.



[See note 5](#)

Regarding the contingency, Grupo EPM has recognized the following items in its consolidated financial statements as of December 31, 2021:

- Cost and progress of property, plant and equipment associated with the construction of the future Ituango hydroelectric plant for \$10,334,271.



[See note 5](#)

- Accounts receivable from the insurer Mapfre for \$2,529,331 derived from the transaction contract for the payment of compensation under the All Risk Construction and Assembly policy, of which \$51,524 correspond to the exchange difference of the accounts receivable expressed in dollars and \$5,953 for the non-contractual civil liability policy.

[See note 13](#)

- Provision balance of \$29,042 for the care of those affected in Puerto Valdivia, for compensation for emergent damage, loss of earnings and moral damage, due to the rising waters of the Cauca River as a result of the clogging that the project had on April 28, 2018. During 2021, the provision was adjusted by -\$14,624 as recovery income and \$1,051 as financial expense and payments have been made for \$3,370.

[See note 28](#)

- Provision balance of \$699 for the care of people who had to evacuate as a result of said event. During 2021, the provision was adjusted by -\$2,758 as recovery income and financial expense \$114 and payments have been made for \$2,272.

[See note 28](#)

- Provision balance of \$103,635 for environmental and social contingency, established by the specific action plan for the recovery of the parties affected by the events of the plugging of the diversion tunnel of the Cauca River that the project had on April 28, 2018 and by the closure of gates that reduced the flow of the river downstream of the project. During 2021, \$44,954 has been recognized as a financial provision and expense and payments have been made for \$29,867.

[See note 28](#)

- Balance provision for \$201,919 for the non-compliance from November 2021 to September 2023, to the Intercolombia transporter for the months after the start-up of the connection infrastructure of the future Ituango hydroelectric plant. During 2021, the provision has been adjusted by \$42,918 as a provision expense and financial expense and payments have been made for \$15,318.



[See note 28](#)

- During 2021, the provision for environmental sanctions filed by the National Environmental Licensing Authority - ANLA was updated by \$86 and payments of \$5,595 have been made, leaving the balance of said provision at zero.



[See note 28](#)

- Additionally, in the statement of comprehensive income, other expenses of \$4,822 and recoveries of -\$7,483 have been recognized in 2021 for the care of the community affected by the contingency.



[See notes 33 and 37](#)

Note 5. Property, plant, and equipment, net

The following is the detail of the book value of property, plant and equipment:

Property, plant, and equipment	2021	2020
Cost	52,022,688	49,281,352
Accumulated depreciation and impairment loss	(12,947,508)	(11,629,656)
Total	39,075,180	37,651,696

Amounts stated in millions of Colombian pesos



The following is the detail of the book value of property, plant and equipment that are temporarily out of service:

Properties, plant and equipment temporarily out of service	2021	2020
Networks, lines and cables	1,507	7,948
Plants, ducts and tunnels	112,736	9,448
Grounds and buildings	15,655	15,618
Machinery and equipment	3,285	355
Communication and computer equipment	-	5
Furniture fixtures and office equipment	13	-
Other properties, plant and equipment	43	825
Total properties, plant and equipment temporarily out of service	133,239	34,199

Amounts stated in millions of Colombian pesos -

The Group owns property, plant, and equipment withdrawn from use and that have not been classified as non-current assets held for sale, mainly corresponding to equipment from the La Sierra and Caracolí generation plants, land from the Porce IV Project, and the Espíritu Santo Project. which has not yet been put into operation, Riopiedras land which went from the generation business to the water supply business as a business strategy to recover the mini-power plant and the Cucarachos - Los Naranjos pumping station, which is expected to undergo modernization. The book value of these assets is made up as follows: for 2021 the cost amounts to \$133,239 (2020: \$34,199).

The most significant variation in the heading of Plants, Pipelines, and tunnels corresponds to the equipment and assets of the La Sierra power plant due to the incident that occurred in 2021, at the Caracolí power plant, which is in the process of modernization and is expected to be put into operation in May 2022, the assets of Substations and lines that they leave as a reserve on-site in case of any technical damage or store them; in the category of machinery and equipment, the variation is represented by a Sealing team.



The movement of cost, depreciation, and impairment of property, plant, and equipment is detailed below:

2021	Networks, lines and cables	Plants, ducts and tunnels	Construction in Progress ⁽¹⁾	Grounds and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other Property, Plant and Equipment ⁽²⁾	Total
Initial Balance	14,186,726	12,975,505	13,736,082	6,249,915	1,102,066	489,287	152,934	388,836	49,281,351
Additions ⁽⁴⁾	226,902	187,990	4,135,607	22,795	67,842	30,426	3,910	96,910	4,772,382
Advances delivered (amortized) to third parties	3,053	-	1,239	-	-	-	-	-	4,292
Transfers (-/+)	1,191,383	469,182	(1,985,128)	100,299	102,691	29,838	1,673	(1,346)	(91,408)
Provisions (-)	(12,305)	(6,277)	(514)	(1,797)	(4,818)	(2,580)	(435)	(2,155)	(30,881)
Withdrawals (-)	(42,745)	(48,736)	(16,533)	(2,363)	(4,381)	(34,064)	(1,117)	(3,783)	(153,722)
Foreign currency conversion effect	661,967	225,964	119,413	69,467	84,612	20,205	5,176	10,166	1,196,970
Other Changes ⁽⁵⁾	(14,308)	158,478	(2,867,667)	(113,396)	(87,733)	(21,752)	752	(10,670)	(2,956,296)
Final cost balance	16,200,673	13,962,106	13,122,499	6,324,920	1,260,279	511,360	162,893	477,958	52,022,688
Accumulated depreciation and impairment loss									
Accumulated depreciation and impairment loss	(5,289,677)	(4,202,341)	(4,685)	(979,172)	(603,184)	(307,069)	(85,280)	(158,247)	(11,629,655)
Period depreciation	(482,195)	(323,924)	-	(81,657)	(58,693)	(55,171)	(13,591)	(15,534)	(1,030,765)
Reversions of Depreciation the following languages: (-)	-	35,776	-	11,529	305	156	12	171	47,949
Provisions (-)	6,905	3,626	-	4	4,574	2,336	395	1,528	19,368
Withdrawals (-)	25,648	21,104	-	1,496	3,426	33,541	1,033	2,528	88,776
Transfers (-/+)	(700)	(5)	701	227	(244)	(11)	(117)	150	1
Foreign currency conversion effect	(279,933)	(130,601)	-	(13,255)	(37,215)	(15,588)	(3,033)	(7,018)	(486,643)
Other changes	(867)	(6,135)	1,432	29,945	11,530	19,883	(165)	(2,209)	53,414
Final Accumulated depreciation and impairment loss	(6,028,576)	(4,604,028)	(2,552)	(1,030,909)	(680,125)	(321,928)	(100,752)	(178,638)	(12,947,508)
Total balance, properties, plant, and equipment, net	10,172,097	9,358,078	13,119,947	5,294,011	580,154	189,432	62,141	299,320	39,075,180

Advances delivered to third parties									
Initial Balance	3,386	-	47,809	-	-	-	-	498	51,693
Movement (+)	-	-	(34,745)	-	-	-	-	-	(34,745)
Movement (-)	3,053	-	35,984	-	-	-	-	-	39,037
Difference in conversion adjustment change	843	-	-	-	-	-	-	-	843
Final Balance	7,282	-	49,048	-	-	-	-	498	56,828

Amounts stated in millions of Colombian pesos -

2020	Networks, lines and cables	Plants, ducts and tunnels	Construction in progress ⁽¹⁾	Grounds and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other property, plant and equipment ⁽²⁾	Total
Initial Balance	11,944,051	11,548,606	12,177,233	6,151,651	785,430	457,299	138,155	401,345	43,603,770
Business combination	1,157,877	938,774	3,010	79,000	207,676	-	3,924	569	2,390,830
Additions ⁽⁴⁾	48,910	87,921	3,283,330	12,330	19,873	31,740	2,010	62,732	3,548,846
Advances delivered (amortized) to third parties	2,064	-	11,887	-	-	-	-	-	13,951
Transfers (-/+)	939,139	362,780	(1,485,105)	31,226	70,512	13,390	8,301	(10,215)	(69,972)
Provisions (-)	(631)	(3,171)	(1)	(227)	(2,780)	(4,630)	(521)	(1,125)	(13,085)
Withdrawals (-)	(24,608)	(115,806)	(291,568)	(2,956)	(3,729)	(14,009)	(704)	(827)	(454,207)
Assets classified as held for sale - See note X	-	-	-	-	-	-	-	-	-
Foreign currency conversion effect	127,005	58,079	31,145	16,559	23,073	5,593	1,763	3,865	267,082
Effect on loss of subsidiary control	-	-	-	-	-	-	-	-	-
Other changes	(7,081)	98,325	6,148	(37,668)	2,012	(96)	5	(67,508)	(5,863)
Final Balance	14,186,726	12,975,508	13,736,079	6,249,915	1,102,067	489,287	152,933	388,836	49,281,352
Accumulated depreciation and impairment loss									
Accumulated depreciation and impairment loss	(3,632,741)	(2,773,850)	-	(797,216)	(315,173)	(270,667)	(67,215)	(141,253)	(7,998,115)
Period depreciation	(448,594)	(316,293)	-	(80,070)	(54,753)	(49,916)	(14,314)	(14,887)	(978,827)
Period-time-end-time-use -See note 8 Depreciation	(20,947)	(117,235)	(1,676)	(25,615)	(21,227)	(175)	(59)	(181)	(187,114)
Business combination	(1,157,966)	(938,774)	(3,010)	(79,000)	(207,676)	-	(3,925)	(569)	(2,390,920)
Reversions of Depreciation the following languages: (-)	-	-	-	-	-	-	-	-	-
Provisions (-)	227	1,193	-	9	2,686	4,348	506	1,013	9,982
Withdrawals (-)	16,925	11,050	-	207	2,460	13,614	681	528	45,466
Transfers (-/+)	(3)	4	-	173	(88)	(5)	-	88	168
Assets classified as held for sale -	-	-	-	-	-	-	-	-	-
Foreign currency conversion effect	(46,615)	(28,909)	-	(996)	(5,792)	(4,021)	(842)	(2,376)	(89,551)
Effect on loss of subsidiary control	-	-	-	-	-	-	-	-	-
Other changes	36	(39,527)	-	3,336	(3,621)	(248)	(110)	(610)	(40,744)
Final Accumulated depreciation and impairment loss	(5,289,678)	(4,202,341)	(4,685)	(979,172)	(603,184)	(307,070)	(85,278)	(158,247)	(11,629,656)
Total balance, properties, plant, and equipment, net	8,897,048	8,773,167	13,731,394	5,270,743	498,883	182,217	67,655	230,589	37,651,696
Advances delivered to third parties									
Initial Balance	1,437	-	34,922	-	-	-	-	498	36,857
Movement (+)	(28)	-	(32,528)	-	-	-	-	-	(32,556)
Movement (-)	2,091	-	44,416	-	-	-	-	-	46,507
Difference in conversion adjustment change	(114)	-	999	-	-	-	-	-	885
Final Balance	3,386	-	47,809	-	-	-	-	498	51,692

Amounts stated in millions of Colombian pesos -



¹ Includes capitalization of loan costs for \$651,472 (2020: \$380,316) of which \$177,205 corresponds to capitalizable exchange difference, the weighted average rate used to determine the amount of loan costs was 8.65% in pesos (2020: 7.62%) in pesos and the rate in dollars 4.53%, (2020: 4.195%). Additionally, it includes right-of-use assets associated with construction in progress amounting to \$783 (2020: \$2,261).



⁽²⁾ Includes equipment and vehicles from the automotive fleet, medical and scientific equipment, property, plant and equipment in assembly, property, plant and equipment in transit and replacement assets, transportation, traction and lifting equipment, dining room, kitchen, pantry and hotel equipment.

⁽³⁾ Corresponds in 2020 to the assets acquired through a business combination for the acquisition of AFINIA.

⁽⁴⁾ Includes purchases, capitalizable disbursements that meet the recognition criteria, goods received from third parties, and costs for dismantling and removal of elements of property, plant, and equipment. At the end of December 2021 and December 2020, no government subsidies were received.

⁽⁵⁾ Corresponds mainly to -\$2,746,128 (2020: \$271,875) for the lower value of the constructions in progress of the future Ituango hydroelectric plant, which originates from the higher value indemnified in relation to the value of the damaged asset. In addition, there are other items such as the amortized cost for -\$106,578, reclassifications to rights of use for -\$148,784.

The main projects under construction are the following:

Project	December 2021	December 2020
Ituango ^(1,1)	10,334,271	11,140,307
Other EPM Projects	935,104	758,306
Construction, extension, remodeling and maintenance of DECA substations, networks, lines and cables and subsidiaries	528,101	564,723
Replacement and Expansion Substations, networks, lines and ESSA loss control	251,900	349,313
Substations, lines, network growth, loss reduction and replacement of ENSA technology	162,948	179,481
caldas La Estrella Interconnect - EPM	93,970	145,294
Western Chain - EPM	82,434	64,552
Expansion of the STN, STR, networks, lines and CENS loss control	79,961	90,261
Modernization Ayura Plant - EPM	72,068	46,067
Expansion circuit yulimar Manantiales - EPM	71,437	38,750
Refill Posts and Trafs - EPM	65,430	23,057
Power Distribution Lines - CARMAR	59,873	-
Substations, networks, lines and CHEC loss control	58,703	34,707
Adequacy of drinking water plant - EPM	52,506	42,202
Distribution networks, quality compensation FISDL-SIGET and other Delsur	46,127	20,469
Envigado Expansion Capiro Sector - EPM	44,926	32,073
SDL Refill and Expansion - EPM	44,430	4,913
San Nicolas Valley - EPM	34,018	60,995
Projects EMVARY - Vaso Altair (Phase 3), leachate treatment plant and others	31,326	19,448
Beaches Recovery Project - EPM	30,662	72,596
Construction Potabilization and WWTP plants, aqueduct and sewerage networks	26,898	29,689
Regional waters		
Other Group Subsidiary Projects	6,953	5,829
Expansion and repositioning of EDEQ Substations, Networks, Lines and Cables	5,901	8,363
Total	13,119,947	13,731,394

Amounts stated in millions of Colombian pesos -



^{1,1} As of December 31, 2021, the future Ituango hydroelectric plant presented a physical progress of 86.9% (December 31, 2020: 80.62%), the physical progress that is presented as of the date of the period on the reported in the separate financial statements, corresponds to the version of the contingency, stabilization and commissioning schedule of the project approved in January 2021.

It is estimated that the start-up of the first two power generation units may start in 2022. However, this date of the start-up is very dynamic, due to the changes that occur in the technical variables, the evolution, and efficiency of the measures implemented to address the contingency and the effects caused by the COVID-19 pandemic on the project.

In January 2021, the concrete repairs were completed in the sluice shafts 1, 3, and 4, the construction of the gable wall downstream of units 5 and 6, the regularization of floor concrete in units 1 and 2 of the house of machines, the pouring of concrete lining in gallery 285, access to the sluice chamber of the Auxiliary Diversion Gallery - GAD, the construction of the support pillar in the gap between the powerhouse and beacon 1 and the delivery of the area of unit 1 to General Electric, for mounting the aspirator tube of this unit.

In February 2021, the assembly of the suction tube of unit 1 began, a section of the suction tube was installed in which a total of three ferrules were joined, in addition, the elbow that is part of the suction tube was placed in place. Six 112 MVA power transformers entered the powerhouse, they were deposited in each of their cells, three for each unit scheduled to operate in 2022, after the transport operation and taken to the powerhouse, the installation of the beams of the definitive bridge cranes, weighing 300 tons each. The manufacture of ferrules for the shielding in the lower pipes began, in addition, the arrival of sheets for the manufacture of the shielding of pressure wells 1 to 4 was completed, the emptying of the upstream wall for the frame of units 1 and 2, in addition, the concrete pouring of the wall downstream of unit 1 began.

In March 2021, the drilling and installation of the pipe were completed in the 58 micropiles of pre-plug 2, the lining of the acceleration window was completed, in the intermediate discharge, the concrete pouring was completed in the wall downstream of unit 1 up to the level 217.50, the assembly and testing of the first 300-ton bridge crane in the powerhouse was completed, the emptying of the second stage of the gap between the powerhouse and beacon 1 began, the assembly of the inclined elevator in the cable exit shaft, the assembly of the suction tube of unit 1 was completed, the area was released for the execution of civil works, the assembly of the suction tube of unit 2 began.

On March 24, 2021, the Company received from the insurance company Mapfre the terms of continuity of insurance for the future Ituango hydroelectric plant, concerning the coverage of

all assembly, sabotage, and terrorism risks, in addition to General Insurance. Suramericana received continuity for the non-contractual civil liability policy.

In April 2021, the assembly and testing of the definitive 300-ton bridge crane were completed, the construction of the 58 micropiles and the respective injection, for pre-plug 2, was completed in the intermediate discharge, the concrete coating works on the plug were completed. In the access gallery 285 and in the acceleration window 260, the pouring of massive concrete began in the aspirator tube of Unit 1, the construction of the wall downstream of Unit 2 was completed, the assembly of the elevator was completed for the inclined shaft of power cables.

Between May 9 and 12, 2021, activities were suspended throughout the day due to the demonstrations carried out by the communities in different surrounding areas, where their access roads were blocked, which prevented staff from entering the construction site.

As of May 2021, the assembly of the suction tube of unit 1 was completed, the civil works continued, the pouring of concrete in the suction tube of unit 2 was completed, up to elevation 199, the construction of the upstream portico was completed of units 1 and 2, the demolition of concrete and the removal of equipment from units 3 and 4 was completed, the operation tests of the elevator in the inclined cable shaft were completed, the foundation slab of the service building north of elevation 193, the drilling and installation of pipes for the five additional micropiles of pre-plug 2, requested by the designer, began.

In June 2021, the filling of the hole between the powerhouse and beacon 1 was completed, the drilling and installation of pipes for the five additional micropiles of pre-plug 2, requested by the designer, was completed, and the drilling of holes for the pre-plug 2 slurries was completed, the entry of spheres for the pre-plug 2 begins, which are being located in the tunnel platform of the intermediate discharge, personnel of the National Navy, began the scanning of the Down boring wells for the by-pass and casting of spheres, the assembly of the suction pipe of unit 2 was completed, the second stage concrete pouring of the suction pipes of units 1 and 2 was completed, up to a height of 199.86, the casting of the rail beam of the gantry of the bridge crane, downstream of unit 2 in the north powerhouse, the concrete of the U-shaped enclosure of unit 1 was cast, the No.4 ferrule was inserted into the lower conduit 2 for replacement, Finished casting of replacement concrete for the lower beam modules 2, 3 and 4 of the exit structure of discharge tunnel 2.

In July 2021, the concrete pouring of plug 12 of the intermediate discharge was completed, the drilling of holes for slurries of pre-plug 2 was completed, the entry of components and parts for the second 300-ton bridge crane in the house of machines began, two transformers from unit No. 4, located in cells Nos. 9 and 10, respectively, were entered into the cavern, the casting of the support slab and pedestals to support the spiral chamber of unit 2 was completed, on slab 204.10; lifting and lowering of the straight section, spiral chamber and stationary ring of unit 1, from the assembly room to the final assembly site at elevation 204.10; The activities for the assembly of the armored extension in the suction tunnel No.1 began, the entry and discharge of ferrules began in the powerhouse, for the assembly of the suction tube of unit 3.

In August 2021, the transfer and lowering of the spiral chamber and stationary ring of unit No. 2 were carried out, from the assembly room to level 204.1. The assembly of the 300-ton bridge crane No. 2 began on the rail beams of the powerhouse gantry, in the pressure wells, the activities for the assembly of the lifting equipment began, by the contractor ATB, in the pipelines, the demolition of the upper driving elbow 1 was completed, the removal of sediments from pressure well 3, in addition, the demolition of the lower conduction elbow 4 began, the emptying of the first type 2 confinement wall was completed and the emptying of the second type 2 confinement wall began in unit 4 of the powerhouse, emptied type 1 pedestals to support the suction tube in unit 4 of the powerhouse, began arrival and unloading of power cables from the transformers in the 500 kV substation.

In August 2021, a third payment of \$383,171 (USD 100 million) was received from the insurer MAPFRE, which was recorded in the financial statements as follows: \$268,965 in property, plant, and equipment as a lower value of civil works and \$114,206 was recognized as a lower value of the account receivable from the insurer for equipment write-offs recognized in previous years.

In September 2021, the transfer and lowering of the spiral chamber and stationary ring of unit No. 2 was carried out, from the assembly room to level 204.1; completed mass concrete pouring in unit 1, between elevation 204.1 to 205.5; the construction of the CR2 canal was completed, on the downstream shoulder of the dam, the emptying of the wall of the free-flow canal in the intermediate discharge was completed, the depressurization of the left diversion tunnel - TDI was completed, the drainage of water continues, access to

the left diversion tunnel is achieved through plug III, already 90% demolished, the removal of enriched material from the Cauca riverbed, downstream of the discharges, has begun, the excavations in the upper part of the small square have been completed of gates, the casting of massive concrete in unit 1, between elevation 204.1 to 205.5, was completed; The construction of the beacon frame was completed, the tandem test of the powerhouse bridge cranes No.1 and No.2 was carried out, using the rotor hoisting device.

In October 2021, access to the left diversion tunnel was achieved through plug III, already demolished, in addition, the regrowth of plug IV was completed, the pouring of massive concrete began in unit 1, at elevation 205.5, successfully executing the static load tests at 125% of the equipment capacity in the bridge cranes No. 1 and No. 2 of the powerhouse, the pouring of the massive concrete of unit 1 was completed, between levels 208.80/ 210.90. Likewise, the concrete pouring began in unit 2 between levels 204.10/205.5, the installation of steel began in the straight part of the suction tube of unit 4, they enter the first quarter of the generator stator into the assembly room from the powerhouse, concrete pouring began for the regrowth of the spillway basin plug, inside the left diversion tunnel, massive concrete was cast in unit 2 up to elevation 205.5.

As of November 2021, the concrete pouring was completed in unit 2 up to elevation 205.5, the massive concrete pouring for unit 1 was completed, between elevations 210.9/211.9; the emptying of the slab, sections 2, 3 and 4 of suction tunnel 3 was completed, drilling began towards pre-plug 1, from the left diversion tunnel, the water control in conduit No.1 was completed, the pouring of concrete from the plug in the spillway basin was completed, the water control in conduit No.1 was completed, the concrete pouring of the plug in the basin of the landfill was completed, the water control in conduit No.1 was completed, the concrete pouring of the plug in the landfill basin was completed, ferrules 5 and 6 were moved to the definitive site for the extension of suction tube 2, the demolition of the lower elbows of pipes 3 and 4 was completed, between heights 214 to 203, the construction of the protection ring for discharge tunnel No.4 is completed, the installation of instrumentation for the GAD by-pass is completed, the concrete for restitution of plug 9 of the left diversion tunnel is completed, start to emptying of with lining concrete of the suction tube of unit 3.

In December 2021, activities began for the construction of the loading platform located on the dam, left bank, the activation of the Bypass system towards the intermediate discharge - Free flow channel was completed, the launch of nylon spheres began through the PR3

well for pre-plug 2, the first stage is emptied for the embedment of the armor of the lower elbow of conduit 2, the emptying of the wall of the enclosure of the generator of unit 1 is completed, between levels 214.30 and 216.65, arrival at work of the cylindrical valve for unit 1, the assembly of blades for the rotor of unit 1 began, the pouring of concrete of the main slab level 217.45 of unit 1 of the powerhouse ends, the pouring of concrete up to level 211.9 of unit 2 of the power house, the massive concrete pouring of the vacuum tube of unit 3 ends, up to level 197, the concrete pouring of the section of the suction tunnel 4 begins, it is carried out the reception and verification of the first part of the metal structure of the north services building, the assembly of metal columns in the north services building begins, the emptying of the aerial beams of the beacon gate frame is completed.

On December 10, 2021, EPM signed with MAPFRE SEGUROS GENERALES DE COLOMBIA SA, a transaction contract for the payment of compensation under the All-Risk Construction and Assembly policy, for the contingency of the future Ituango hydroelectric plant, for a value of USD 983.8 million, thus definitively closing the adjustment process and any possible controversy over it. To date, EPM had received an advance payment of USD\$350 million, which had been recorded in the Financial Statements, as a lower value of the item of property, plant, and equipment. The remaining value of USD 633.8 million was recorded in the financial statements as a lower value in the item of property, plant, and equipment and as an account receivable in the name of the insurer with the exchange rate in force on the day the insurance transaction contract was signed equivalent to \$2,471,853.

In addition, On December 21, 2021, EPM received the following payments: \$21,500 from AXA COLPATRIA SEGUROS SA, under the directors and administrators policy No. 6158013902, and \$2,000 from SBS SEGUROS COLOMBIA SA, under the directors and administrators policy No. 1002911 in which the insured are the directors and administrators of the future Ituango hydroelectric plant and on December 23, EPM received a payment of \$402,454 (USD 100.67 million) from SEGUROS GENERALES SURAMERICANA SA, directors and administrators' liability policy No. 475631 issued to protect the directors and administrators of Grupo EPM. These payments were recorded in the financial statements as a lower value of property, plant, and equipment.

The additions of property, plant and equipment for \$4,772,380 (2020: \$3,548,846), the additions of rights of use for \$112,499, plus the movement of advances for \$4,292 (2020: \$13,951), minus the borrowing costs for \$651,472 (2020: -\$380,082), the capitalized interest

of the finance lease for \$1,253 (2020: 234), the capitalizable valuation for \$13,857 and the movement of environmental and dismantling provisions for -\$25,424 (2020 -\$16,830).

The assets subject to operating leases are the following: The electrical infrastructure for the installation of networks by telecommunications operators, specifically poles.

At the end of the period, an impairment test was performed on the assets linked to the CGUs, which in turn have intangibles with an indefinite useful life, obtaining as a result impairment in the value of some components, which implied their recognition in the financial statements.



[See note 8. Impairment of value of assets](#)

As of December 31, 2021, there are restrictions on the realization of property, plant and equipment, associated with some equipment of the automotive fleet for a net book value of \$2 (2020: \$2) These restrictions are due to theft and have been affected as a guarantee for the fulfillment of obligations.

The most significant commitments for the acquisition of property, plant and equipment of the Group at the cut-off date amount to \$3,608,451 (2020: 2,997,193).

The following is the historical cost of fully depreciated property, plant and equipment that continues to be in operation as of December 31, 2021 and 2020:

Group	2021	2020
Networks, lines and cables	10,254	9,964
Plants, ducts and tunnels	22,190	15,526
Buildings	2,422	1,437
Machinery and equipment	17,458	17,048
Communication and computer equipment	65,972	57,835
Other properties, plant and equipment	14,771	13,992
Total	133,067	115,802

Amounts stated in millions of Colombian pesos -

Note 6. Investment property

The fair value of investment properties is based on an appraisal carried out by experts who have recognized professional capacity and recent experience in the category of real estate investments subject to appraisal; This value has been determined by appraisers from EPM's Real Estate Asset Negotiation and Administration Unit. This activity is carried out at least once a year. To determine the fair value of investment properties, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand and appraisals of similar or comparable real estate, prior adjustments of time, conformation, and location; the residual method, which is applied only to buildings and is based on the determination of the updated construction cost less depreciation due to age and state of conservation; and the rental method, which is used to determine the possible value of an asset according to its ability to generate income, taking into account the probable value of the monthly canon that tenants would be willing to pay in the rental market.



See note 45 Fair value measurement on a recurring and non-recurring basis:

Investment properties	2021	2020
Initial Balance	165,119	140,354
Foreign currency conversion effect	2,074	830
Shopping	280	-
Transferences ⁴ (-/+)	55	42,692
Net gain or loss by adjustment of fair value ³	(35)	(18,250)
Dispositions / Withdrawals (-)	(164)	(507)
Final Balance	167,329	165,119

Amounts stated in millions of Colombian pesos -



⁽¹⁾ See details in note 33. Other income and note 37. Other expenses.

⁽²⁾ Includes transfers to property, plant and equipment from investment properties.

As of December 31, 2021, rental income from investment properties for the period amounted to \$2,169 (2020: \$500) and direct expenses for the period related to investment properties amounted to \$249 (2020: \$77).

As of December 31, 2021, there are restrictions on the property located in the Mamatoco sector of the municipality of Santa Marta. Currently, a direct reparation process is being carried out against said municipality, due to an omission of the municipal administration. a process of a massive invasion of the property was generated which makes it difficult to recover it through police protection processes; fair value is \$1,501 (2019: \$1,392).



Note 7. Goodwill and other intangible assets

The following is the detail of the recorded value of intangible assets:

Intangible	2021	2020
Cost		
Merchant credit	3,425,374	3,333,398
Concessions and franchises	3,070,566	2,884,529
Rights	25,196	25,072
Licenses	209,691	161,888
Software	635,659	473,141
Easements	236,891	215,490
Costs Development Phases	35,016	43,992
Client-related intangibles	461,896	477,552
Other intangibles	20,191	20,257
Value-based Depreciation	-	-
Merchant credit	(206,572)	(210,177)
Accumulated and value-based Amortization Depreciation	-	-
Concessions and franchises	(1,190,144)	(1,074,436)
Rights	(3,999)	(3,289)
Licenses	(107,153)	(89,358)
Software	(322,880)	(254,196)
Easements	(9,773)	(9,108)
Client-related intangibles	(182,528)	(160,880)
Other intangibles	(32,260)	(25,796)
Total	6,065,171	5,808,079

Amounts stated in millions of Colombian pesos -

The movement of cost, amortization and impairment of intangible assets is detailed below:

2021	Merchant credit	Similar concessions and rights	Capitalized development costs	Software and computer applications	Licenses	Rights	Other intangible assets ⁽¹⁾	Total
Incremental cost balance	3,329,793	2,884,729	43,992	473,141	161,888	25,072	713,099	7,631,714
Additions ⁽³⁾	-	229,860	10,421	65,786	19,685	-	5,648	331,400
Transfers (-/+)	-	21,623	(19,396)	53,106	23,070	(23)	12,947	91,327
Provisions (-)	-	(336)	-	(245)	-	(97)	-	(678)
Withdrawals (-)	-	(24)	-	(4,159)	(2,889)	-	-	(7,072)
Foreign currency conversion effect	95,581	(75,748)	-	33,757	7,972	244	(13,862)	47,944
Other changes	-	10,662	-	14,273	(34)	-	946	25,847
Final cost Balance	3,425,374	3,070,766	35,017	635,659	209,692	25,196	718,778	8,120,482
Initial accumulative depreciation	(206,572)	(1,074,436)	-	(254,196)	(89,358)	(3,289)	(195,784)	(1,823,635)
Amortization of the period ⁽⁴⁾	-	(132,522)	-	(55,955)	(15,583)	(482)	(33,809)	(238,351)
Capitalized Amortization	-	(1,753)	-	-	-	-	3,358	1,605
Impairment of the period (Note 8)	-	-	-	-	-	-	(31)	(31)
Provisions (-)	-	128	-	127	-	97	(1,812)	(1,460)
Withdrawals (-)	-	24	-	4,150	2,706	-	49	6,929
Foreign currency conversion effect	-	22,547	-	(16,916)	(5,386)	(194)	4,386	4,437
Other changes	-	(4,132)	-	(90)	468	(132)	(919)	(4,805)
Final amortization and impairment loss	(206,572)	(1,190,144)	-	(322,880)	(107,153)	(4,000)	(224,562)	(2,055,311)
Final balance, intangible assets	3,218,802	1,880,622	35,017	312,779	102,539	21,196	494,216	6,065,171
Advances delivered to third parties								
Initial Balance		200						200
Movement (+)		-						-
Movement (-)		-						-
Final Balance		200						200

Amounts stated in millions of Colombian pesos -

2020	Merchant credit	Similar concessions and rights	Capitalized development costs	Software and computer applications	Licenses	Rights	Other intangible assets ⁽¹⁾	Total
Incremental cost balance	3,102,023	2,395,253	34,070	409,232	140,714	23,049	637,463	6,741,803
Business Combinations ⁽²⁾	-	-	-	33	-	-	3,869	3,903
Additions ⁽³⁾	-	222,884	11,192	30,442	11,714	-	1,983	278,216
Transfers (-/+)	-	21,052	(1,270)	27,746	8,386	(1)	12,495	68,408
Provisions (-)	-	(25)	-	(6)	(194)	(91)	-	(316)
Withdrawals (-)	-	(1)	-	(1,866)	(715)	-	(1,593)	(4,174)
Foreign currency conversion effect	227,770	247,082	-	7,558	1,901	1,610	58,660	544,582
Other changes	-	(1,515)	-	-	81	-	726	(708)
Final cost Balance	3,329,793	2,884,729	43,992	473,141	161,887	24,567	713,603	7,631,713
Initial accumulative depreciation	(206,572)	(859,119)	-	(205,463)	(76,791)	(2,477)	(145,319)	(1,495,740)
Amortization of the period ⁽⁴⁾	-	(129,227)	-	(47,908)	(12,311)	(469)	(33,336)	(223,251)
Capitalized Amortization	-	(1,786)	-	-	-	2	1,786	2
Impairment of the period (Note 8)	-	(8,830)	-	-	(1)	(308)	(55)	(9,194)
Business Combinations ⁽²⁾	-	-	-	(33)	-	-	(3,869)	(3,903)
Provisions (-)	-	6	-	6	194	89	(651)	(355)
Withdrawals (-)	-	-	-	1,813	691	-	1,593	4,098
Foreign currency conversion effect	-	(75,003)	-	(2,565)	(1,072)	5	(16,825)	(95,460)
Other changes	-	(478)	-	(45)	(69)	(131)	893	170
Final amortization and impairment loss	(206,572)	(1,074,436)	-	(254,196)	(89,358)	(3,289)	(195,783)	(1,823,634)
Final balance, intangible assets	3,123,221	1,810,293	43,992	218,945	72,529	21,278	517,820	5,808,079

Advances delivered to third parties								
Initial Balance		200						200
Movement (+)		-						-
Movement (-)		-						-
Foreign currency conversion effect		-						-
Final Balance		200						200

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Includes easements, intangibles related to customers and other intangibles corresponding to premiums at Gas Service Stations.

⁽²⁾ Corresponds in 2020 to the intangible assets acquired through a business combination for the acquisition of AFINIA.

⁽³⁾ Includes purchases, capitalizable disbursements that meet the recognition criteria, and concessions. In 2020, purchases associated with capitalized development disbursements were allocated to IT projects: Digital Transformation, Sentinel Project, Treasury Project.

⁽⁴⁾ See [note 35](#). Costs for provision of services and note 36. Administrative expenses.

At the end of the periods, an impairment test was performed on the assets for those intangibles with an indefinite useful life. The detail of the value impairment recognized in the statement of comprehensive income is found in note 8. Asset value impairment.

The amortization of intangibles is recognized as costs and expenses in the statement of comprehensive income, section results for the period, in the lines costs for provision of services and administration expenses.

The book value at the cut-off date and the remaining amortization period for significant intangibles is:

Significant intangible assets	Service life	Remaining period of Amortization time for the period	2021	2020
Merchant credit	Indefinite		3,218,802	3,123,221
Chile Concession	Defined	13	809,600	1,242,627
Proyecto Central Generación Ituango - EPM	Indefinite		177,666	177,666
Espíritu Santo - EPM	Indefinite		82,980	82,980
Easements Corridor Lines 53 - EPM	Indefinite		63,040	63,040
Circuito Bello Distribution Network - EPM	Defined	41	58,337	58,337
Secondary Network Loca y Hato - EPM	Defined	3	35,086	35,086
Elektra Noreste S.A. - Commercial management system, ERP SAP and Other Software	Defined	1 to 14	113,358	72,725
Aguas Regionales S.A. E.S.P - Concessions	Defined	11 to 75	72,543	51,990
Deca- Intelligent Measurement System and System Attention to the user	Defined	1 to 5	52,131	23,794
Electricadora de Santander S.A. E.S.P - Servitudes	Indefinite		19,662	12,203
Distribución Eléctrica Delsur - SAP Commercial Management System	Defined	2 to 5	14,679	12,264

Amounts stated in millions of Colombian pesos -

The following intangible assets have an indefinite useful life: goodwill and easements, the latter are agreed upon in perpetuity. By definition, an easement is the real, perpetual or temporary right over someone else's property, by virtue of which it can be used, exercise certain rights of disposal, or prevent the owner from exercising some of his property rights (Art. 2970 of the Civil Code). At EPM, easements are not treated individually, since they are constituted for public service projects, where the general interest prevails over the individual, considering that the objective is to improve the quality of life of the community; The aforementioned projects do not have a defined timeframe, which is why they are constituted in perpetuity, supported by their use. However, there are some easements with defined useful lives, because they are tied to the useful life of the main asset that requires the easement.

Intangible assets with indefinite useful life	2021	2020
Merchant Credit		
Aguas de Antofagasta	1,608,117	1,662,625
Empresa eléctrica de Guatemala S.A.	1,136,071	994,110
Proyecto Central Generación Ituango	177,667	177,667
Elektra Noreste S.A.	129,876	121,749
Espíritu Santo	82,981	82,981
Empresas Varias de Medellín S.A. E.S.P	78,642	78,642
Empresa de Energía del Quindío S.A. E.S.P.	5,135	5,135
Surtigás Necoclí	303	303
Central Hidroeléctrica de Caldas S.A. E.S.P	10	10
Merchant credit subtotal	3,218,802	3,123,221
Other intangible assets		
Easements	212,241	205,060
Subtotal other intangible assets	212,241	205,060
Total intangible assets with indefinite useful life	3,431,043	3,328,281

Amounts stated in millions of Colombian pesos -

The variation with respect to 2020 is mainly due to the increase in exchange rates that generate a higher value of goodwill of international subsidiaries.

Note 8. Impairment of assets

8.1 Impairment of associated investments and joint ventures

The date of presentation of the financial statements, no impairment losses were recognized in the statement of comprehensive income, related to investments in associates and joint ventures.

8.2 Impairment of value of Cash Generating Units

For CGUs, the book value of goodwill and intangible assets with indefinite useful lives and value impairment losses (reversal) assigned for each type of asset are detailed below:

Cash Generating Unit	Value in books		Loss (reversal) of Depreciation the TES	
	2021	2020	2021	2020
Energy Generation Segment				
Merchant credit	260,647	260,647	-	-
Easements	854	794	(20)	55
Rights	-	-	-	308
Licenses	-	-	-	1
Grounds	-	-	(4,168)	4,328
Buildings	-	-	(7,294)	21,287
Plants, ducts and tunnels	-	-	(35,776)	65,434
Networks, lines and cables	-	-	-	1,053
Machinery and equipment	-	-	(305)	14,425
Furniture, fixtures and office equipment	-	-	(12)	16
Communication and computer equipment	-	-	(156)	175
Transport, traction and lifting equipment	-	-	(155)	163
Replacement Assets	-	-	(16)	18
Energy Generation	261,501	261,441	(47,902)	107,263
Energy Transmission Segment				
Easements	128,673	128,590	-	-
Transmission Energy	128,673	128,590	-	-
Energy Distribution Segment				
Merchant credit	1,271,092	1,121,004	-	-
Easements	85,862	65,922	-	-
Construction in progress	-	-	-	1,676
Plants, ducts and tunnels	-	-	-	51,802
Networks, lines and cables	-	-	-	19,893
Machinery and equipment	-	-	-	6,802
Furniture, fixtures and office equipment	-	-	-	42
Rights of use Buildings	-	-	-	3,959
Energy Distribution	1,356,954	1,186,926	-	84,174
Gas segment				
Merchant credit	303	303	-	-
Easements	3,693	3,692	-	-
Gas	3,996	3,995	-	-
Water supply segment				
Merchant credit	1,463,387	1,512,989	-	-
Easements	5,475	5,055	-	-
Grounds	-	-	9	-
Buildings	-	-	11	-
Plants, ducts and tunnels	-	-	1,527	-
Networks, lines and cables	-	-	3,848	-
Machinery and equipment	-	-	624	-
Medical and scientific equipment	-	-	5	-
Furniture, fixtures and office equipment	-	-	6	-
Communication and computer equipment	-	-	5	-
Transport, traction and lifting equipment	-	-	2	-
Water supply	1,468,862	1,518,044	6,037	-
Waste Water Management Segment				
Merchant credit	144,731	149,636	-	-
Easements	1,737	1,426	42	-
Concessions and franchises	-	-	-	8,830
Other intangibles	-	-	9	-
Grounds	-	-	6	-
Plants, ducts and tunnels	-	-	1	-
Networks, lines and cables	-	-	3,909	-
Management Wastewater	146,468	151,062	3,967	8,830
Solid Waste Management Segment				
Merchant credit	78,642	78,642	-	-
Solid Waste Management	78,642	78,642	-	-
Total	3,445,096	3,328,700	(37,898)	200,267

Amounts stated in millions of Colombian pesos -

Goodwill is assigned mainly to the segments or CGUs detailed below:

Cash Generating Unit	2021	2020	Generated Product From
Generación Energía EPM	260,647	260,647	Liquidation of subsidiary EPM Ituango S.A. E.S.P. and Espiritu Santo whose assets were transferred to EPM
Distribución Energía EDEQ	5,135	5,135	In addition to the acquisition by EPM Inversiones Business combination
Distribución Energía CHEC	10	10	In addition to the acquisition by EPM Inversiones Business combination
Distribución Energía EEGSA	1,136,071	994,111	In addition to the acquisition of Grupo DECA II by EPM Business combination
Distribución Energía ENSA	129,876	121,748	In addition to the acquisition of the Grupo PDG by EPM Business combination
Gas EPM	303	303	Combination of business with the Surtidora de Gas del Caribe S.A. E.S.P. made by EPM
Provisión Agua Adasa	1,577,144	1,631,651	In addition to the acquisition of the Aguas de Antofagasta by Inversiones Hanover
Gestión Aguas Residuales Adasa	30,974	30,974	In addition to the acquisition of the Aguas de Antofagasta by Inversiones Hanover
Gestión Residuos Sólidos Emvarias	78,642	78,642	In-place on the acquisition by EPM
Total	3,218,802	3,123,221	

Amounts stated in millions of Colombian pesos -

The intangible Easements is assigned mainly to the segments or CGUs that are detailed below:

Cash Generating Unit	2021	2020
Generación Energía EPM	444	444
Generación Energía CHEC	117	98
Generación Energía Hidroecológica del Teribe	293	252
Transmisión Energía EPM	128,636	128,555
Transmisión Energía ESSA	37	35
Distribución Energía EPM	35,942	29,473
Distribución Energía EDEQ	256	256
Distribución Energía CHEC	7,529	7,437
Distribución Energía CENS	9,263	9,263
Distribución Energía ESSA	19,625	12,168
Distribución Energía EEGSA	771	659
Distribución Energía ENSA	12,476	6,666
Gas EPM	3,693	3,692
Provisión Agua Adasa	261	270
Provisión Agua EPM	5,214	4,785
Gestión Aguas Residuales EPM	1,009	656
Gestión Aguas Residuales Aguas Nacionales	598	598
Gestión Aguas Residuales Aguas de Malambo	130	172
Total	226,294	205,479

Amounts stated in millions of Colombian pesos -

Pairment of assets and intangibles - CGU Wastewater Management of Ciudad Lerdo

In Ciudad Lerdo, the impairment of its assets was calculated based on IAS 36, seeking to ensure that the value of the assets that are accounted for as of December 31, 2021 reflects their recoverable value through their use or sale.

Use value: For which the estimation of the future cash flows that the company expects to obtain on the assets was made; Considering the expectations about possible variations in the value, it was also based on the most recent financial projections, the cash flow was calculated until 2029, the year in which the operation contract ends. The discount rate that was used for the valuation considers the yield that the owner would demand from this type of investment.

Based on the foregoing, and on the analysis of fixed assets subject to impairment allocation, the value of asset impairment as of December 31, 2021 amounts to \$44,873 Mexican pesos, resulting from:

- **Value in use:** \$34,029,103 Mexican pesos.
- **Book value of the CGU:** \$72,380,406 Mexican pesos.
- **Comparison value:** \$38,351,303 Mexican pesos.
- **Impaired value ⁽¹⁾:** \$44,873 Mexican pesos.
- **Impairment cost conversion rate** 189.58 COP / MX.



¹ Corresponds to the maximum impairment that was possible to assign to CGU assets according to IAS 36.



The key assumptions used by the group in determining value in use/fair value less costs to sell are as follows:

Concept	key assumption
Income	Revenues come from the operation of the Lerdo Wastewater Treatment Plant, treating ultrafiltration and reverse osmosis water sent to the Gómez Palacios and Guadalupe Victoria Combined Cycle Thermoelectric Power Plants at the request of the Federal Electricity Commission (CFE), projected until the expiration of the contract and based on historical consumption. Water delivered to the CFE 64 LPS over an installed capacity of 200 LPS.
Costs and expenses	The costs and expenses were estimated in compliance with plant maintenance, main supplies such as electricity, chemicals and personnel. Expenses are considered additional legal fees regarding lawsuits filed by the company. The cancellation of the deferred tax on which there are no expectations of recovery is presented.
Investment	No additional investments are estimated other than infrastructure maintenance.

Impairment of assets and intangibles - Water Provision CGU of Aguas de Malambo

In Aguas de Malambo, the impairment of its assets was calculated based on IAS 36, seeking to ensure that the value of the assets that are accounted for as of December 31, 2021 reflects their recoverable value through their use or sale.

Use value: For which the estimation of the future cash flows that the company expects to obtain from its operations was made; based on the most recent financial projections. The discount rate that was used for the valuation considers the yield that the owner would demand from this type of investment.



Based on the foregoing, and on the analysis of fixed assets subject to impairment allocation, the value of asset impairment as of December 31, 2021 amounts to \$6,037 and results from:

- **Value in use:** \$18,001 million Colombian pesos.
- **Book value of the CGU E:** \$24,038 million Colombian pesos.
- **Impaired value:** \$6,037 million Colombian pesos.

The key assumptions used by the group in determining value in use/fair value less costs to sell are as follows:

Concept	key assumption
Income	<p>As of February 2024, income is calculated with the rate modification that is being requested from the CRA.</p> <p>As of July 2026, income is calculated taking into account the POIR corresponding to the second decade.</p> <p>It is considered an affectation in the collection, in accordance with the real 2021 and the tariff modification</p>
Costs and expenses	<p>The costs and expenses were estimated according to the operation and maintenance of the subsidiary, whose main items are personnel, energy, chemical products, purchase of bulk water, operation and maintenance contracts, insurance and development of commercial activities such as cutting and reconnection service, billing and collection. Likewise, designs and studies required for the viability of projects and the expense for portfolio deterioration are considered.</p>
Investment	<p>The investments contemplated in the business plan are considered, mainly in pipes, accessories, intakes and pumping stations, necessary to increase the continuity and coverage in the Service Provision Area and the quality of the service provision.</p>



Impairment of assets and intangibles - CGU Wastewater Management of Aguas de Malambo

In Aguas de Malambo, the impairment of its assets was calculated based on IAS 36, seeking to ensure that the value of the assets that are accounted for as of December 31, 2021 reflects their recoverable value through their use or sale.

Use value: For which the estimation of the future cash flows that the company expects to obtain from its operations was made; based on the most recent financial projections. The discount rate that was used for the valuation considers the yield that the owner would demand from this type of investment.

Based on the foregoing, and on the analysis of fixed assets subject to impairment allocation, the value of asset impairment as of December 31, 2021 amounts to \$3,958 and results from:

- **Value in use:** \$13,035 million Colombian pesos.
- **Book value of the CGU:** \$16,993 million Colombian pesos.
- **Impaired value:** \$3,958 million Colombian pesos.

The key assumptions used by the group in determining value in use/fair value less costs to sell are as follows:

Concept	key assumption
Income	As of February 2023, the remuneration for the operation of the La Milagrosa WWTP is incorporated, in January 2024 considering the tariff modification and as of July 2026 the income is calculated considering the POIR corresponding to the second decade. It is considered an affectation in the collection, in accordance with the real 2021 and the tariff modification
Costs and expenses	The costs and expenses were estimated in compliance with the operation and maintenance of the subsidiary, whose main items are personnel, maintenance contracts, energy, sludge transportation, environmental taxes, among others.
Investment	The investments considered in the business plan are contemplated, mainly in pipes, accessories and collectors, considering the physical infrastructure and the closing of gaps between users.

The value in use and book value of the CGU at the end of 2021 that present intangible assets with an indefinite useful life is detailed below:

Cash Generating Unit	Functional currency	Value in use	Value in books
Provisión Agua EPM	Colombian Pesos	3,674,470	3,056,164
Gestión Aguas Residuales EPM	Colombian Pesos	1,752,611	1,302,579
Generación Energía EPM	Colombian Pesos	25,744,212	18,338,578
Transmisión Energía EPM	Colombian Pesos	1,215,189	788,720
Distribución Energía EPM	Colombian Pesos	7,627,538	4,637,674
Gas EPM	Colombian Pesos	1,695,744	748,805
Distribución Energía CENS	Colombian Pesos	1,789,774	954,329
Generación Energía CHEC	Colombian Pesos	250,799	226,381
Distribución Energía CHEC	Colombian Pesos	866,054	549,898
Distribución Energía EDEQ	Colombian Pesos	361,278	224,224
Transmisión Energía ESSA	Colombian Pesos	220,276	61,920
Distribución Energía ESSA	Colombian Pesos	2,243,925	1,639,089
Distribución Energía EEGSA	Quetzales	5,716	4,515
Distribución Energía ENSA	Us Dollars	906	514
Gestión Aguas Residuales Aguas Nacionales	Colombian Pesos	3,742,660	1,888,059
Gestión Residuos Sólidos Emvarias	Colombian Pesos	411,032	219,029
Distribución Energía Afinia	Colombian Pesos	1,954,261	874,945
Provisión Agua Adasa	Chilean Pesos	739,908	691,871
Gestión Aguas Residuales Adasa	Chilean Pesos	73,178	66,198
Gestión Aguas Residuales Aguas de Malambo	Colombian Pesos	26,700	16,744
Generación Energía Hidroecológica del Teribe	Us Dollars	121	120

Amounts stated in millions of Colombian pesos -

Note 9. Investments in subsidiaries

The detail of the Group's subsidiaries at the date of the reporting period is as follows:



Subsidiary Name		Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
				2021	2020	2021	2020	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)		Colombia	It provides public electricity services, purchase, sale and distribution of electricity.	92.85%	92.85%	7.15%	7.15%	12/22/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)		Colombia	It provides public energy services, operating electric power generation plants, transmission and sub-transmission lines and distribution networks, as well as the commercialization, import, distribution and sale of electric power.	80.10%	80.10%	19.90%	19.90%	09/09/1950
Electrificadora de Santander S.A. E.S.P. (ESSA)		Colombia	Provides public electricity services purchase, sale, marketing and distribution of electricity.	74.05%	74.05%	25.95%	25.95%	09/16/1950
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)		Colombia	Provides public electricity services, purchase, export, import, distribution and sale of electricity, construction and operation of generating plants, substations, transmission lines and distribution networks.	91.52%	91.52%	8.48%	8.48%	10/16/1952
Caribemar de la Costa S.A.S. E.S.P. (AFINIA)	(1)	Colombia	It provides public services of distribution and commercialization of electrical energy, as well as the performance of all related activities, works, services and products.	100%	100%	-	-	10/1/2020
Elektra Noreste S.A. (ENSA)		Panama	Acquires energy, transports, distributes to customers, transforms voltage, installs, operates and maintains public lighting, authorized to generate energy up to a limit of 15% of the maximum demand in the concession area.	51.16%	51.16%	48.84%	48.84%	01/19/1998
Hidroecológica del Teribe S.A. (HET)		Panama	Bonyic hydroelectric project required to meet the growth in energy demand of the Isthmus of Panama.	99.68%	99.68%	0.32%	0.32%	11/11/1994

Subsidiary Name	Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
			2021	2020	2021	2020	
Empresa Eléctrica de Guatemala S.A. (EEGSA)	Guatemala	Provides electricity distribution services.	80.90%	80.90%	19.10%	19.10%	5/10/1939
Gestión de Empresas Eléctricas S.A. (GESA)	Guatemala	Provides advice and consultancies to electricity distribution, generation and transportation companies.	100%	100%	-	-	12/17/2004
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Guatemala	Provides outsourcing services in the area of materials management.	99.94%	99.94%	0.06%	0.06%	03/23/2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	Guatemala	Provides electricity trading services.	80.52%	80.52%	19.48%	19.48%	5/11/1998
Transportista Eléctrica Centroamericana S.A. (TRELEC)	Guatemala	Provides electricity transmission services.	80.90%	80.90%	19.10%	19.10%	6/10/1999
Enérgica S.A. (ENERGICA)	Guatemala	It provides construction and maintenance services for projects and assets in the electricity sector.	78.19%	78.19%	21.81%	21.81%	08/31/1999
Crediegsa S.A. (CREDIEGSA)	Guatemala	Provides recruitment services and other administrative services	80.90%	80.90%	19.10%	19.10%	12/1/1992
Distribuidora de Electricidad del Sur (DELSUR)	The Savior	Transformation, distribution and commercialization of electricity that supplies energy to the south-central zone of El Salvador in Central America.	86.41%	86.41%	13.59%	13.59%	11/16/1995
Innova Tecnología y Negocios S.A. de C.V.	The Savior	Provision of specialized services in electrical engineering and sale of electrical appliances to users of electrical energy of the Delsur company.	86.41%	86.41%	13.59%	13.59%	10/19/2010

Subsidiary Name		Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
				2021	2020	2021	2020	
Aguas Regionales EPM S.A. E.S.P.	(2)	Colombia	It provides residential public services of aqueduct, sewage and sanitation, treatment and use of garbage, complementary activities and engineering services typical of these public services.	99.99%	99.99%	0.01%	0.01%	11/29/2002
Aguas Regionales EPM S.A. E.S.P.	(3)	Colombia	Guarantee the provision of residential public services of aqueduct, sewerage and sanitation and compensate for the lag in the infrastructure of these services in the partner municipalities.	74.57%	74.57%	25.43%	25.43%	01/18/2006
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		Colombia	It provides home public water and sewage services, as well as other complementary activities specific to each of these public services.	56.02%	56.02%	43.98%	43.98%	11/22/1999
Aguas de Malambo S.A. E.S.P.	(4)	Colombia	Dedicated to guaranteeing the provision of residential public services of aqueduct, sewerage and sanitation in the jurisdiction of the Municipality of Malambo Department of Atlántico.	98.57%	98.52%	1.43%	1.48%	11/20/2010
Ecosistemas de Colima S.A. de C.V.		Mexico	Dedicated to developing the executive project for the wastewater treatment plant, its construction, equipment and commissioning, conservation and maintenance, sludge stabilization in municipalities of the State of Colima.	100%	100%	-	-	02/14/2006
Ecosistemas de Tuxtla S.A. de C.V.		Mexico	Dedicated to the construction, equipment, start-up, operation and maintenance of a wastewater treatment system with the modality of total recoverable private investment. Develop drinking water projects and treatment plants.	100%	100%	-	-	11/17/2006
Ecosistema de Ciudad Lerdo S.A. de C.V.		Mexico	Subsidiary dedicated to the construction, equipping, start-up, operation and maintenance for 20 years of a wastewater treatment system in the city of Lerdo Durango, with the fully recoverable private investment modality.	100%	100%	-	-	04/24/2007

Subsidiary Name	Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
			2021	2020	2021	2020	
Aquasol Morelia S.A. de C.V.	Mexico	Subsidiary dedicated to the construction of a wastewater treatment plant, as well as the equipment and start-up of said plant located in the town of Atapaneo in the Municipality of Morelia Michoacán.	100%	100%	-	-	11/13/2003
Ecosistemas de Celaya S.A. de C.V.	Mexico	Dedicated to the development of the executive project for the wastewater treatment plant, as well as the treatment, transportation and final disposal of solid waste and sludge at the plant in the city of Celaya, state of Guanajuato.	100%	100%	-	-	5/12/2008
Desarrollos Hidráulicos de Tampico S.A. de C.V.	Mexico	Dedicated to the construction, equipment, expansion, improvement, conservation, maintenance and operation of water supply systems and sewage services, collection, drainage and wastewater treatment works.	100%	100%	-	-	08/25/1995
Ecoagua de Torreón S.A. de C.V.	Mexico	Dedicated to providing wastewater treatment operation services from any source, whether municipal or domestic, as well as activities related to wastewater treatment.	100%	100%	-	-	10/25/1999
Proyectos de Ingeniería Corporativa S.A. de C.V.	Mexico	Provision of design services, engineering in general or construction, professional and technical services aimed at operating, managing, directing and in general carrying out all the activities that are necessary for the development of activities of any company of a commercial, industrial or of services, in its modality of natural or moral person.	100%	100%	-	-	08/01/2008

Subsidiary Name	Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
			2021	2020	2021	2020	
Corporación de Personal Administrativo S.A. de C.V.	Mexico	Provision of professional services aimed at operating, managing, directing and in general carrying out all the activities that are necessary for the development of activities of any company of a commercial, industrial or service type in its modality of natural or legal person, as well as also the administration, selection, hiring and exchange of personnel who perform functions within the facilities of the requesting companies.	100%	100%	-	-	08/01/2008
Aguas de Antofagasta S.A.	Chile	Construction and operation of the public services for the production and distribution of drinking water and the collection and disposal of wastewater through the operation of the sanitary concessions of the Empresa de Servicios Sanitarios de Antofagasta SA (currently Econssa Chile SA), and the performance of other benefits related to said activities, all in the manner and conditions established in decrees with Force of Law numbers 382 and 70, both of the year 1998, of the Ministry of Public Works, and other pertinent regulations. For this, on December 29, 2003, Aguas de Antofagasta SA signed with Empresa de Servicios Sanitarios de Antofagasta SA (current Empresa Concesionaria de Servicios Sanitarios SA - Econssa SA) the "Contract for the transfer of the right to exploit sanitary concessions ", for a total term of 30 years from the date of subscription.	100%	100%	-	-	11/28/2003
Empresas Varias de Medellín S.A. E.S.P.	Colombia	Subsidiary dedicated to the provision of public sanitation services within the framework of comprehensive solid waste management.	99.93%	99.93%	0.07%	0.07%	01/11/1964
EPM Inversiones S.A.	Colombia	Dedicated to capital investment in national or foreign companies organized as public service companies.	99.99%	99.99%	0.01%	0.01%	08/25/2003
Maxseguros EPM Ltd.	Bermuda	Negotiation, contracting and management of reinsurance for policies that protect assets.	100%	100%	-	-	04/23/2008

Subsidiary Name	Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
			2021	2020	2021	2020	
Panamá Distribution Group S.A. - PDG	Panama	Capital investment in companies.	100%	100%	-	-	10/30/1998
Distribución Eléctrica Centroamericana DOS S.A. - DECA II	Guatemala	It makes capital investments in companies dedicated to the distribution and commercialization of electrical energy and to providing telecommunications services.	100%	100%	-	-	03/12/1999
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	Guatemala	Subsidiary dedicated to making investments in real estate.	80.90%	80.90%	19.10%	19.10%	06/15/2006
Promobiliaria S.A.	Panama	Buy, sell, build, modify, manage, lease and in general enter into any contract for the disposal, improvement, use and usufruct of real estate not necessary for the operation owned by the companies that make up Grupo EPM.	100%	100%	-	-	09/08/2015
EPM Latam S.A.	Panama	Make capital investments in companies.	100%	100%	-	-	05/17/2007
EPM Capital México S.A. de C.V.	Mexico	It develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, water treatment plants, sewage, wastewater treatment, buildings, as well as their operation, studies and services.	100%	100%	-	-	4/05/2012
EPM Chile S.A.	Chile	It develops projects for energy, lighting, gas, telecommunications, sanitation, sewage treatment plants and wastewater treatment, as well as providing said services and participating in all kinds of public or private tenders and auctions.	100%	100%	-	-	02/22/2013

Subsidiary Name		Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
				2021	2020	2021	2020	
Inversiones y Proyectos Hidrosur SpA.	(5)	Chile	Participate in all kinds of contests, tenders, auctions, whether public and/or private, in the purchase of shares in national or foreign companies. Make strategic alliances, joint ventures and sign business collaboration agreements to participate in tenders, obtain concessions and/or authorizations. Provide all kinds of advice and services related directly or indirectly to the activities carried out and in which the company is involved.	100%	100%	-	-	12/16/2014
Tecnología Intercontinental S.A. de C.V. TICSA	(6)	Mexico	Dedicated to the study, development, promotion and execution of industrial projects, design, manufacture, assembly and assembly of machinery, development of technology including marketing, commercial representation and trade in general.	100%	100%	-	-	07/28/1980
ENSA Servicios S.A.		Panama	Provision of technical, commercial and any other complementary services to the provision of the electricity service, without limiting other analogous, related and/or compatible services that constitute an added value to the activities described.	51.16%	51.16%	48.84%	48.84%	11/29/2017
FID 20431 SOMOS EPM (antes Patrimonio Autónomo Financiación Social)	(7)	Colombia	Manage the resources and payments of the social financing program created to make it easier for users to purchase household appliances, gas appliances and products related to information technology.	100%	100%	-	-	04/14/2008
FID 20432 SOMOS CHEC	(7)	Colombia	Manage the resources and payments of the social financing program created to make it easier for users to purchase household appliances, gas appliances and products related to information technology.	80.10%	80.10%	19.90%	19.90%	10/11/2020
FID 20433 SOMOS EDEQ	(7)	Colombia	Manage the resources and payments of the social financing program created to make it easier for users to purchase household appliances, gas appliances and products related to information technology.	92.85%	92.85%	7.15%	7.15%	10/11/2020

Subsidiary Name		Location (country)	Main activity	Ownership percentage and voting rights		Percentage of participation of the non-controlling party		Date of Establishment
				2021	2020	2021	2020	
FID 20434 SOMOS ESSA	(7)	Colombia	Manage the resources and payments of the social financing program created to make it easier for users to purchase household appliances, gas appliances and products related to information technology.	74.05%	74.05%	25.95%	25.95%	10/11/2020



⁽¹⁾ Subsidiary acquired by the EPM Group through a share purchase transaction completed on October 1, 2020 [\(see note 10. Business combinations\)](#).

⁽²⁾ On November 23, 2020, EPM capitalized Aguas Regionales EPM SAESP for \$113,397.

⁽³⁾ In December 2020, EPM capitalized Aguas Regionales EPM SAESP for \$13,587, said capitalization was made in two rounds with payments made on December 28, 2020 for \$10,087 and on January 6, 2021 for \$3,500, in accordance with the terms of the share subscription regulation.

⁽⁴⁾ In March 2021, EPM capitalized Aguas de Malambo SAESP with the treasury loan (plus interest) that had been granted to said subsidiary for a total value of \$1,433; subsequently, in May 2021, he capitalized it with a cash contribution of \$567.

⁽⁵⁾ On December 16, 2020, EPM Chile SA capitalized Inversiones y Proyectos Hidrosur SpA for USD \$15,500,000 (COP\$ 53,723).

⁽⁶⁾ In June 2021, EPM Capital México SA de CV capitalized Tecnología Intercontinental SA de CV TICSА for MXN 3,832,352. (COP\$723).

⁽⁷⁾ Autonomous equity (structured entity) managed under commercial trust contract No. FID 4-2-2043 We are Grupo EPM Loyalty and Relationship Program, signed with Fiduciaria de Occidente SA on November 10, 2020.

The financial information of the Group's subsidiaries that have significant non-controlling interests at the date of the reporting period is as follows:

December 31, 2021	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other Comprehensive income	Total end result	Statement of cash flows
						continued operations			
Elektra Noreste S.A. (ENSA)	587,927	2,610,744	953,930	1,401,887	2,016,297	125,104	98,654	223,758	38,041
Empresa Eléctrica de Guatemala S.A. (EEGSA)	1,022,629	1,935,981	674,772	950,343	2,379,006	207,110	165,374	372,484	20,461
Electrificadora de Santander S.A. E.S.P. (ESSA)	385,805	1,842,576	483,971	873,006	1,464,797	235,644	24,027	259,671	82,895
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	313,913	1,036,048	264,205	604,966	985,344	107,107	26,774	133,881	101,142
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	311,564	452,721	282,536	309,340	1,122,956	48,506	23,934	72,440	37,932
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	272,134	994,119	203,446	509,105	917,591	148,255	7,916	156,171	72,887
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	146,956	1,648	36,890	14,469	409,800	22,305	9,199	31,504	4,099
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	99,045	238,450	64,704	93,104	294,551	38,866	3,911	42,777	30,459
Transportista Eléctrica Centroamericana S.A. (TRELEC)	99,632	1,263,246	126,789	533,551	163,686	81,518	92,973	174,491	405
Aguas Regionales EPM S.A. E.S.P.	48,934	195,541	33,654	71,103	71,425	14,227	-	14,227	26,309
Other participations ⁽¹⁾	776,592	4,694,137	580,541	610,361	829,640	630,650	103,822	734,472	368,449

Amounts stated in millions of Colombian pesos -

December 31, 2020	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other Comprehensive income	Total end result	Statement of cash flows
						continued operations			
Elektra Noreste S.A. (ENSA)	734,507	2,054,912	1,233,157	868,808	2,065,381	74,526	23,961	98,487	167,217
Empresa Eléctrica de Guatemala S.A. (EEGSA)	641,214	1,669,023	392,165	893,334	2,239,651	147,559	30,549	178,108	17,434
Electrificadora de Santander S.A. E.S.P. (ESSA)	334,859	1,689,133	516,361	826,830	1,268,295	138,137	(3,613)	134,524	135,679
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	286,548	1,024,373	243,313	720,700	856,035	67,938	(11,193)	56,745	133,248
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	168,047	383,982	257,570	158,237	919,556	37,491	(10,386)	27,105	24,372
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	273,766	926,944	341,473	379,975	831,760	77,062	(1,447)	75,615	51,239
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	99,584	1,226	21,656	7,026	302,022	11,572	3,955	15,527	7,170
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	98,934	226,510	78,958	80,686	258,644	27,739	221	27,960	44,323
Transportista Eléctrica Centroamericana S.A. (TRELEC)	93,135	1,013,495	567,834	3,135	153,268	76,455	11,313	87,768	595
Aguas Regionales EPM S.A. E.S.P.	55,267	175,462	38,346	66,890	60,355	9,294	-	9,294	31,136
Other participations ⁽¹⁾	517,828	4,124,039	352,603	516,599	691,509	392,715	28,962	421,677	278,030

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to investments in subsidiaries where the non-controlling interest is not significant in terms of equity participation and/or the amount of the financial figures of each entity, and includes the following subsidiaries: Hidroecológica del Teribe S.A., Enérgica S.A., Credieegsa S.A., Aguas Regionales EPM S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Empresas Varias de Medellín S.A. E.S.P., EPM Inversiones S.A., Inmobiliaria y Desarrolladora Empresarial de América S.A., Innova Tecnología y Negocios S.A. de C.V. y Almacenaje y Manejo de Materiales Eléctricos S.A.

The result for the period, the dividends paid, and the equity assigned to the non-controlling interests at the date of the reporting period is as follows:

Non-controlling participations	December 31, 2021			
	Equity	Profit or loss	Other Comprehensive Income	Dividends paid
Elektra Noreste S.A. (ENSA)	411,398	61,096	207	40
Electrificadora de Santander S.A. E.S.P. (ESSA)	226,156	61,157	6,236	17,923
Empresa Electrica de Guatemala S.A. (EEGSA)	254,670	39,554	(27)	14,325
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	110,182	29,502	1,575	-
Transportista Electrica Centroamericana S.A. (TRELEC)	134,170	15,568	-	1,962
Centrales Electricas del Norte de Santander S.A. E.S.P.	40,776	9,084	2,271	-
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	23,308	6,597	206	6,801
Aguas Regionales EPM S.A. E.S.P.	35,537	3,618	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	18,572	4,260	-	2,177
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	12,839	2,777	279	2,064
Other uncontrolled participations ⁽¹⁾	27,923	8,651	2	7,409

Amounts stated in millions of Colombian pesos -

Non-controlling participations	December 31, 2020			
	Equity	Profit or loss	Other Comprehensive Income	Dividends paid
Elektra Noreste S.A. (ENSA)	335,392	36,396	(44)	-
Electrificadora de Santander S.A. E.S.P. (ESSA)	176,689	35,851	(938)	38,543
Empresa Electrica de Guatemala S.A. (EEGSA)	195,704	28,181	(775)	13,814
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	95,369	15,335	(288)	27,921
Transportista Electrica Centroamericana S.A. (TRELEC)	102,300	14,601	-	1,315
Centrales Electricas del Norte de Santander S.A. E.S.P.	29,421	5,762	(949)	-
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	18,488	5,002	(179)	9,073
Aguas Regionales EPM S.A. E.S.P.	31,918	2,364	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	13,775	2,210	-	2,628
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	11,847	1,982	16	2,593
Other uncontrolled participations ⁽¹⁾	23,242	8,695	1	8,369

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to investments in subsidiaries where the non-controlling interest is not significant and includes the following companies: Inmobiliaria y Desarrolladora Empresarial de América S.A., Enérgica S.A., Aguas de Malambo S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Hidroecológica del Teribe S.A., Crediegsa S.A., Aguas Regionales EPM S.A. E.S.P., Empresas Varias de Medellín S.A. E.S.P. y Almacenaje y Manejo de Materiales Eléctricos S.A.

9.1 Significant restrictions

As of December 31, 2021 and 2020, the Group does not have significant restrictions to access or use the assets, settle liabilities of the Group, nor do non-controlling interests have protective rights that may restrict the Group's ability to access or use the assets and settle liabilities of subsidiaries or restrict dividends and other distributions of capital.

In September 2020, the wastewater treatment plants of Tierra Negra, Morelos and the osmosis and microfiltration treatment plant - PTOI, were confiscated by the Municipal Commission of Drinking Water and Sewerage of the Conurbation Zone of the Mouth of the Pánuco River-COMAPA arguing alleged irregularities, as of that date total control of the operations of the wastewater treatment plants was lost. Consequently, the Subsidiary Desarrollo Hidráulicos de Tampico SA de CV carried out 3 protection lawsuits before the competent authorities, the results of which were favorable and allowed the recovery of the Tierra Negra WWTP facilities on September 14, 2021, subsequently the recovery of the PTOI on September 15 and finally, on September 17, 2021, the delivery of the Morelos WWTP by COMAPA. Therefore, as of December 31, 2021, the Group has recovered the operation of the three indicated plants and expects to recover the cash flow in the following months.



9.2 Consolidated structured entities

As of December 31, 2021, and 2020, the Group has the following consolidated structured entities:

Structured Entity	*****			
	Participation in the entity	Total Assets	Total liabilities	Net result of the period
FID 20431 SOMOS EPM (formerly Patrimonio Autónomo Financiación Social)	100%	217,542	22,958	27,663
FID 20432 SOMOS CHEC	80.10%	21,888	543	867
FID 20433 SOMOS EDEQ	92.85%	5,040	711	(151)
FID 20434 SOMOS ESSA	74.05%	4,399	825	(326)

Amounts stated in millions of Colombian pesos -

Structured Entity	*****			
	Participation in the entity	Total Assets	Total liabilities	Net result of the period
FID 20431 SOMOS EPM (formerly Patrimonio Autónomo Financiación Social)	100%	191,467	13,239	19,776
FID 20432 SOMOS CHEC	80.10%	20,861	809	1,416
FID 20433 SOMOS EDEQ	92.85%	1,762	42	18
FID 20434 SOMOS ESSA	74.05%	567	25	(25)

The Group has no obligation to provide financial support to the above structured entities.

9.3 Loss of control of subsidiaries

As of December 31, 2021, and 2020, there were no transactions or economic events that implied the loss of control of subsidiaries.



Note 10. Business combinations

As a result of the execution of a Share Acquisition Agreement with Electrificadora del Caribe SAESP, Grupo EPM obtained on October 1, 2020, the date from which it began operations, control of CaribeMar de la Costa SAS ("CaribeMar" or the "Company" under the Afinia Brand) through the acquisition of 100% of its shares and therefore of the voting rights through Empresas Públicas de Medellín ESP (85%) and EPM Latam SA (15%).

During the reporting period, the following adjustments were made to accounting for the business combination of AFINIA:

Concept	Book value	Adjustments(1)	Fair Value Measurement
Assets, liabilities, equity holdings or compensation items			
Equity investments	32,355	(2,488)	29,868
Trade and other accounts receivable	1,443,740	68	1,443,808
Cash and cash equivalents	681,408	(10)	681,398
Employee benefits	25,362	2,627	27,989
Creditors and other Accounts payable companies	250,797	888	251,686
Provisions	922	(12)	910
Other liabilities	897,257	(90)	897,167
Transfer compensation	119,244	4,195	123,439
Total	863,921	(10,039)	853,882

Amounts stated in millions of Colombian pesos -



¹ Represented an adjustment to the result for business combination of -\$10,039, which is presented in the Consolidated Statement of Comprehensive Income in the line of Effect for participation in equity investments.

At the end of the reporting period, the purchase price allocation process for the business combination is complete.

Note 11. Investments in associates

The detail of investments in associates of the Group at the date of the reporting period is as follows:

Associate name	Location (Country)	Main activity	Percentage of participation and voting rights		Creation date
			2021	2020	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy at the national and international level of the Pescadero Hituango Hydroelectric Power Plant	46.45%	46.45%	8/06/1998
Hidroeléctrica del Rio Aures S.A. E.S.P.	Colombia	Generation and commercialization of electric power through a hydroelectric power plant, located in the jurisdiction of the municipalities of Abejorral and Sonson. Of the Department of Antioquia	32.99%	32.99%	14/05/1997
UNE EPM Telecomunicaciones S.A.	Colombia	Provision of telecommunications services Information and communication technologies Information services and follow-up activities.	50.00%	50.00%	23/06/2006
Inversiones Telco S.A.S.	Colombia	Invest in companies whose social objects are based on the provision of business process outsourcing (BPO) services for companies, especially but not limited to telecommunications companies.	50.00%	50.00%	5/11/2013
VE Servicios de Eficiencia Energética S.A.S. ⁽¹⁾	Colombia	Carry out all the activities, works and services own or related to the installation, operation and production of energy of each of the energy efficiency projects developed by EV Alianza Energética S.A., such as the provision of energy and technological solutions, production, transformation, purchases, sale and supply of energy, gas and related products such as biogas; consulting services.	2.1%	2.1%	21/02/2017

Amounts stated in millions of Colombian pesos -



⁽¹⁾ As of December 31, 2021, the Group continues to have significant influence over the financial and operating policy decisions of this company [\(see note 3\)](#).

The value of investments in associates at the date of the reporting period is as follows:

Associate	2021				2020			
	Investment value				Investment value			
	Cost	Equity metod	Dividends	Total	Cost	Equity metod	Dividends	Total
UNE EPM Telecomunicaciones S.A.	2,342,488	(1,052,290)	-	1,290,198	2,342,488	(780,910)	(12,547)	1,549,031
Inversiones Telco S.A.S.	55,224	30,790	(8,805)	77,209	55,224	27,093	(14,508)	67,809
Hidroeléctrica Ituango S.A. E.S.P.	34,313	(10,434)	-	23,879	34,313	(10,841)	-	23,472
Hidroeléctrica del Río Aures S.A. E.S.P.	2,478	88	-	2,566	2,478	159	-	2,637
VE Servicios de Eficiencia Energética S.A.S.	97	(34)	-	63	88	(4)	-	84
Total investments in associates	2,434,600	(1,031,880)	(8,805)	1,393,915	2,434,591	(764,503)	(27,055)	1,643,033

Amounts stated in millions of Colombian pesos -

The detail of the equity method recognized in profit or loss for the period and in other comprehensive income for the period is as follows:

Associated	2021			2020		
	Period equity method		Total	Period equity method		Total
	Period Result	Other comprehensive result		Period Result	Other comprehensive result	
UNE EPM Telecomunicaciones S.A.	(282,425)	20,666	(261,759)	(101,941)	47	(101,894)
Inversiones Telco S.A.S.	18,130	-	18,130	9,783	-	9,783
Hidroeléctrica Ituango S.A. E.S.P.	407	-	407	293	-	293
Hidroeléctrica del Río Aures S.A. E.S.P.	(71)	-	(71)	(135)	-	(135)
VE Servicios de Eficiencia Energética S.A.S.	(12)	(10)	(22)	-	-	-
Total	(263,971)	20,656	(243,315)	(92,000)	47	(91,952)

Amounts stated in millions of Colombian pesos -

The financial information of the significant associates of the Group at the date of the reporting period is as follows. All associates are accounted for using the equity method in the consolidated financial statements:

2021	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other comprehensive result	Total comprehensive income	Dividend income
						Continued operations			
UNE EPM Telecomunicaciones S.A.	2,086,877	7,411,338	2,604,861	5,871,077	5,131,194	(572,492)	41,328	(531,164)	-
Inversiones Telco S.A.S.	204,447	146,218	120,335	75,912	572,843	36,260	-	36,260	19,073
Hidroeléctrica Ituango S.A. E.S.P.	38,396	89,443	942	75,516	983	875	-	875	-
VE Servicios de Eficiencia Energética S.A.S.	2,861	7,424	6,280	-	1,763	195	-	195	-
Hidroeléctrica del Río Aures S.A. E.S.P.	981	13,763	6,747	-	-	(215)	-	(215)	-

Amounts stated in millions of Colombian pesos -

2020	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Other comprehensive result	Total comprehensive income	Dividend income
						Continued operations			
UNE EPM Telecomunicaciones S.A.	1,875,321	7,455,526	2,024,214	5,759,047	4,843,434	(212,543)	104	(212,439)	12,547
Inversiones Telco S.A.S.	163,965	125,474	88,519	55,996	428,756	9,420	-	9,420	4,239
Hidroeléctrica Ituango S.A. E.S.P.	18,338	109,916	874	76,874	694	254	-	254	-
VE Servicios de Eficiencia Energética S.A.S.	2,861	7,424	6,280	-	1,763	195	-	195	-
Hidroeléctrica del Río Aures S.A. E.S.P.	1,272	13,684	6,742	-	-	(409)	-	(409)	-

Amounts stated in millions of Colombian pesos -

The financial information of these companies, the basis for applying the equity method, is prepared under Accounting and Financial Reporting Standards Accepted in Colombia (NCIF) and adjusted to the Group's accounting policies.

Significant restrictions

As of December 31, 2021, and 2020, the Group has no significant restrictions on investments in associates related to the transfer of funds to the Group in the form of cash dividends, or repayment of loans or advances made by the Group, except in the case of UNE EPM Telecomunicaciones SA in which it will be mandatory to distribute as a dividend at least fifty percent (50%) of the net profits of the period after appropriations and/or legal, statutory and occasional reserves, as long as the level of consolidated financial debt does not exceed 2 times the EBITDA of the same period.

Note 12. Investments in joint ventures

The detail of the Group's joint ventures at the date of the reporting period is as follows:

Joint venture name	Location (Country)	Main activity	Percentage of participation and voting rights		Creation date
			2021	2020	
Parques del Río S.A.S. (1)	Colombia	Construction, operation and support of the Medellín Parques del Río project, as well as acting as urban project manager.	33%	26/11/2015
Centro de Servicios Compartidos SAS (2)	Colombia	General technology services, technological infrastructure services, specialized business technology services and other specialized services.	05/08/2020



⁽¹⁾ Joint venture established on November 26, 2015, in which the Municipality of Medellín, Intervial Colombia S.A.S., Empresa de Transporte Masivo del Valle de Aburrá Ltda. (Metro) and EPM participate. The strategic support of EPM's participation in said company is based on the following aspects:

- Apply EPM's experience in large-scale infrastructure developments.
- EPM is authorized to participate by the POT.

⁽²⁾ Joint business established on August 5, 2020, in which CaribeSol de la Costa SASESP and AFINIA participate, whose objective is to provide technology services to both companies.

The value of investments in joint ventures at the cut-off date was:

Joint venture name	2021			2020		
	Investment value			Investment value		
	Cost	Equity method	Total	Cost	Equity method	Total
Parques del Río S.A.S. (1)	99	(54)	45	99	(46)	53
Centro de Servicios Compartidos SAS (2)	29,868	(5,859)	24,009	32,355	59	32,414
Total	29,967	(5,913)	24,054	32,454	12	32,467

Amounts stated in millions of Colombian pesos -

The detail of the equity method recognized in the result of the period and in the other result integral of the period is the following:

Joint venture name	2021			2020		
	Equity method participation		Total	Equity method participation		Total
	Period Result	Other comprehensive result		Period Result	Other comprehensive result	
Parques del Río S.A.S. (1)	(8)	-	(8)	(29)	-	(29)
Centro de Servicios Compartidos SAS (2)	(5,917)	-	(5,917)	59	-	59
Total	(5,925)	-	(5,925)	29	-	29

Amounts stated in millions of Colombian pesos -

The financial information of the significant joint ventures of the Group at the date of the reporting period is as follows. All joint ventures are accounted for using the equity method in the consolidated financial statements:

2021	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Total comprehensive income	Dividend income
						continued operations		
Parques del Río S.A.S. (1)	141	-	4	-	-	(24)	(24)	-
Centro de Servicios Compartidos SAS (2)	14,623	45,562	9,678	-	59,635	(14,322)	(14,322)	-

Amounts stated in millions of Colombian pesos -

2020	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result	Total comprehensive income	Dividend income
						continued operations		
Parques del Río S.A.S. (1)	161	-	1	-	-	(29)	(29)	-
Centro de Servicios Compartidos SAS (2)	47,351	60,765	7,344	35,945	14,240	117	117	-

Amounts stated in millions of Colombian pesos -

As of December 31, 2021, Parques del Rio SAS is in the pre-operational stage and has no operating income.

The financial information of the companies, the basis for applying the equity method, is prepared under Accounting and Financial Reporting Standards Accepted in Colombia (NCIF for its initials in Spanish) and adjusted to the Group's accounting policies.

Significant restrictions

As of December 31, 2021, and 2020, the Group has no significant restrictions on investments in joint ventures related to the transfer of funds to the Group in the form of cash dividends, or repayment of loans or advances made by the Group.

Note 13. Trade and other accounts receivable

The detail of the trade debtors and other accounts receivable of the Group at the date of the reporting periods is as follows:



Trade and other accounts receivable	2021	2020
Non-current		
Public service Debtors ⁽¹⁾	1,043,865	801,952
Value-of-the-public services Depreciation	(371,690)	(401,236)
Employee loans	141,129	122,345
Value-based loans employees Depreciation	(90)	(10)
Dividends and shares receivable	-	17
Contracts for the management of public services	574,269	536,651
Indemnities	-	110,865
Other services	65	125
Other Debtors Receivable	167,541	131,254
Value-based other loans Depreciation	(20,646)	(25,207)
Non-current total	1,534,443	1,276,757
Current		
Public service Debtors ⁽¹⁾	6,056,201	4,912,954
Value-of-the-public services Depreciation	(1,721,629)	(1,731,674)
Employee loans	53,300	46,157
Value-based loans employees Depreciation	(33)	(58)
Dividends and shares receivable	-	10,269
Other contracts with customers	2,327	598
Contracts for the management of public services	85,349	76,174
Indemnities ⁽²⁾	2,529,875	317,648
Other services	312,288	228,455
Other Debtors Receivable	660,405	567,275
Value-based other loans Depreciation	(352,064)	(248,069)
Total current	7,626,019	4,179,728
Total	9,160,462	5,456,485

Amounts stated in millions of Colombian pesos -



⁽¹⁾ The increase in the public services debtors account is equivalent to \$1,385,160 and is explained, mainly, by the accounts receivable from the energy service of the parent company and the subsidiary AFINIA and the associated subsidiaries.

⁽²⁾ The increase in the indemnity account is mainly due to accounts receivable from the parent company Mapfre insurer, due to civil works and total loss of machinery and equipment, covered by the all-risk and construction policy.

Long-term accounts receivables are measured primarily at amortized cost under the effective interest rate method, and short-term accounts receivable are presented at their nominal amount.

Accounts receivable reinsurance activity

The Group defined that the business model for accounts receivable is to receive contractual cash flows, which is why they are initially valued at fair value and subsequently measured at amortized cost, using effective interest rates.

The following is the detail of accounts receivable reinsurance activity:

Accounts receivable reinsurance activity	2021	2020
Insurance and reinsurance services	899	10,765

Amounts stated in millions of Colombian pesos -

The main reinsurer is the following:

Main reinsurers	2021	2020
Suramericana Seguros Generales S.A.	899	10,765
Total	899	10,765

Amounts stated in millions of Colombian pesos -

The variation of the accounts receivable reinsurance activity, with respect to the previous year, is due to the collection of the entire balance as of December 31, 2020. The balance receivable as of December 31, 2021, corresponds to the renewal of the insurance for the 2021 - 2022.

Impairment of accounts receivable

The Group measures the value correction for expected losses during the life of the asset using the simplified approach, which consists of taking the current value of credit losses arising from all possible default events at any time during the life of the operation.

This alternative is taken given that the volume of clients handled by the Group is very high and the measurement and control of risk in stages can lead to errors and an undervaluation of impairment.

The expected loss model corresponds to a forecasting tool that projects the probability of default or non-payment of the portfolio within the next twelve months. Each obligation is assigned an individual probability of non-payment that is calculated based on a probability model that involves sociodemographic, product, and behavioral variables.

Although the forecast of impairment for the annual validity is obtained based on the customer's payment behavior data, contained during the period in question, the same does not occur when the impairment of the monthly periods that comprise the annual validity is recorded. In the latter case, the impairment recorded for the month evaluated is obtained with the payment behavior data for the previous month.



At the cut-off date, the aging analysis of accounts receivable at the end of the reporting period for which they are impaired is:

	2021		2020	
	Gross book value	Expected credit losses over the lifetime	Gross book value	Expected credit losses over the lifetime
Public service debtors				
Current	3,577,078	(260,230)	3,138,585	(319,713)
Less than 30 days	812,514	(161,709)	655,728	(152,435)
30-60 days	292,531	(135,213)	309,655	(218,347)
61-90 days	247,083	(113,057)	273,336	(220,920)
91-120 days	153,540	(106,352)	254,570	(233,428)
121-180 days	290,620	(209,813)	282,619	(241,995)
181-360 days	847,219	(591,816)	300,173	(275,905)
Greater than 360 days	879,480	(515,129)	500,240	(470,166)
Total debtors for public services	7,100,065	(2,093,319)	5,714,907	(2,132,910)
Other debtors				
Current	3,213,414	(69,566)	1,177,998	(20,816)
Less than 30 days	149,094	(4,198)	71,718	(5,288)
30-60 days	29,553	(1,166)	10,770	(2,324)
61-90 days	10,407	(1,173)	8,202	(1,882)
91-120 days	6,364	(729)	6,142	(2,103)
121-180 days	10,759	(2,965)	8,659	(4,009)
181-360 days	224,478	(137,600)	90,760	(17,732)
Greater than 360 days	882,480	(155,436)	773,583	(219,191)
Total Other Debtors	4,526,549	(372,833)	2,147,832	(273,345)
Total debtors	11,626,614	(2,466,152)	7,862,739	(2,406,255)

Amounts stated in millions of Colombian pesos -

The variation in the EPM Group's expected credit losses amounts to \$(59,897), is demonstrated by the increase in the balances of the age from 181 to 360 days, as a consequence of the bearing of the account receivable for capital gains from the land of the Planta de Tratamiento (PTAR) Aguas Claras in the Municipality of Bello.

The reconciliation of the portfolio's expected credit losses is as follows:

Expected credit losses over the life of the asset	2021	2020
Value correction at the beginning of the period	(2,406,254)	(746,443)
Impairment changes to the accounts receivable held at the beginning of the period	(475,416)	(492,335)
Impairment	358,780	5,488
New financial assets originated or purchased	(731,735)	(264,129)
Cancellations	547,132	372,121
Changes in Risk Models/Parameters	258,973	88,872
Business combination(1)	-	(1,335,484)
Difference in change and other movements	(17,632)	(34,345)
Final Drive Account Balance	(2,466,152)	(2,406,255)

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to the entry of the new subsidiary AFINIA in 2020.

The portfolio reconciliation is as follows:

Accounts receivable balance	2021	2020
Financial assets initial balance	7,862,739	5,832,789
New financial assets originated or purchased	51,362,331	26,163,115
Financial asset write-offs	(47,540,715)	(26,941,894)
Impairment	(358,780)	(9,216)
Business combination(1)	-	2,779,225
Valuation at amortized cost	(67,452)	(18,697)
Other changes	368,491	57,416
Final Drive Account Balance	11,626,614	7,862,739

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to the entry of the new subsidiary AFINIA in 2020.

The Group writes off, against the value impairment recognized in a corrective account, the values of impaired financial assets when:

- The registered accounts receivable do not represent certain rights, goods or obligations for the entity.
- It is not possible to collect the right or obligation, by coercive or judicial jurisdiction.
- It is not possible to legally impute to any person, natural or legal, the value of the portfolio.
- Once the cost-benefit ratio has been evaluated and established, it is more onerous to advance the collection process than the value of the obligation.

The Group recognizes all value impairment losses through a corrective account and not directly.

Instances responsible for the allowance

The allowance is approved in each of the companies by the person or unit that has the corresponding authorization.

Note 14. Other financial assets

The detail of other financial assets at the end of the period is:



Other financial assets	2021	2020
Non current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts	101,067	46,279
Total derivatives designated as hedging instruments under hedge accounting	101,067	46,279
Financial assets measured at fair value through profit or loss		
Fixed income securities	5,591	177,513
Equity securities	97,768	79,928
Investments pledged	-	25,765
Fiduciary rights	400,482	449,679
Total financial assets measured at fair value through profit or loss	503,841	732,885
Financial assets designated to fair value through the other comprehensive income		
Equity instruments ⁽²⁾	2,236,758	2,559,131
Total financial assets designated to fair value through the other comprehensive income	2,236,758	2,559,131
Financial assets measured at amortized cost		
Fixed income securities	2,018	1,640
Total financial assets measured at amortized cost	2,018	1,640
Financial leasing	-	101,344
Total other non-current financial assets	2,843,684	3,441,279
Current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts	31,568	16,105
Option Contracts	3,674	-
Total derivatives designated as hedging instruments under hedge accounting	35,242	16,105
Financial assets measured at fair value through in profit or loss		
Derivatives that are not under hedge accounting ⁽³⁾	102,209	128,204
Fixed income securities ⁽¹⁾	503,377	2,068,299
Investments pledged	30,310	9,383
Fiduciary rights	1,022	-
Total financial assets measured at fair value through profit or loss	636,918	2,205,886
Financial assets measured at amortized cost		
Fixed income securities	330,598	185,605
Investments pledged	-	126
Total financial assets measured at amortized cost	330,598	185,731
Financial leasing	1,588	4,142
Total other current financial assets	1,004,346	2,411,864
Total other financial assets	3,848,030	5,853,143

Amounts stated in millions of Colombian pesos -



⁽¹⁾ The variation is mainly explained by the disinvestment in fixed-income securities in dollars (Time Deposit), which had as destination the prepayment of the IDB loan for US\$450 million.

⁽²⁾ The decrease originates from the decrease in the price of the shares of Interconexión Eléctrica SA ESP, given that their fair value is determined by the market price.

⁽³⁾ Corresponds to the climatic derivative contracted to cover the existing risk of dry seasons that imply a decrease in hydroelectric generation and the rise in energy prices on the stock market. This financial instrument intends to give protection to EPM parent when events materialize that may prevent the fulfillment of contractual commitments that imply buying energy on the stock market at market prices that may be unfavorable. With the climate derivative, part of this impact is transferred to the market, which would allow the effect on the Group's financial results to be reduced.

Financial assets at fair value through profit or loss are assets whose cash flows are highly liquid.

Investments made to optimize liquidity surpluses are included, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the company. The investment of excess liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative spirit.

Conventional purchases and sales of financial assets are accounted for by applying the trading date.

14.1 Equity investments designated at fair value through other comprehensive income

The breakdown of equity investments designated at fair value through other comprehensive income is:

Equity investment	2021	2020
Interconexión Eléctrica S.A. E.S.P. ⁽¹⁾	2,189,027	2,511,518
Promioriente S.A. E.S.P.	••••••••••	39,541
Reforestadora Industrial de Antioquia S.A.	4,947	4,947
Electrificadora del Caribe S.A. E.S.P.	1,385	1,385
Unidad de Transacciones S.A. de C.V.	605	594
Other investments ⁽²⁾	1,253	1,146
Total	2,236,758	2,559,131
Dividends recognized during the period related to investments that remain recognized at the end of the period ⁽³⁾	134,089	72,984
Recognized dividends during the period	134,089	72,984

Amounts stated in millions of Colombian pesos -



⁽¹⁾ As of December 31, 2021, the market price of Interconexión Eléctrica SAESP closed at \$22,400 (2020: \$25,700) pesos.

⁽²⁾ Includes investments in: Gestión Energética S.A. E.S.P., Terminal de Transporte de Bucaramanga S.A., Duke Energy Guatemala y Cía. S.A., Organización Terpel S.A., Concentra Inteligencia en Energía S.A.S., Banco Davivienda S.A., Emgesa S.A. E.S.P., Sin Escombros S.A.S., Hotel Turismo Juana Naranjo, Central de Abastos de Cúcuta S.A., Fid Bancolombia PA Cadenalco, Orazul Energy, Fosfonorte S.A., Compañía de Alumbrado Eléctrico de Sana Ana S.A., Gestión Energética S.A. E.S.P., Compañía de Alumbrado Eléctrico de San Salvador S.A., Cenfer S.A., Credieegsa S.A., Ecosistema de Morelos S.A. de C.V., Empresa Distribuidora del Pacífico S.A. E.S.P., Banco Bilbao Vizcaya Argentaria Colombia S.A., Central Hidroeléctrica de Betania S.A., Acerías Paz del Río S.A.

⁽³⁾ The dividends received as of December 31, 2021 for \$134,089 (2020: \$72,984), are disclosed in the caption of other dividends received in the statement of cash flows.

The equity investments indicated in the table above are not held for trading purposes, instead, they are held for medium and long-term strategic purposes. The Group's Management considers that the classification for these strategic investments provides more reliable financial information than reflecting the changes in their fair value immediately in the results for the period.

14.2 Reclassifications of financial assets

The Group has not made changes in the business model for the management and administration of financial assets, so no financial assets have been reclassified.

Note 15. Leases

15.1. Finance lease as lessor

The most significant financial leasing agreements are: the installations for the offices of the Intercontinental Technology Group company, SAP de CV TICSA. The office lease is for a period of 7 years, with an option to renew the lease after that date. Lease payments are modified each year based on inflation. For certain leases, the Company is restricted from entering into sublease agreements.

At the cut-off date, the minimum future payments and the net investment in financial leases are distributed as follows:

Financial leasing	2021		2020
	Gross investment	Net investment	Gross investment
Year One	904	14	2,124
Year Two	-	-	466
Total leases	904	14	2,590
Present value of the minimum rental payments to be received	904	14	2,590

Amounts stated in millions of Colombian pesos -

The Group, as lessor, does not have contracts that adopt the legal form of a lease and that in essence do not constitute it.

15.2. Leasing that originates assets for right of use as lessee

At the cut-off date, the book value of right-of-use assets is as follows (does not include right-of-use assets associated with construction in progress, these are included in note 5 Properties, plant and equipment):

2021	Right of use land	Right of use buildings	Right of use plants, ducts and tunnels	Right of use networks, lines and cables	Right of use machinery and equipment	Right of use office furniture, fixtures and equipment	Right of use computer and communication equipment	Right of use traction and lifting transport equipment	TOTAL
Initial cost Balance	11,877	530,420	-	105,579	27,060	1,078	11,070	91,138	778,222
Additions	494	23,506	36,355	3,738	15,280	33	631	32,462	112,499
Disposals	-	(14)	-	-	-	-	-	(104)	(118)
Other Changes(1)	8	148,971	-	-	-	-	-	-	148,979
Retirement (-)	-	(4,507)	-	-	(12,671)	-	-	(22,200)	(39,378)
Transfers	50	44	-	-	-	-	-	-	94
Foreign currency conversion effect	31	2,977	41	4,526	-	156	458	110	8,299
Final cost Balance	12,460	701,397	36,396	113,843	29,669	1,267	12,159	101,406	1,008,597
Accumulated Amortization and Depreciation									
Initial balance of Accumulated Amortization and Depreciation	(1,185)	(124,958)	-	(12,048)	(12,780)	(368)	(3,937)	(51,724)	(207,000)
Disposals	-	-	-	-	-	-	-	104	104
Other Changes(1)	(14)	(51,443)	-	(3,178)	-	-	-	(17)	(54,652)
Retirement (-)	-	581	-	-	12,671	-	221	22,200	35,673
Transfers	-	1,994	-	-	-	-	-	-	1,994
Foreign currency conversion effect	(31)	(1,129)	(16)	(726)	-	(63)	(208)	(53)	(2,226)
Period amortization	(657)	(26,699)	(14,543)	(8,146)	(6,951)	(177)	(1,421)	(25,978)	(84,572)
Final balance of Accumulated Amortization and Depreciation	(1,887)	(201,654)	(14,559)	(24,098)	(7,060)	(608)	(5,345)	(55,468)	(310,679)
Total Final Balance of use right assets	10,573	499,743	21,837	89,745	22,609	659	6,814	45,938	697,918

Amounts stated in millions of Colombian pesos -

2020	Right of use land	Right of use buildings	Right of use networks, lines and cables	Right of use machinery and equipment	Right of use office furniture, fixtures and equipment	Right of use computer and communication equipment	Right of use traction and lifting transport equipment	TOTAL
Initial cost Balance	12,172	504,267	103,507	22,944	1,063	10,251	87,407	741,611
Additions	629	27,605	800	5,009	-	935	101	35,079
Business combination ⁽²⁾	-	6,314	-	-	-	-	3,637	9,951
Provisions	-	-	-	-	-	(219)	-	(219)
Other changes	(927)	(7,365)	-	-	-	(2)	-	(8,294)
Retirement (-)	(6)	(1,480)	-	(893)	-	-	-	(2,379)
Transfers	-	399	-	-	-	-	-	399
Foreign currency conversion effect	9	680	1,272	-	15	105	(7)	2,074
Final cost Balance	11,877	530,420	105,579	27,060	1,078	11,070	91,138	778,222
Accumulated Amortization and Depreciation								
Initial balance of Accumulated Amortization and Depreciation	(604)	(93,705)	(5,737)	(6,544)	(212)	(2,824)	(22,573)	(132,199)
Business combination ⁽²⁾	-	(6,268)	-	-	-	-	(3,637)	(9,905)
Provisions	-	-	-	-	-	219	-	219
Other changes	114	121	-	(1)	1	1	(23)	213
Withdrawals (-)	4	2,046	-	-	-	-	-	2,050
Foreign currency conversion effect	3	44	58	-	4	15	1	125
Period Amortization	(702)	(23,237)	(6,369)	(6,235)	(161)	(1,348)	(25,492)	(63,544)
Period Depreciation	-	(3,959)	-	-	-	-	-	(3,959)
Final balance of Accumulated Amortization and Depreciation	(1,185)	(124,958)	(12,048)	(12,780)	(368)	(3,937)	(51,724)	(207,000)
Total Final Balance of use right assets	10,692	405,462	93,531	14,280	710	7,133	39,414	571,222

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Mainly in EPM, reclassifications of assets due to changes in their use, in operating conditions and identification of improvements in the accounting classification are included.

⁽²⁾ Corresponds to the business combination with the company AFINIA.

At the cut-off date, the minimum future payments and the present value of the minimum payments of the lease liability are distributed as follows:

Financial leasing	2021		2020	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
One year	106,271	98,414	86,402	86,196
More than a year and up to five years	333,799	261,565	293,513	237,695
More than five years	1,207,722	366,257	1,246,138	363,777
Total leases	1,647,792	726,236	1,626,053	687,668
Minus - Value of unearned interest	(921,556)	-	(938,385)	-
Present value of minimum rental payments	726,236	726,236	687,668	687,668

Amounts stated in millions of Colombian pesos -

The most significant lease agreement is:

Lease contract for the Empresas Públicas de Medellín CT-085 dated February 12, 2002, between EPM (THE COMPANIES) and the MUNICIPALITY OF Medellín (MUNICIPALITY), the MUNICIPALITY undertakes to deliver as a lease to THE COMPANIES, and they undertake to receive in the same title, the use and enjoyment of the real estate of his property called "Edificio Empresas Públicas de Medellín", with all its constructions and improvements.

The duration of the contract is 50 years from December 21, 2001, the date on which the MUNICIPALITY OF Medellín began to appear as the owner of the property.

The lease payments of the contract are readjusted each year by a percentage equal to the Consumer Price Index (CPI) at the national level, certified by DANE for the immediately preceding year.

Lease liabilities are included in Other financial liabilities in the statement of financial position.

The interest originated from the lease liability amounts to \$240,141.

Total cash outflows for leases during the period were \$189,476.

15.3 Operating lease as lessor

The most significant operating lease agreements are for the electrical infrastructure for the installation of networks by telecommunications operators. These can be renewed for a period not exceeding five years. The lease payments of the contract are updated according to the post support rates that are regulated by the CRC (resolution 5890/2020) and multiplied by the number of supports that each client uses; This payment is made monthly, and the rate is updated annually in accordance with the IPP.

The value of operating lease income is:

Operating Lease	2021	2020
Year One	78,897	81,836
Year Two	37,502	17,081
Year Three	35,618	15,560
Year Four	32,006	12,637
Year five	32,492	12,943
More than five years	50,562	28,889
Total leases	267,077	168,946

Amounts stated in millions of Colombian pesos

15.4 Leases that do not originate assets for right of use as lessee

The most significant operating lease agreements in EPM are the spaces for the installation and operation of antennas in weather stations, shift management system, user printing infrastructure, among others, which have no restrictions.

As of the cut-off date, future short-term lease commitments are \$23,809 (2020: \$17,602).

Lease payments recognized as expenses for the period are \$32,032 (2020: \$23,454).

The Group, as a lessee, does not have contracts that take the legal form of a lease and that in essence do not constitute it.



Note 16. Guarantees

The Group has granted the following financial assets as collateral:

- Letters of credit, performance bonds and other guarantees for \$268,483 (2020: \$245,952) were granted by the subsidiary ENSA to guarantee compliance with the obligations of the concession contract with the National Public Services Authority of Panama and for the purchase contracts of energy to generation and transmission companies.
- Fixed-term certificate of deposit - CDT, whose book value is \$0 (2020: \$133). The conditions for the use of the guarantee are to cover contingencies due to litigation against the Municipality of Bucaramanga by the subsidiary ESSA SA This guarantee is constituted and granted to Seguros del Estado.
- Retained premium of \$29,150 (2020: \$33,341) to the subsidiary Maxseguros by the ceding insurance company, in accordance with Colombian regulations.
- The Group has received as collateral from the subsidiary Maxseguros the premium withheld from the reinsurance companies for \$11,223 (2020: \$12,440).

The Group has not received guarantees as of December 31, 2021 and 2020, in which it is authorized to sell or pledge them without a default by the owner of the guarantee.

Note 17. Other assets

The detail of other assets at the end of the reporting periods is as follows:

Concept	2021	2020
Non-current		
Reinsurance activities ⁽¹⁾	170,166	-
Employee benefits ⁽²⁾	56,727	53,361
Prepayments ⁽⁴⁾	24,004	8,240
Deferred loss due to leaseback operation	20,257	20,933
Other advances or taxes and contributions in favor	7,100	-
Advances delivered to suppliers ⁽³⁾	5,400	9,085
Goods received in payment allocation	1,509	1,485
Sales tax	2	-
Total other non-current assets	285,165	93,104
Current		
Advances delivered to suppliers ⁽³⁾	474,525	364,285
Reinsurance activities ⁽¹⁾	149,151	250,671
Prepayments ⁽⁴⁾	138,197	103,766
Sales tax	44,722	62,211
Advance sales tax	18,505	3
Advance of industry and trade tax	12,325	1,297
Other Account Balances taxes in favor	1,750	2,184
Trade and industry tax withheld	433	426
Other advances or s taxes and contributions in favor	162	172
Advance Special Contribution	-	282
Total other current assets	839,770	785,297
Total Other Assets	1,124,935	878,401

Amounts stated in millions of Colombian pesos



⁽¹⁾ The non-current portion corresponds to Unreported Recoverable Loss Reserves in the amount of \$141,015 and Retained Funds in the amount of \$29,151 (2020: \$ -)

The current portion includes reserves for losses receivable for a value of \$95,762 (2020: \$112,048) and Deferred premium - reinsurer part for a value of \$53,389 (2020: \$250,671).

⁽²⁾ Corresponds to Loans to employees at rates below market rates for a value of \$56,727 (2020: \$53,361).

⁽³⁾ The non-current portion corresponds to resources granted in administration for \$5,369 (2020: \$9,088) and Other advances and advances for \$31 (2020: -\$3).

The current portion includes Other advances and advances for \$445,734 (2020: \$336,893); resources granted in administration for \$26,507 (2020: \$26,935); advances on conventions and agreements and advances for travel and travel expenses for \$2,284 (2020: \$458).



⁽⁴⁾ The non-current portion includes Insurance for \$17,789 (2020: \$1,384) corresponds mainly to the All-Risk policies of the future Ituango hydroelectric plant valid until March 2021, which are being amortized; Premium in legal stability contracts for \$5,574 (2020: \$6,465); Maintenance for \$562 (2020: \$318) and Leases for \$79 (2020: \$73).

The current portion includes Insurance for \$104,487 (2020: \$81,995), mainly made up of the All-Risk Policies for the future Ituango hydroelectric plant; Printed matter, publications, Fees, Goods and Services paid in advance for \$25,202 (2020: \$15,283); Leases and Maintenance for \$8,508 (2020: \$6,488).

Corresponds to the technical reserves in charge of reinsurers, whose detail is as follows:

Concept	2021	2020
Recoverable loss reserves not reported	141,015	61,592
Loss reserves receivable	95,762	112,048
Deferred Premium -Reinsurance Party	53,388	43,691
Funds held	29,150	33,341
Total	319,315	250,672

-Figures in millions of Colombian pesos-

Note 18. Inventories

Inventories at the end of the period were represented as follows:

Inventories	2021	2020
Materials for rendering services ⁽¹⁾	456,966	409,904
Merchandise in stock ⁽²⁾	42,204	59,980
Goods in transit	12,194	7,454
Total inventories	511,364	477,338

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Includes materials for the provision of services held by third parties, which are those delivered to contractors who perform activities related to the provision of services.

⁽²⁾ Includes merchandise in stock that does not require transformation, such as energy, gas and water meters, and supplier goods, as well as those held by third parties.

Inventories of \$143,236 (2020: \$240,190) were recognized as cost for rendering the service or cost of merchandise sold during the period. The write-off of inventories recognized as an expense during the period amounted to \$2,837 (2020: \$1,193). The Group has not generated losses in value when comparing the net realizable value with the average cost of inventories. Markdown reversals amounted to 2020: \$657.

As of December 31, 2021, the Group has no committed inventories to guarantee liabilities.

Note 19. Cash and cash equivalents

The composition of cash and cash equivalents at the end of the period is as follows:

Cash and cash equivalents	2021	2020
Cash in hand and banks	2,171,897	2,931,676
Other cash equivalents ⁽¹⁾	1,918,164	1,166,288
Total cash and cash equivalents presented in the statement of financial position	4,090,061	4,097,964
Total cash and cash equivalents presented in the statement of cash flows	4,090,061	4,097,964
Restricted Cash ⁽²⁾	903,773	541,788

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Includes restricted funds \$903,773 (2020: \$541,788) and cash equivalents \$1,014,391 (2020: \$624,501).

⁽²⁾ Of these \$70,550 (2020: \$110,920) correspond to non-current restricted cash.

Treasury investments mature in a period equal to or less than three months from the date of acquisition and accrue market interest rates for this type of investment.

The Group has restrictions on cash and cash equivalents, detailed below: As of December 31, 2021, the fair value of restricted cash equivalents is \$903,773 (2020: \$541,788).

EPM Fund or Agreement	Destination	2021	2020
Resources Hidroituango Project	Receipt of the resources paid by the insurers AXA, SBS and SURA and whose destination is exclusive for the Hidroituango project.	426,174	-
Sinpro Housing Fund	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	37,760	27,943
SINTRAEMDES Housing Fund	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	27,910	28,506
Corpb Award Income. 6972005469	Attend to possible contingencies after the acquisition of EPRI by EPM	8,871	8,797
Ministry of Mines and Energy - Special Fund Quota Development	Co-financing agreement for the construction, distribution infrastructure and connection to lower-income users in the municipalities of Amaga, Santafé de Antioquia, Sopetran, San Jeronimo and Ciudad Bolivar. Compressed Natural Gas and connection to users of Don Matias, Entrerrios, San Pedro, Santa Rosa and Yarumal. Convention No 106: Construction of the infrastructure for connecting users of the Valley of Aburra, the Bee, the Union and the Retiro. Convention 179: Includes the municipality of Sonson.	5,414	5,771
Contract No. CT-2019-001105	Contract for the supply of energy and electric power for the unregulated market and support of contracts from energy distributor and distributor S.A. E.S.P, DICE S.A. E.S.P.	2,589	2,478
Sinpro Education Fund	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,552	2,389
SINTRAEMDES Education Fund	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,252	2,172



Adapted Health Entity Fund and Fosyga Fund	Mechanism of control and follow-up to the collection of contributions from the contributory scheme of the General Social Security System in Health.	2,210	2,283
Convention POINTS WE ARE	Provision of services for the operation of the key capabilities associated with the Points element of the Large-Scale Loyalty Program for the EPM Group.	1,809	1,775
Sintraemsdes calamity fund	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,637	1,587
Sinpro calamity fund	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,420	1,397
Judicial or administrative proceedings	Accounting garnishment by judicial or administrative proceedings	986	45
Motorcycle Repair Fund	To promote the welfare of official workers who operate in the regional market and use motorcycles of their own for the performance of their duties.	409	396
Agreement MARCO MEDELLIN CITY No. 4600049285	Construction by EPM of platforms and other road elements in the city center, taking advantage of the Centro Parrilla project, that is, the renovation of aqueduct and sewerage networks.	222	-
Village program	To take advantage of the wood that completes its cycle of maturation in the forests planted by EPM around its reservoirs, to build housing of social interest in the municipalities of Antioquia outside the Valley of Aburra and to deliver them to families of scarce resources, preferably in situations of forced or voluntary displacement.	219	217
Convention 5 Esc. Indigenous people 2019-20	Co-finance the development of indigenous education centers within the framework of the Villages program to improve the quality of life of indigenous communities in the Department of Antioquia	196	413
Inter-Administrative Convention CT -2017 -001388 (460007009)	Convention for the construction of 7 indigenous schools in 5 municipalities	92	292
Deposits Law 820	Guarantee required by the landlord to the tenant for payment of public services. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	82	75
Management of resources for the construction of infrastructure in Wood for Emseveral in the sanitary landfill La Pradera.	Management of resources for the construction of infrastructure in Wood for Emseveral in the sanitary landfill La Pradera.	65	64
Municipality of Medellin - Land	Acquisition of sites identified and characterized within the protection zones of watersheds supplying aqueduct systems in the municipality of Medellin.	64	63
Holy Spirit	EPM - Holy Spirit Liquidation	64	63
Municipality of Medellin - Aguas	Integrated water management for human consumption of the inhabitants of the municipality of Medellin.	24	205
Agreements Rates of public lighting and toilets with the municipalities	Agreement to manage the resources of the territorial authorities for payment to the municipalities with agreements to collect the fees of public lighting and toilet, are resources exempt from tax on financial transactions.	20	202
IDEA Convention 4600003283	Join efforts to build gas home operations in the different subregions of the Department of Antioquia under the "Gas Without Borders" program.	1	1
Ituango guarantee account	Deposit the resources (approximately 6,000,000,000) that EPM must contribute, in order to support the issuance of a bank guarantee for the Ituango project.	-	6,666
Agreement signed between the Metropolitan Area of the valley of aburra and Public Companies of Medellin E.S.P., Execution Act No. 4 of Framework Convention No. CT 2015-000783 of 2015	Support the construction of the southern interceptor of the Aburra River - Medellin	-	2,654
Inter-Administrative Contract Number PC-2017-001532 of 2017,	Construction and intervention of aqueduct and sewerage network connections in Pepe Sierra I, Barrios de Jesus, El Progreso and Canada del Nino neighborhoods	-	611
IDB Credit 2120	Disbursement for the construction of the Bello Wastewater Treatment Plant (WWTP).	-	351
Contribution Municipalities of Pueborrico and Ciudad Bolivar	Convention for the Construction of 7 Rural Indigenous Schools	-	1
Total EPM Restricted Resources		523,042	97,417

CARIBEMAR Fund / Agreement	Destination	2021	2020
Fidudavivienda CA 482800013450 - Caribbean Sea and others	Infrastructure expansion	263,552	329,191
ECA Trust Order - Prone Barrio SNB 9 D and others	Power network standardization program	15,747	15,739
F_Corfi CA 477013965 - FAER GGC 562 and others	Energy of interconnected rural areas	1,088	3,022
Commissioned Conpes 150040000191 and others	Infrastructure expansion	-	1,116
Total CARIBEMAR RESTRICTED RESOURCES		280,387	349,068

Amounts stated in millions of Colombian pesos -

CENS Fund / Agreement	Destination	2021	2020
BBVA -Miniminas 756 and others	Carry out the execution of rural electrification works in the municipalities of the department of Norte de Santander	32,270	32,814
BBVA XM Custody Account Banking guarantees	Guarantee and compliance ties to cover energy purchase projects.	2,146	2,063
Revolving Housing Fund	Housing loans employees of CENS S.A.	992	1,502
The Governance Convention-Davivienda et al.	Carry out the execution of rural electrification works in different municipalities	506	547
AOM Contract	Administration, operation, maintenance and replacement of rural electrification assets built with the resources of the project "Rural electrification program Catatumbo area and Ocana province, stage 1, Norte de Santander".	65	65
FAER Catatumbo III.	Carry out the execution of rural electrification works in the municipalities of Convention, San Calixto, Cachira, Hacari, Ocana, La Playa, Villa Caro, Teorama and La Esperanza department North of Santander	-	1
Total CENS Restricted Resources		35,979	36,992

Amounts stated in millions of Colombian pesos -

Other Companies Fund / Agreement	Destination	2021	2020
Order FID 919301039524 - Pradera and others	Resources earmarked for Pradera payments	19,442	16,622
FL ITAU 859060217 Renting hour	Delegated administration agreement with the municipality of Medellin, for the maintenance of green areas of the institutions of the municipality and its 5 co-regents	412	404
FL BBVA 423 Poda-Tala Agreement	Agreement with INDER for the washing of bridges and roofs of the stadium	32	32
Convention 18-897796-47 EDU	Delegated administration agreement with the municipality of Medellin for the service of cutting green areas and pruning and cutting trees	24	24
FL WEST INDER	Delegated administration agreement with the municipality of Medellin for the green area court service	4	3
Total Restricted Resources for Miscellaneous Enterprises		19,914	17,085

Amounts stated in millions of Colombian pesos -

Grupo Tisca Mexico Fund / Agreement	Destination	2021	2020
Aquasol Morelia S.A. de C.V.	Trust National Bank of Works and Trust Bank of the Bajío 15892649	6,300	4,614
Ecosistemas de Colima S.A. de C.V.	Trust Bank of Bajío 15892649	6,562	3,181
Ecosistemas de Tuxtla S.A. de C.V.	Trust Bank of Bajío/Multiva	3,241	3,983
Ecosistemas de Celaya S.A. de C.V.	Trust Bank of the Bajío 15892649 and Trust Bank of National Works	1,607	1,517
Total Restricted Resources Grupo Tisca Mexico		17,710	13,295

Amounts stated in millions of Colombian pesos -

National Waters Fund / Agreement	Destination	2021	2020
ITAU Savings Account 153148929	Ministry Project	6,509	12,553
Bancolombia Current Account 536423 and others	Project Aguas de Atrato	2,787	626
FL ITAU 859085263 AND FL ITAU 859085270	Interventoria Project	2,396	550
Total Restricted Resources National Waters		11,692	13,729

Amounts stated in millions of Colombian pesos -

Fund / agreement Regional waters	Destination	2021	2020
Implementing Act No.1 Framework Convention CT_2019_001417	Development of a feasibility study for new sources of water catchment for drinking water supply in the central area of the Uraba region.	5,042	5,115
SINTRAEMDES Housing Fund Convention	Housing loans to eligible officials	78	67
Total restricted resources Regional waters		5,120	5,182

Amounts stated in millions of Colombian pesos -

ESSA Fund / Agreement	Destination	2021	2020
BBVA guarantees 0408	XM bank account	2,112	2,454
Convention Line 115 Port Wilches	Rural electrification agreement line Puerto Wilches - Barrancabermeja	-	874
San Gil street lighting convention	San Gil street lighting convention	455	448
Governance Convention - ESSA Phase V	Convention governing rural electrification	-	449
Public Hearing Resources Convention	Agreement signed with the Mayor of Bucaramanga	1	1
Total ESSA Restricted Resources		2,568	4,226

Amounts stated in millions of Colombian pesos -

EDEQ Fund or Agreement	Destination	2021	2020
FL Davivienda Housing Fund 136270148986 FL Fiduciodocorp Housing Fund 919301005560	Resources to improve the quality of life of workers through the provision of loans for the purchase and improvement of housing.	3,405	2,473
FL Trusteeship West 1101031000001 FL Davivienda Collective Portfolio 608136200000618 FL Davivienda Social Good Fund - Training 136270162219	Resources to facilitate workers and their families access to higher education, health, welfare and recreation.	259	256
FL Davivienda MOTO FUND 136270167200	Resources to provide workers with loans to purchase and replenish motorcycles for the performance of their work.	78	7
FL Davivienda Calamity Fund 136000742868	Resources earmarked for events caused by serious and unforeseen situations affecting the worker or his family.	19	12
Total restricted resources EDEQ		3,761	2,748

Amounts stated in millions of Colombian pesos -

CHEC Fund or Agreement	Destination	2021	2020
XM Handling Custody Account	Attention to guarantees for operations of Class of Transactions the energy storage in stock that manages and controls XM.	1,047	889
Special CONFA Fund	Attention to social and cultural programs for CHEC employees (delegated administration contract with CONFA).	213	185
Special Fund of Premises	Management of forest conservation sites in the company's watersheds (delegated administration contract)	160	44
Special housing fund	Care of housing loans to CHEC employees, according to procedures and conditions established in the current Collective Labor Convention - CCTV	55	54
Fund for design, implementation and verification of learning	Design, execution and verification of learning solutions through the application of pedagogical methodologies, signed with contractor ADYLOG SAS	49	40
Ministry of Finance Agreement	Contributions from the Ministry of Finance for investment in science and technology focused on energy management.	45	-
Special fund advertising guidelines	Attention to advertising guidelines through contracts with advertising agencies, CJ Martins, Rowell digital agency and Macann	37	7
Special Fund Social Funding Plan - PFS	Attention to the micro-credits that are made to users of the company market, with charge through the energy bill.	10	10
Total CHEC Restricted Resources		1,616	1,229

Amounts stated in millions of Colombian pesos -

Fund or agreement ELEKTRA NORTHEASTERN S.A.	Destination	2021	2020
Restricted background	Tuscany	1,163	-
Total RESTRICTED RESOURCES ELEKTRA NORTHEASTERN S.A.		1,163	-

Amounts stated in millions of Colombian pesos -

HydroE Fund or Agreement	Destination	2021	2020
Etesa Contract	Guarantee Deposit Unregulated Market Contract - MNR or Large Customers	499	474
Etesa Contract	CDT for Energy Contract with Regulatory Entities (ETESA)	265	299
Government Contracts (Employee Compensation)	Deposits Cesantia Fund Employees	45	34
Service Contract	Warranty Deposit Service Contract	12	10
Total HydroE Restricted Resources		821	817

Amounts stated in millions of Colombian pesos -

Total EPM Group Restricted Resources	903,773	541,788
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Amounts stated in millions of Colombian pesos -

Note 20. Equity

20.1 Equity

The Group does not have its equity divided into shares.

Equity	2021	2020
Initial Balance	67	67
Increase (decrease in equity)	-	-
Total	67	67

Amounts stated in millions of Colombian pesos -



20.2 Reserves

Of the accounts that make up the equity, the reserves at the cut-off date were made up of:

Reserves	2021	2020
Reserves of the law ⁽¹⁾		
Initial Balance	1.454.681	1.501.063
Constitution	69.922	78.559
Release	(57.373)	(125.120)
Another move	-	179
Final balance	1.467.230	1.454.681
Statutory reserves		
Initial Balance	32.872	33.996
Constitution	733	662
Release	(3.743)	(2.774)
Another move	-	988
Final balance, statutory reserves	29.862	32.872
Occasional reserves		
Initial Balance	576.452	577.529
Another move	-	(1.077)
Final balance, occasional reserves	576.452	576.452
Other reserves		
Initial Balance	234.982	225.274
Constitution	107.771	8.252
Release	-	3
Another move	-	1.453
Final balance, other reserves	342.753	234.982
Total reserves	2.416.297	2.298.987

Amounts stated in millions of Colombian pesos -



⁽¹⁾ In EPM, the Board of Directors in its sessions of March 23, 2021 and March 26, 2020, approved:

- Release reserves for \$56,304 (2020: \$95,521) appropriated in previous periods by authorization of the Board of Directors.
- Occasional reserves: in compliance with article 211 of the Tax Statute, the companies of the EPM Group that operate in Colombia have set up the required reserves in order to enjoy the special tax treatment and obtain a rationalization in the payment of income and complementary taxes.
- Other reserves: includes statutory reserves, for the repurchase of shares and quotas, equity funds and others, which as of December 31 record the net balance corresponding to the releases made by the subsidiaries in those reserves that have already met the requirements to be released.

The nature and purpose of the Group's equity reserves are described below:

- Legal reserves: in compliance with the tax provisions of Colombia contained in Articles 130 (reserve of 70% for the excess of fiscal depreciation over accounting) of the Tax Statute and Decree 2336 of 1995 (for profits incorporated into results in the application of the equity participation method applied under local regulations), the companies of the EPM Group that operate in Colombia have constituted the legal reserves.
- For the subsidiaries of El Salvador, legal reserves are established in accordance with the current Commercial Code, companies must annually establish a legal reserve of 7% of net profits, with a minimum established limit of one-fifth of their share capital. Additionally, in accordance with the Income Tax Law, when the legal reserve is reduced for any reason, such as capitalization, application to losses from previous years or distribution, they will constitute taxable income for the company for the amount that was deducted for purposes of income tax in tax years prior to its reduction, being settled separately from ordinary income, at a rate of 25%. For such purposes, the company will keep a record of the constitution of the legal reserve and of the amount deducted to determine the net or taxable income in each fiscal year or taxation period.
- For Guatemalan subsidiaries, according to the Commercial Code, all commercial companies must annually appropriate at least 5% of their net profits to constitute the legal reserve, which cannot be distributed until the liquidation of the company.

However, this reserve can be capitalized when it is equal to or greater than 15% of the paid-in capital at the end of the immediately preceding fiscal year, without prejudice to continuing to reserve the 5%.

- For subsidiaries in Mexico, in accordance with the General Law of Commercial Companies, a minimum of 5% of the net profits for the year must be set aside to form the legal reserve, until its amount reaches 20% of the capital stock at nominal value. The legal reserve can be capitalized but must not be distributed unless the company is dissolved and must be reconstituted when it decreases for any reason. Retained earnings include the legal reserve.
- For subsidiaries in other countries in which Grupo EPM operates, the constitution of a legal reserve is not established by law.

20.3 Retained Earnings

The movement of accumulated results during the period was:

Retained earnings	2021	2020
Initial Balance	19,642,461	17,503,406
Movement of reserves	(117,311)	40,418
Surpluses or dividends decreed	(1,396,953)	(1,488,302)
Transfer of the other integral result	-	27
Purchases and sales to non-controlling interests	-	433
Income tax related to Class of Transactions proprietary-related taxes	(2,814)	(2,246)
Another movement of the period	351	4,187
Total retained earnings before the net result of the period	18,125,734	16,057,923
Net result of the controlling share period	3,039,783	3,584,538
Total retained earnings	21,165,517	19,642,461

Amounts stated in millions of Colombian pesos -

The surpluses paid during the year were \$1,396,953 (2020: \$1,488,319), \$761,974 (2020: \$811,810) ordinary and \$634,979 (2020: \$676,509) extraordinary.

20.4 Non-controlling interests

The movement of non-controlling interests at the cut-off date is:

Non-controlling interests	2021	2020
Initial Balance	1,034,317	964,572
Surpluses or dividends decreed	(107,744)	(103,440)
Reacquisition of shares	-	(10)
Participation in the net result of the financial year	241,863	156,380
Participation in the other integral result	6,689	(2,878)
Purchases and sales to non-controlling interests	-	(1,461)
Income tax related to Class of Transactions proprietary-related taxes	(2,692)	(2,142)
Effect by Subsidiary Disposition	-	(156)
Another movement of the period	122,945	23,452
Total	1,295,378	1,034,317

Amounts stated in millions of Colombian pesos -

Note 21. Other accumulated comprehensive income

The detail of each component of other comprehensive income in the consolidated statement of financial position and the corresponding tax effect is as follows:

Other accumulated comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Property, plant, and equipment reclassifications to investment properties	13,578	(1,107)	12,471	13,439	(1,184)	12,255
New defined benefit plan measurements	(19,652)	10,928	(8,724)	(163,586)	53,081	(110,505)
Equity investments measured at fair value through equity	3,070,029	(5,994)	3,064,035	3,392,529	(3,925)	3,388,604
Participation in the other comprehensive income of associates and joint ventures	16,787	-	16,787	(3,868)	-	(3,868)
Cash-flow hedges	(533,002)	190,413	(342,589)	(19,037)	(18,862)	(37,899)
Hedges of net investments in foreign operations	(61,509)	-	(61,509)	-	-	-
Conversion of foreign business financial statements	1,117,987	-	1,117,987	831,289	-	831,289
Total	3,604,218	194,240	3,798,458	4,050,766	29,110	4,079,876

Amounts stated in millions of Colombian pesos -

During the period, EPM Parent Company reclassified a net loss of (\$889,289)a (2020: target profit of \$375,299) previously recognized in other comprehensive income to results for the period, for cash flow hedging.

A reconciliation of the opening and closing balances at the cut-off date is presented below for each component of comprehensive income:

21.1 Component: reclassification of property, plant, and equipment to investment property

The component of reclassification of property, plant and equipment to investment properties of other comprehensive income corresponds to transfers from property, plant, and equipment to investment properties, which are measured at fair value. Changes in fair value are not reclassified to profit for the period.

Reclassification of property, plant and equipment to investment properties	2021	2020
Initial Balance	12,255	12,234
Net earnings from changes in fair value of investment properties	139	-
Other changes	77	21
Total	12,471	12,255

Amounts stated in millions of Colombian pesos -

21.2 Component: new measurements of defined benefit plans

The component of new measurements of defined benefit plans represents the accumulated value of actuarial gains or losses, the return on plan assets, and changes in the effect of the asset ceiling, excluding the values included in the net interest on the liability (asset) of net defined benefits. The net value of the new measurements is transferred to retained earnings and is not reclassified to results for the period.

New Measurements component for defined benefit plans	2021	2020
Initial Balance	(110,504)	(77,145)
Period result for new defined benefit plan measurements	143,913	(48,103)
Associated income tax (or equivalent)	(42,077)	14,804
Cumulative results transferred to period-to-date results	2	(8)
Other changes	(58)	(52)
Total	(8,724)	(110,504)

Amounts stated in millions of Colombian pesos -

21.3 Component: equity investments measured at fair value through equity

The component of other comprehensive income of equity investments measured at fair value through equity represents the accumulated value of the gains or losses from the valuation at fair value less the amounts transferred to retained earnings when these investments have been sold. Changes in fair value are not reclassified to profit for the period.

Equity investments measured at fair value through equity	2021	2020
Initial Balance	3,388,605	2,794,405
Net gains from changes in fair value of equity investments	(322,486)	596,103
Associated income tax (or equivalent)	(2,069)	(1,837)
Accumulated gains (losses) transferred to the period's accumulated profits / losses	-	(19)
Other changes	(13)	(47)
Total	3,064,037	3,388,605

Amounts stated in millions of Colombian pesos -

21.4 Component: participation in other comprehensive income of associates and joint ventures

The component of other comprehensive income of participation in the other comprehensive income of associates and joint ventures represents the accumulated value of the application of the equity method to the gains and losses of the other comprehensive income of associates and joint ventures. The accumulated value of profits or losses will be reclassified to results for the period or to retained earnings, depending on the items that gave rise to the equity method, when these investments have been sold.

Participation in the other comprehensive income of associates and joint ventures	2021	2020
Initial Balance	(3,867)	(3,914)
New defined benefit plan measurements	9,428	(824)
Results for conversion of foreign business	(2,379)	323
Hedging operations	13,499	548
Associated income tax (or equivalent)	106	-
Total	16,787	(3,867)

Amounts stated in millions of Colombian pesos -

21.5 Component: cash flow hedges

The component of other comprehensive income from cash flow hedges represents the accumulated value of the effective portion of the gains or losses arising from changes in the fair value of items hedged in a cash flow hedge. The accumulated value of the gains or losses will be reclassified to the results of the period only when the hedged transaction affects the results of the period or the highly probable transaction is not expected to occur, or is included, as part of its book value, in an item non-financial cover.

Cash Flows Hedges	2021	2020
Initial Balance	(37,900)	(21,584)
Profit (loss) from changes in fair value of hedge instruments	375,324	(402,758)
Associated income tax (or equivalent)	(78,520)	123,004
Accumulated profit (loss) from changes in fair value of hedge instruments reclassified	(889,288)	375,300
Associated income tax (or equivalent)	287,795	(111,862)
Total	(342,589)	(37,900)

Amounts stated in millions of Colombian pesos -

21.6 Component: hedges of net investments in foreign operations

The component of other comprehensive income from hedges of net investments in foreign operations represents the accumulated value of the effective portion of the gains or losses arising from changes in the value of the hedging instrument. The accumulated value of the gains or losses will be reclassified to the results of the period only when the total or partial disposition of the investment abroad covered affects the results of the period.

Hedges of net investments in foreign operations	2021	2020
Initial Balance	-	-
Gains or losses from changes in fair value of the hedging instrument	(61,509)	-
Total	(61,509)	-

Amounts stated in millions of Colombian pesos -



21.7 Component: gains or losses on conversion of operations abroad

The translation differences component represents the accumulated value of the exchange differences arising from the conversion to the Group's presentation currency of the results and net assets of foreign operations, as well as of the gains or losses of hedging instruments that are designated in a hedge of a net investment in a foreign operation. Accumulated conversion differences are reclassified to the results of the period, partially or totally, when the foreign operation is disposed of.

Result for conversion of foreign business	2021	2020
Initial Balance	831,287	600,765
Net exchange differences due to foreign business conversion	286,698	230,485
Purchases and sales to non-controlling interests	-	31
Other changes	-	6
Total	1,117,985	831,287

Amounts stated in millions of Colombian pesos -



Note 22. Credits and loans

The following is the detail of the book value of credits and loans measured at amortized cost:

Credits and loans	2021	2020
Non-current		
Commercial banking loans	5,116,802	4,043,713
Bonds and securities issued	14,774,048	12,994,248
Multilateral banking loans	1,128,181	2,765,208
Bank loans for development	1,625,088	884,315
Total other non-current loans and credits	22,644,119	20,687,484
Current		
Commercial banking loans	2,236,970	1,963,067
Multilateral banking loans	198,770	196,978
Bonds and securities issued	351,099	697,440
Bank loans for development	244,834	705,333
Other loans	90,000	337,500
Total other loans and current loans	3,121,673	3,900,318
Total other credits and loans	25,765,792	24,587,802

Amounts stated in millions of Colombian pesos -

The new credits and loans disbursed in 2021 from Grupo EPM were acquired in order to finance investment plans, working capital and for management operations.

The detail of credits and loans by entity is as follows:



Company	Entity or loan	Original currency	Start Date	Term	Nominal Interest Rate	december 31, 2021				december 31, 2020			
						IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
WATERS OF ANTOFAGASTA	Bank BICE-BCI	CLP	01/01/2018	-	-	1.51%				4.54%			
WATERS OF ANTOFAGASTA	State Bank	CLP	14/01/2015	10.00	UF + 2.9%	1.51%				1.51%			
WATERS OF ANTOFAGASTA	State Bank	CLP	18/10/2018	5.00	TAB + 0.65%	1.42%				1.42%			
WATERS OF ANTOFAGASTA	Scotiabank	CLP	18/10/2018	5.00	TAB + 0.65%	1.50%				1.60%			
WATERS OF ANTOFAGASTA	Bonuses	CLP	18/12/2020	5.00	UF + 0.995%	0.20%				0.20%			
WATERS OF ANTOFAGASTA	Bonuses	CLP	18/12/2020	13.00	UF + 1.4396%	2.01%				2.01%			
WATERS OF ANTOFAGASTA	Bonuses	CLP	14/05/2021	4.50	UF + 0.995%	0.63%				0.00%			
WATERS OF ANTOFAGASTA	Bonuses	CLP	14/05/2021	12.50	UF + 1.4396%	2.51%				0.00%			
REGIONAL WATERS	POPULAR BANK	COP	05/06/2020	1.01	IBR 6M + 2.19%	0.00%				3.94%			
REGIONAL WATERS	POPULAR BANK	COP	01/06/2018	7.25	3M IBR + 3%	5.96%				4.27%			
REGIONAL WATERS	BANK OF BOGOTA	COP	30/09/2015	10.08	DTF + 2.6%	5.93%				4.74%			
REGIONAL WATERS	HELM BANK S.A.	COP	16/03/2012	12.00	DTF + -1%	1.71%				0.47%			
REGIONAL WATERS	BANCO BILBAO VIZCAYA ARGENTARIA	COP	30/04/2014	10.06	DTF + -0.7%	2.18%				0.98%			
REGIONAL WATERS	BANCO BILBAO VIZCAYA ARGENTARIA	COP	19/12/2014	10.00	DTF + -0.7%	2.32%				1.45%			
REGIONAL WATERS	BANCO DAVIVIENDA SA	COP	19/02/2018	10.25	CPI + 4.8%	9.62%				5.86%			
REGIONAL WATERS	POPULAR BANK	COP	21/01/2020	10.25	3M IBR + 2.9%	6.07%				4.44%			
REGIONAL WATERS	POPULAR BANK	COP	18/03/2020	10.25	3M IBR + 2.9%	6.06%				4.41%			
REGIONAL WATERS	POPULAR BANK	COP	22/04/2020	10.25	3M IBR + 2.9%	6.06%				4.42%			
REGIONAL WATERS	POPULAR BANK	COP	22/05/2020	10.00	3M IBR + 2.9%	6.35%				4.69%			
REGIONAL WATERS	POPULAR BANK	COP	19/06/2020	10.00	3M IBR + 2.9%	6.36%				4.69%			
REGIONAL WATERS	POPULAR BANK	COP	21/07/2020	10.00	3M IBR + 2.9%	6.34%				4.69%			
REGIONAL WATERS	POPULAR BANK	COP	19/08/2020	10.00	3M IBR + 2.9%	6.34%				4.68%			
REGIONAL WATERS	POPULAR BANK	COP	23/09/2020	10.00	3M IBR + 2.9%	6.36%				4.68%			
REGIONAL WATERS	POPULAR BANK	COP	26/10/2020	10.00	3M IBR + 2.9%	6.33%				4.67%			
REGIONAL WATERS	END	COP	21/12/2020	3.00	0%	0.00%				0.00%			
REGIONAL WATERS	BANCO DAVIVIENDA SA	COP	30/11/2021	10.00	3M IBR + 2.869%	6.37%				0.00%			
CENS	Bogota	COP	15/05/2014	7.00	IBR + 1.88%	0.00%				4.80%			
CENS	Bogota	COP	18/12/2015	7.00	IBR + 1.88%	5.06%				3.80%			
CENS	Bogota	COP	16/02/2018	10.00	IBR + 2.98%	7.17%				5.04%			
CENS	Popular	COP	15/05/2017	10.00	IBR + 3.35%	7.45%				5.27%			
CENS	Popular	COP	26/05/2017	10.00	IBR + 3.35%	7.46%				5.27%			
CENS	Popular	COP	23/06/2017	10.00	IBR + 3.35%	7.52%				5.29%			
CENS	Popular	COP	29/06/2017	10.00	IBR + 3.35%	7.54%				5.28%			
CENS	Popular	COP	18/07/2017	10.00	IBR + 3.35%	7.48%				5.27%			
CENS	Popular	COP	27/07/2017	10.00	IBR + 3.35%	7.53%				5.36%			
CENS	Popular	COP	23/08/2017	10.00	IBR + 3.35%	7.65%				5.48%			
CENS	Popular	COP	15/09/2017	12.00	IBR + 3.35%	7.60%				5.45%			
CENS	Popular	COP	19/09/2017	10.00	IBR + -1.8%	1.99%				2.79%			
CENS	Popular	COP	19/09/2017	10.00	IBR + 3.075%	7.04%				4.90%			
CENS	Popular	COP	17/11/2017	12.00	IBR + 3.35%	7.44%				5.24%			
CENS	Popular	COP	17/11/2017	10.00	IBR + -1.8%	1.77%				2.50%			
CENS	Popular	COP	17/11/2017	10.00	IBR + 3.075%	6.94%				4.75%			
CENS	Popular	COP	18/12/2017	10.00	IBR + 3.35%	7.47%				5.22%			
CENS	Popular	COP	18/01/2018	9.00	IBR + 3.35%	7.46%				5.24%			
CENS	Davivienda	COP	29/11/2018	10.00	CPI + 4.3%	0.00%				6.07%			
CENS	Davivienda	COP	19/12/2018	10.00	CPI + 4.3%	0.00%				6.07%			
CENS	Davivienda	COP	02/01/2019	10.00	CPI + 4.3%	0.00%				5.97%			
CENS	Davivienda	COP	18/01/2019	10.00	CPI + 4.3%	0.00%				5.99%			
CENS	Davivienda	COP	14/06/2019	12.00	IBR + 1.15%	4.65%				5.20%			
CENS	Davivienda	COP	27/06/2019	12.00	IBR + 1.15%	4.64%				5.18%			
CENS	Davivienda	COP	28/06/2019	12.00	IBR + 3.47%	0.00%				5.44%			

Company	Entity or loan	Original currency	Start Date	Term	Nominal Interest Rate	December 31, 2021				December 31, 2020			
						IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
CENS	West	COP	16/12/2019	7.00	IBR S.V. + 2.75%	6.89%				-4.70%			
CENS	West	COP	16/01/2020	7.00	IBR S.V. + 2.75%	6.95%				-4.71%			
CENS	Scottiabank	COP	28/01/2020	1.00	IBR S.V. + 1.2%	0.00%				-3.25%			
CENS	Scottiabank	COP	27/03/2020	1.00	IBR S.V. + 1.2%	0.00%				-3.03%			
CENS	BBVA	COP	28/07/2020	7.00	IBR S.V. + 2.9%	6.92%				-4.70%			
CENS	BBVA	COP	28/09/2020	7.00	IBR S.V. + 2.9%	6.91%				-4.66%			
CENS	Davivienda	COP	30/11/2020	3.00	IBR + 2.1%	5.40%				-3.87%			
CENS	END	COP	24/12/2020	3.00	0%	0.00%				-0.00%			
CENS	BBVA	COP	21/01/2021	7.00	IBR S.V. + 2.9%	6.90%				-0.00%			
CENS	BBVA	COP	30/04/2021	3.00	IBR + 0.15%	3.37%				-0.00%			
CENS	BBVA	COP	27/05/2021	2.00	IBR + 0.15%	3.29%				-0.00%			
CHEC	BBVA	COP	22/08/2014	10.00	IPC E.A. + 3.5%	8.37%				-4.99%			
CHEC	CorpBanca	COP	22/08/2014	10.00	IPC E.A. + 3.5%	8.35%				-2.14%			
CHEC	Bancolombia	COP	09/02/2018	8.00	IBR + 2.29%	5.98%				-4.29%			
CHEC	Davivienda	COP	27/12/2018	12.00	IBR 1M + 0.388%	3.36%				-4.99%			
CHEC	Davivienda	COP	27/12/2018	12.00	IBR 1M + 0.388%	3.40%				-2.20%			
CHEC	Davivienda	COP	20/11/2019	12.00	IBR + 0.388%	3.44%				-2.18%			
CHEC	Bancolombia	COP	13/03/2020	1.00	IBR + 0.86%	0.00%				-2.63%			
CHEC	Popular	COP	20/04/2020	1.00	IBR + 2.15%	0.00%				-3.89%			
CHEC	Bancolombia	COP	12/05/2020	1.00	IBR + 0.86%	0.00%				-2.62%			
CHEC	BBVA	COP	29/12/2020	10.00	IBR + 3.432%	7.06%				-5.30%			
CHEC	END	COP	30/12/2020	3.00	0%	0.00%				-0.00%			
CHEC	Bancolombia	COP	15/03/2021	10.00	IBR + 1.8%	5.26%				-0.00%			
CHEC	Davivienda	COP	07/04/2021	3.00	IBR 1M + 0.5%	3.39%				-0.00%			
CHEC	Davivienda	COP	09/04/2021	2.00	IBR 1M + 0.5%	3.33%				-0.00%			
CHEC	Davivienda	COP	20/04/2021	10.00	IBR 1M + 1.693%	4.71%				-0.00%			
CHEC	Bancolombia	COP	12/05/2021	10.00	IBR + 1.8%	5.25%				-0.00%			
FROM THE SOUTH	Davivienda	COP	26/08/2020	1.00	LIBOR 3M + 4%	0.00%				-4.50%			
FROM THE SOUTH	Davivienda	COP	26/08/2013	10.00	LIBOR 3M + 3.7%	4.07%				-4.07%			
FROM THE SOUTH	Davivienda	COP	07/10/2015	10.00	LIBOR 3M + 4.2%	4.59%				-4.59%			
FROM THE SOUTH	Davivienda	COP	29/10/2021	9.00	LIBOR 3M + 4%	4.15%				-0.00%			
FROM THE SOUTH	Bancolombia	COP	04/09/2020	2.00	+ 5.25%	0.00%				-5.49%			
EDEQ	AV VILLAS	COP	28/08/2020	0.90	IBR + 2%	0.00%				-3.80%			
EDEQ	AV VILLAS	COP	23/06/2016	7.00	IBR + 3.1%	6.33%				-4.87%			
EDEQ	AV VILLAS	COP	15/09/2017	7.00	IBR + 3.1%	6.80%				-5.22%			
EDEQ	AV VILLAS	COP	22/02/2019	3.75	DTF T.A. + 2.3%	5.33%				-4.55%			
EDEQ	WEST	COP	29/11/2019	7.00	IBR + 2.75%	6.36%				-4.71%			
EDEQ	AV VILLAS	COP	05/11/2019	6.50	IBR + 2.3%	5.85%				-4.21%			
EDEQ	BANK OF BOGOTA	COP	29/05/2020	7.00	IBR + 2.18%	5.61%				-3.95%			
EDEQ	BANK OF BOGOTA	COP	19/08/2020	7.00	IBR + 2.18%	5.61%				-3.94%			
EDEQ	END	COP	19/01/2021	3.00	0%	0.00%				-0.00%			
EDEQ	BBVA_844	COP	10/05/2021	3.00	IBR 1M + 0.15%	3.03%				-0.00%			
EDEQ	BBVA_2073	COP	10/05/2021	2.00	IBR 1M + 0.15%	2.97%				-0.00%			
EDEQ	VILLAS_21454	COP	23/07/2021	7.00	IBR + 2.25%	5.70%				-0.00%			
VMARIAS	END	COP	27/01/2021	3.00	0%	0.00%				-0.00%			

Company	Entity or loan	Original currency	Start Date	Term	Nominal Interest Rate	december 31, 2021				december 31, 2020			
						IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
ENSA	Bonuses	USD	10/07/2006	15.00	7.6%	8.16%				-0.16%			
ENSA	Bonuses	USD	13/12/2012	15.00	4.73%	3.46%				-3.46%			
ENSA	Scotiabank	USD	03/10/2018	5.00	4.25%	4.25%				+4.25%			
ENSA	Bonuses	USD	01/07/2021	15.00	3.87%	4.05%				+0.00%			
ENSA	BLADEX	USD	06/10/2021	0.50	0.3%	1.10%				-0.00%			
ENSA	Citibank	USD	09/11/2021	1.00	0%	1.31%				-0.00%			
ENSA	Citibank	USD	11/11/2021	1.00	0%	1.31%				-0.00%			
ENSA	Citibank	USD	28/12/2021	0.50	0%	1.01%				-0.00%			
ENSA	Citibank	USD	28/12/2021	0.50	0%	1.00%				-0.00%			
ENSA	Citibank	USD	29/12/2021	0.50	0%	1.01%				-0.00%			
EPM	IPC III BONDS TRANCHE	COP	21/04/2009	15.00	CPI + 6.24%	11.83%				-7.66%			
EPM	IPC IV TRAM BONDS 2	COP	14/12/2010	12.00	CPI + 4.2%	10.03%				-5.66%			
EPM	IPC IV TRAM BONDS 3	COP	14/12/2010	20.00	CPI + 4.94%	10.53%				-6.47%			
EPM	CPI BONDS V TRANCHE II.	COP	04/12/2013	10.00	CPI + 4.52%	10.28%				-6.26%			
EPM	IPC V TRAM III BONDS	COP	04/12/2013	20.00	CPI + 5.03%	10.73%				-6.72%			
EPM	CPI BONDS VI TRANCHE II.	COP	29/07/2014	12.00	CPI + 4.17%	9.91%				-5.88%			
EPM	IPC VI TRAM III BONDS	COP	29/07/2014	20.00	CPI + 4.5%	10.19%				-6.47%			
EPM	CPI V TRAM IV BONDS	COP	20/03/2015	8.71	CPI + 3.65%	10.12%				-6.41%			
EPM	CPI BONDS VII TRANCHE II.	COP	20/03/2015	12.00	CPI + 3.92%	9.48%				-5.43%			
EPM	IPC VII TRAM III BONDS	COP	20/03/2015	20.00	CPI + 4.43%	9.94%				-5.94%			
EPM	IDB-1664-1	COP	31/03/2016	9.69	7.8%	8.98%				-8.68%			
EPM	IDB 2120-1	COP	27/05/2014	9.33	6.272%	8.56%				-8.82%			
EPM	BANK OF TOKYO-MITSUB	COP	29/09/2008	15.00	LIBOR 6M + 0.95%	0.59%				+1.48%			
EPM	GLOBAL 2021 COP	COP	31/01/2011	10.00	8.375%	0.00%				-1.04%			
EPM	GLOBAL 2024 COP	COP	10/09/2014	10.00	7.625%	7.73%				-7.73%			
EPM	AGRICULTURAL	COP	24/06/2014	16.00	IBR + 2.4%	6.85%				-4.55%			
EPM	AFD	COP	10/08/2012	14.98	4.311%	4.40%				-4.40%			
EPM	IDB 2120-2	COP	23/08/2016	17.59	7.5%	9.10%				-8.06%			
EPM	BNDES	COP	26/04/2016	23.67	4.887%	5.01%				-5.36%			
EPM	GLOBAL 2027 COP	COP	08/11/2017	10.00	8.375%	8.45%				-8.45%			
EPM	IDB 2120-3	COP	08/12/2017	16.30	6.265%	7.61%				-7.47%			
EPM	CAF	COP	03/10/2016	18.00	LIBOR 6M + 3.1%	3.70%				-3.58%			
EPM	IDB INVEST SECTION 12 YEARS	COP	29/12/2017	12.38	LIBOR 6M + 2.75%	0.00%				-4.04%			
EPM	IDB INVEST SECTION 8 YEARS	COP	29/12/2017	8.38	LIBOR 6M + 2.125%	0.00%				-3.70%			
EPM	BANCOLOMBIA	COP	11/02/2019	3.00	IBR 6M + 2.5%	0.00%				-3.90%			
EPM	HSBC	COP	26/11/2018	3.00	LIBOR 6M + 1.65%	0.00%				-2.60%			
EPM	1023 USD BONUSES	COP	18/07/2019	10.00	4.25%	4.39%				-4.89%			
EPM	POPULAR BANK	COP	05/05/2020	1.00	IBR 6M + 2.1%	0.00%				-3.84%			
EPM	IDB 2120-4	COP	17/06/2020	13.77	5%	6.04%				-5.88%			
EPM	BONDS USD 2030	COP	15/07/2020	10.58	4.375%	4.60%				-4.60%			
EPM	END	COP	28/01/2021	3.00	0%	0.00%				-0.00%			
EPM	BBVA	COP	18/05/2021	3.00	IBR 1M + 0.1%	3.02%				-0.00%			
EPM	BBVA	COP	18/05/2021	3.00	IBR 1M + 0.1%	3.02%				-0.00%			
EPM	BBVA	COP	18/05/2021	2.00	IBR 1M + 0.1%	3.01%				-0.00%			
EPM	JP MORGAN	COP	24/11/2021	4.98	IBR OIS + 2.477%	5.54%				-0.00%			
EPM	1052 BANCO SANTANDER TESORERIA	COP	01/12/2021	1.00	LIBOR 1M + 1.45%	1.55%				-0.00%			
EPM	1053 BNP TESORERY	COP	10/12/2021	1.00	LIBOR 1M + 1.4%	1.50%				-0.00%			
EPM	Commissions	COP				0.00%				-0.00%			
ESSA	Bogota	COP	10/04/2014	7.00	IBR + 1.88%	0.00%				-4.05%			
ESSA	Bogota	COP	16/04/2014	7.00	IBR + 1.88%	0.00%				-4.09%			
ESSA	Bogota	COP	30/04/2015	7.00	IBR + 1.88%	5.06%				-3.96%			
ESSA	Bogota	COP	27/01/2016	7.00	IBR + 1.88%	5.35%				-3.98%			
ESSA	Bogota	COP	16/02/2016	7.00	IBR + 1.88%	5.37%				-4.01%			
ESSA	Bogota	COP	28/03/2016	7.00	IBR + 1.88%	5.34%				-3.88%			
ESSA	Bogota	COP	14/04/2016	7.00	IBR + 1.88%	5.45%				-3.99%			

Company	Entity or loan	Original currency	Start Date	Term	Nominal Interest Rate	december 31, 2021			december 31, 2020				
						IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
ESSA	Bogota	COP	01/07/2016	12.00	IBR + 3.15%	6.84%				5.11%			
ESSA	Bogota	COP	19/08/2016	12.00	IBR + 3.15%	6.79%				5.10%			
ESSA	Bogota	COP	13/10/2016	12.00	IBR + 3.15%	6.84%				5.13%			
ESSA	Bogota	COP	11/11/2016	12.00	IBR + 3.15%	6.89%				5.19%			
ESSA	Bogota	COP	05/12/2016	12.00	IBR + 3.15%	6.88%				5.18%			
ESSA	Bogota	COP	14/12/2016	12.00	IBR + 3.15%	6.84%				5.14%			
ESSA	Bogota	COP	11/01/2017	12.00	IBR + 3.15%	6.83%				5.11%			
ESSA	Bogota	COP	16/01/2017	12.00	IBR + 3.15%	6.81%				5.10%			
ESSA	Bogota	COP	15/05/2017	12.00	IBR + 3.15%	6.82%				5.12%			
ESSA	BBVA	COP	14/06/2017	12.00	IBR + 3.56%	7.37%				5.64%			
ESSA	BBVA	COP	29/06/2017	12.00	IBR + 3.56%	7.22%				5.47%			
ESSA	BBVA	COP	13/07/2017	12.00	IBR + 3.56%	7.32%				5.58%			
ESSA	BBVA	COP	28/09/2017	12.00	IBR + 3.56%	7.34%				5.59%			
ESSA	BBVA	COP	12/10/2017	12.00	IBR + 3.56%	7.31%				5.56%			
ESSA	BBVA	COP	30/10/2017	12.00	IBR + 3.56%	7.29%				5.56%			
ESSA	BBVA	COP	29/11/2017	12.00	IBR + 3.56%	7.33%				5.60%			
ESSA	BBVA	COP	11/12/2017	12.00	IBR + 3.56%	7.34%				5.60%			
ESSA	BBVA	COP	14/12/2017	12.00	IBR + 3.56%	7.34%				5.60%			
ESSA	BBVA	COP	26/12/2017	12.00	IBR + 3.56%	7.39%				5.64%			
ESSA	Bogota	COP	26/12/2017	12.00	IBR + 3.15%	6.63%				4.92%			
ESSA	BBVA	COP	29/10/2018	12.00	IBR + 2.91%	7.19%				4.86%			
ESSA	BBVA	COP	28/11/2018	12.00	IBR + 2.91%	7.19%				4.85%			
ESSA	BBVA	COP	26/12/2018	12.00	IBR + 2.91%	7.21%				4.85%			
ESSA	Popular	COP	28/12/2018	12.00	IBR + 2.91%	7.12%				4.79%			
ESSA	Popular	COP	27/12/2019	12.00	IBR + 2.91%	7.12%				4.77%			
ESSA	West	COP	28/07/2020	1.00	IBR + 2.7%	0.00%				4.62%			
ESSA	West	COP	05/08/2020	1.00	IBR + 2.7%	0.00%				4.56%			
ESSA	Davivienda	COP	04/09/2020	3.00	IBR + 2.1%	5.38%				3.89%			
ESSA	Davivienda	COP	04/09/2020	1.00	IBR + 2.1%	0.00%				3.06%			
ESSA	Bogota	COP	30/09/2020	1.00	IBR + 2.98%	0.00%				4.70%			
ESSA	Bogota	COP	29/10/2020	1.00	IBR + 2.1%	0.00%				3.85%			
ESSA	Bogota	COP	30/10/2020	1.00	IBR + 2.98%	0.00%				4.78%			
ESSA	BBVA	COP	28/12/2020	1.00	3.19%	0.00%				3.26%			
ESSA	BBVA	COP	30/12/2020	1.00	3.19%	0.00%				3.26%			
ESSA	Popular	COP	05/01/2021	3.00	0.00%	0.00%				0.00%			
ESSA	BBVA	COP	26/02/2021	2.00	IBR + 0.1%	3.22%				0.00%			
ESSA	Davivienda	COP	26/02/2021	12.00	IBR + 1.7%	5.16%				0.00%			
ESSA	Davivienda	COP	26/02/2021	12.00	IBR + 1.7%	5.16%				0.00%			
ESSA	BBVA	COP	12/03/2021	3.00	IBR + 0.1%	3.33%				0.00%			
ESSA	Davivienda	COP	23/04/2021	3.00	IBR + 2.55%	5.90%				0.00%			
ESSA	Davivienda	COP	15/06/2021	12.00	IPC E.A. + 3.7%	9.05%				0.00%			
ESSA	BBVA	COP	02/07/2021	3.00	IBR + 0.2%	3.50%				0.00%			
ESSA	BBVA	COP	02/07/2021	2.00	IBR + 0.2%	3.41%				0.00%			
ESSA	Davivienda	COP	14/09/2021	10.00	IBR + 3.8%	7.21%				0.00%			
ESSA	ITAU Bank	COP	06/10/2021	1.00	IBR + 1.3%	4.69%				0.00%			
ESSA	ITAU Bank	COP	02/11/2021	1.00	IBR + 1.3%	4.73%				0.00%			
ESSA	Sudameris	COP	17/12/2021	5.00	IBR + 3.4%	6.99%				0.00%			
ESSA	BBVA	COP	29/12/2021	1.00	4.41%	4.41%				0.00%			
ESSA	Commissions	COP				0.00%				0.00%			
DECA GROUP	Industrial Bank	COP	20/12/2018	10.00	TAPP + -6.8%	5.68%				5.88%			
DECA GROUP	Central America Bank	COP	21/12/2018	10.00	TAPP + -6.81%	5.66%				5.87%			
DECA GROUP	Banco Agromercantil	COP	24/01/2019	10.00	TAPP + -6.87%	5.60%				5.81%			
DECA GROUP	Central America Bank	COP	21/12/2018	10.00	LIBOR 3M + 2.26387%	2.98%				3.06%			
DECA GROUP	International Bank	COP	19/12/2018	10.00	TAPP + -1.25%	4.84%				5.08%			
DECA GROUP	Banco Agromercantil	COP	24/01/2019	10.00	LIBOR 3M + 3.05%	3.77%				3.85%			
DECA GROUP	Industrial Bank	COP	15/12/2017	1.00	TAPP + -1.5%	0.00%				0.00%			
DECA GROUP	Industrial Bank	COP	27/05/2020	1.00	TAPP + -6.8%	5.50%				5.68%			
DECA GROUP	Rural Development Bank	COP	22/03/2018	1.00	TAPP + -1.2%	4.83%				0.00%			

Company	Entity or loan	Original currency	Start Date	Term	Nominal Interest Rate	december 31, 2021			december 31, 2020				
						IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
DECA GROUP	Industrial Bank	GTQ	20/12/2018	10.00	TAPP + -6.8%	5.88%				-6.00%			
DECA GROUP	Central America Bank	GTQ	26/12/2018	10.00	TAPP + -6.81%	5.87%				-5.99%			
DECA GROUP	Banco Agromercantil	GTQ	25/01/2019	10.00	TAPP + -6.87%	5.80%				-5.93%			
DECA GROUP	Central America Bank	USD	26/12/2018	10.00	LIBOR 3M + 2.26387%	3.05%				-3.17%			
DECA GROUP	International Bank	USD	19/12/2018	10.00	TAPP + -1.25%	5.09%				-5.12%			
DECA GROUP	Mercom BANK LTD.	USD	25/01/2019	10.00	LIBOR 3M + 3.05%	3.83%				-3.95%			
DECA GROUP	Bancolombia Panama	USD	25/01/2019	10.00	LIBOR 3M + 3.05%	3.84%				-3.96%			
DECA GROUP	Bancolombia Panama	USD	16/07/2019	1.00	LIBOR 3M+ 2.5739%	2.66%				-2.31%			
DECA GROUP	Industrial Bank	GTQ	24/11/2021	7.00	TAPP + 5.79%	5.79%				-6.49%			
HET	Banesco	USD	15/11/2021	10.00	3.9%	3.90%				-0.00%			
MALAMBO	Davivienda	COPY	07/12/2021	1.00	IBR + 4.1%	7.93%				-0.00%			
TICSA	Santander	MXN	14/06/2016	7.00	IIE + 2.4%	7.01%				-7.01%			
TICSA	Santander	MXN	14/06/2016	10.00	IIE + 2.4%	7.77%				-7.77%			
TICSA	Santander	MXN	14/06/2016	14.00	IIE + 2.4%	7.79%				-7.79%			
TICSA	Interactions	MXN	31/12/2020	15.33	IIE + 3%	7.51%				-7.50%			
TICSA	Banco del Bajío	MXN	31/07/2013	14.67	IIE + 2.75%	8.48%				-8.47%			
TICSA	Santander	MXN	22/03/2021	1.00	IIE + 4%	7.55%				-7.49%			
TICSA	Bank of America	MXN	04/12/2018	1.00	IIE + 2.85%	6.80%				-6.74%			
TICSA	Davivienda	COP	17/02/2020	1.00	EA + 0%	7.50%				-7.50%			
TICSA	Davivienda	COP	12/03/2020	1.00	EA + 0%	7.60%				-7.60%			
TICSA	Davivienda	COP	02/04/2020	1.00	EA + 0%	8.00%				-8.00%			
TICSA		MXN	14/05/2020	1.00	IIE + 3.7%	8.25%				-8.25%			
TICSA	Davivienda	COP	17/06/2020	1.00	EA + 0%	7.60%				-7.60%			
Total							25,531,872	233,920	25,765,792		24,433,681	154,121	24,587,802

Amounts stated in millions of Colombian Pesos

As of December 31, 2021 and 2020, there are the following movements related to credits and loans, and for the effects of presentation, in the cash flow statement, the following items are disclosed: i) attainment of public credits and treasury COP \$4,816,759 and COP \$6,424,523 for 2020; ii) public credit and treasury payments COP \$ 5,701,677 and \$2,896,219 for 2020; iii) costs of transactions for the issuance of debt instruments, COP \$44,163 and COP \$28,553 for 2020.

Interest paid on loans as of December 31, 2021 was \$1,344,583 (2020: \$1,258,089).

The net loss by exchange difference related to the debt recognized in the period to December 31, 2021 was COP \$-345,306 (2020 COP \$-334,034) On the cut-off date, the credits used as an instrument to cover net investments in foreign benefits are CAF, JBIC and AFD, and 2021 has 374 million USD designated. The exchange difference of the result of the period has been reclassified to another comprehensive result for 2021, COP \$61,509.

The information of bonds issued is as follows:

Subserie	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2021				Amount awarded							
					IRR	Nominal Value	Amortized Cost Value	Total Amount	Amount awarded to 2020	Amount awarded to 2019	Amount awarded to 2018	Amount awarded to 2017	Amount awarded to 2016	Amount awarded to 2015	Amount awarded to 2014	
A10a	COP	4/12/2013	10	IPC + 4.52%	6.26%	96,210	270	96,480	96,210	96,210	96,210	96,210	96,210	96,210	96,210	96,210
A10a	COP	20/03/2015	9	IPC + 3.65%	6.11%	130,000	707	130,707	130,000	130,000	130,000	130,000	130,000	130,000	130,000	-
A12a	COP	14/12/2010	12	IPC + 4.2%	5.56%	119,900	166	120,066	119,900	119,900	119,900	119,900	119,900	119,900	119,900	119,900
A12a	COP	29/07/2014	12	IPC + 4.17%	5.88%	125,000	869	125,869	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
A12a	COP	20/03/2015	12	IPC + 3.92%	5.43%	120,000	(128)	119,872	120,000	120,000	120,000	120,000	120,000	120,000	120,000	-
A15a	COP	21/04/2009	15	IPC + 6.24%	7.66%	198,400	4,273	202,673	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400
A20a	COP	14/12/2010	20	IPC + 4.94%	6.47%	267,400	29	267,429	267,400	267,400	267,400	267,400	267,400	267,400	267,400	267,400
A20a	COP	4/12/2013	20	IPC + 5.03%	6.72%	229,190	(980)	228,210	229,190	229,190	229,190	229,190	229,190	229,190	229,190	229,190
A20a	COP	29/07/2014	20	IPC + 4.5%	6.17%	250,000	771	250,771	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
A20a	COP	20/03/2015	20	IPC + 4.43%	5.94%	260,000	258	260,258	260,000	260,000	260,000	260,000	260,000	260,000	260,000	-
A5a	COP	20/03/2015	5	IPC + 2.72%	0.00%	-	-	-	-	120,000	120,000	120,000	120,000	120,000	120,000	-
A6a	COP	29/07/2014	6	IPC + 3.57%	0.00%	-	-	-	-	125,000	125,000	125,000	125,000	125,000	125,000	125,000
International bond	COP	31/01/2011	10	8.38%	14.04%	-	-	-	130,822	130,822	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	
International bond	COP	3/09/2014	10	7.63%	7.73%	965,745	19,616	985,361	965,745	965,745	965,745	965,745	965,745	965,745	965,745	
International bond	COP	31/10/2017	10	8.38%	8.45%	4,165,519	51,358	4,216,877	4,165,519	3,530,000	2,300,000	2,300,000	-	-	-	
International bond	USD	11/07/2019	10	4.25%	4.39%	3,981,160	52,805	4,033,965	3,432,500	3,277,140	-	-	-	-	-	
International bond	USD	15/07/2020	11	4.38%	4.60%	2,289,167	8,693	2,297,860	1,973,688	-	-	-	-	-	-	
TOTAL BONDS AND SECURITIES ISSUED						13,197,691	138,708	13,336,399	12,464,373	9,944,807	6,556,845	6,556,845	4,256,845	4,256,845	3,626,845	

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

The detail of the international bonds issued by the Group's subsidiaries is as follows:

ENSA:

Type of bond	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2021				Amount awarded							
					IRR	Nominal Value	Amortized Cost Value	Total Amount	2020	2019	2018	2017	2016	2015	2014	
Bonds	USD	10/07/2006	15	7.6%	8.16%	-	-	-	343,250	-	-	-	-	-	-	-
Bonds	USD	13/12/2012	15	4.73%	3.46%	318,493	1,995	316,498	274,600	-	-	-	-	-	-	-
Bonds	USD	1/07/2021	15	3.87%	4.05%	398,116	1,731	399,847	-	-	-	-	-	-	-	-
TOTAL						716,609	264	716,345	617,850	-	-	-	-	-	-	-

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

AGUAS DE ANTOFAGASTA:

Type of bond	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2021				Amount awarded							
					IRR	Nominal Value	Amortized Cost Value	Total Amount	2020	2019	2018	2017	2016	2015	2014	
Bonos	CLP	18/12/2020	5	UF + 0.995%	0.20%	144,816	7,271	152,087	140,442	-	-	-	-	-	-	-
Bonos	CLP	18/12/2020	13	UF + 1.4396%	2.01%	289,632	25,561	315,192	280,884	-	-	-	-	-	-	-
Bonos	CLP	14/05/2021	5	UF + 0.995%	0.63%	144,816	5,839	150,655	-	-	-	-	-	-	-	-
Bonos	CLP	14/05/2021	13	UF + 1.4396%	2.51%	434,447	20,021	454,469	-	-	-	-	-	-	-	-
TOTAL						1,013,711	58,692	1,072,403	421,325	-	-	-	-	-	-	-

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

In 2021, the EPM Group presented the following novelties by credit:

Disbursements

January

- **Parent EPM:** Development Credit with FINDETER for \$60,677.
- **Electrificadora de Santander (ESSA for its initials in Spanish):** Development Credit with FINDETER for \$12,320.
- **Empresa de Energía del Quindío SA ESP (EDEQ for its initials in Spanish):** Development Credit with FINDETER for \$1,742.
- **Centrales Eléctricas del Norte de Santander SA ESP (CENS for its initials in Spanish):** Development Credit with FINDETER for \$17,500.
- **Empresas Varias de Medellín (EMVARIAS for its initials in Spanish):** Development Credit with FINDETER for \$5,413.

February

- **Electrificadora de Santander (ESSA):** Banco BBVA for \$11,710 and Banco Davivienda for \$9,850.

March

- **Electrificadora de Santander (ESSA):** Banco BBVA for \$7,236.
- **Central Hidroeléctrica de Caldas (CHEC for its initials in Spanish):** Bancolombia for \$53,000.

April

- **Electrificadora de Santander (ESSA):** Banco Davivienda for \$30,000.
- **Central Hidroeléctrica de Caldas (CHEC):** Banco Davivienda for \$29,635.
- **Centrales Eléctricas del Norte de Santander SA ESP (CENS):** Banco BBVA for \$13,634.

May

- **EPM Parent:** Banco BBVA for \$50,323.
- **Central Hidroeléctrica de Caldas (CHEC):** Bancolombia for \$87,000.
- **Centrales Eléctricas del Norte de Santander SAESP (CENS):** Banco BBVA for \$13,063.
- **Empresa de Energía del Quindío SAESP (EDEQ for its initials in Spanish):** Banco BBVA for \$2,919 and Bancolombia for \$10,000.
- **Aguas de Antofagasta (ADASA for its initials in Spanish):** Bonds for CLP 118,453 in COP \$628,170.
- **DELSUR:** Banco Davivienda for USD 30 in COP \$112,520.

June

- **Electrificadora de Santander (ESSA):** Banco Davivienda for \$50,000.

July

- **Electrificadora de Santander (ESSA):** BBVA for \$4,670.
- **Empresa de Energía del Quindío SAESP (EDEQ):** Banco AV Villas for \$21,454.
- **Empresa de distribución de energía del noreste de Panama SA (ENSA for its initials in Spanish):** Bonds for USD 100 million.

September

- **EPM Parent:** Long-term loan BNDES for USD 8.9 million (COP \$ 34,317).
- **Electrificadora de Santander (ESSA):** Banco Davivienda for \$14,951.

October

- **Electrificadora de Santander (ESSA):** Banco ITAU for \$15,000.
- **Empresa de distribución de energía del noreste de Panama SA (ENSA):** Bladex for USD 7 million.
- **Del Sur:** Banco Davivienda for USD 30.

November

- **Parent EPM:** BNDES long-term loan for USD 6.5 million (COP 26,184), EPM carried out a Debt Management Operation consisting of contracting a loan with the banks JPMorgan and Bank of Tokyo -MUFG- to make a voluntary prepayment for an amount of USD 250 million (COP 986,093) of the HSBC loan.
- **Aguas Regionales:** Banco Davivienda for \$9,500.
- **Electrificadora de Santander (ESSA):** Banco ITAU for \$45,000.
- **Empresa de distribución de energía del noreste de Panama SA (ENSA):** Citibank for USD 13 million.
- **Grupo Deca:** Banco Industria for GTQ 1,000 million.

December

- **Parent EPM:** Long-term loan from BNDES for USD 6.7 million (COP 26,465), short-term loan with Banco Santander for USD 200 million (COP 800,908), short-term loan with BNP Paribas for USD 115 million (COP 448,485).
- **Electrificadora de Santander (ESSA):** Banco Sudameris for COP 30,000 and BBVA for \$30,000.
- **Empresa de distribución de energía del noreste de Panama SA (ENSA):** Citibank for USD 20.7 million.
- **Aguas de Malambo:** Davivienda Bank for \$1,400.

Covenant Debt / EBITDA

The EPM Group has different financial commitments (covenants), established in the loan contracts signed with the French Development Agency - AFD, Inter-American Development Bank, CAF- Development Bank of Latin America, National Bank for Economic and Social Development - BNDES, JPMorgan, and Bank of Tokyo -MUFG- and Guarantee of Japan Bank for International Cooperation – JBIC. Some of the following covenants are included in these contracts: Debt/EBITDA LTM, Net Debt/EBITDA LTM, EBITDA/Financial Expenses, EBITDA/Net Financial Expenses, and Long-Term Debt/Equity.

Contractually, one of the management schemes to avoid defaulting on this type of commitment is the issuance of waivers by creditors.

It should be noted that at the moment in which the EPM Group exceeds the agreed Debt/EBITDA covenant, it does not generate a direct activation of the declaration of default by the banks, nor of advance payment, since it is an action contractually subject to the decision of the bank(s) to exercise or not this declaration and in addition to the fact of having remedial periods agreed in the contracts to deal with a possible breach.

The EPM Group must report compliance with the Long-Term Financial Debt/EBITDA indicator as follows: to the Japan Bank for International Cooperation -JBIC- on a quarterly basis and the French Development Agency -AFD- every six months.

The EPM Group obtained the required waiver for the JBIC credit for the entire 2021 term for the Debt/EBITDA covenant, additionally, it was established that, during this year, the Net Debt/EBITDA covenant would be reported as stipulated in the other contracts, It is highlighted that this indicator shows compliance with the cut-off date of December 2021. Additionally, on September 30, an Amendment to the credit agreement with the AFD was signed, where the current financial covenant Debt was contractually modified, leaving the measurement from the date in Net Debt/EBITDA ≤ 4 times.



IDB Invest contract management

In relation to the credit agreement signed with IDB Invest on December 29, 2017, for the partial financing of the future Ituango hydroelectric plant, on December 1, 2021, EPM and the bank agreed on the voluntary and early prepayment of this credit's total pending balance. Due to the foregoing, on December 22, 2021, in compliance with the agreement, EPM paid the USD 450 million principal balance of the loan (COP 1,798,326).

Bancolombia contract management

In relation to the credit agreement signed with Bancolombia on November 22, 2018, EPM paid voluntarily and in advance the principal balance of the loan of \$450,000 on December 27, 2021.

Breaches

During the accounting period, the Group has not defaulted on the payment of principal and interest on its loans.



Note 23. Creditors and other accounts payable

Creditors and other accounts payable are measured at amortized cost and are made up of:

Creditors and other accounts payable	2021	2020
Non-current		
Creditors	113,614	116,814
Procurement of goods and services	62,332	71,234
Deposits Received on Collateral ⁽¹⁾	382,239	313,309
Advances and advances received	64,090	80,216
Resources received in administration	17,740	14,965
Construction contracts	27,515	22,561
Total creditors and other non-current accounts payable	667,530	619,099
Current		
Creditors	1,054,647	665,731
Procurement of goods and services	2,744,041	2,308,554
Assigned subsidies	42,457	25,051
Deposits received on collateral	27,721	36,818
Advances and advances received	46,254	10,624
Resources received in administration	12,337	22,141
Other Accounts payable	334	357
Construction contracts	40,440	14,629
Fees payable	2,110	2,110
Total creditors and other accounts payable, current	3,970,341	3,086,015
Total creditors and other accounts payable	4,637,871	3,705,114

Amounts stated in millions of Colombian pesos -





⁽¹⁾ In Guatemala, the General Electricity Law establishes that all new users must provide the distributor with a guarantee of payment. This guarantee may be provided in monetary form or by means of a deposit, and will be calculated for each category of user as the amount equivalent to two average monthly bills of a typical user of the same category. EEGSA collects such guarantees from its clients and records the amounts received as "Deposits from consumers". In accordance with the provisions of the General Electricity Law, Decree No. 93-96 of November 15, 1996, article 94, from that date until March 10, 2007, deposits received from customers accrued real interest of the 5% per year. As of March 11, 2007, the deposits received must be returned, adding to the capital the monthly weighted average active interest rate of the banking system. It also establishes that, upon rescinding the contract, the distributor must make a settlement that includes the initial amount of the guarantee plus all the interest accrued and capitalized each year, minus the outstanding debts and costs that the user may have incurred.

As of December 31, 2006, EEGSA records a provision for the amount of interest originated by the payment guarantees.

Deposits received from consumers, plus accrued interest and minus any outstanding debt for past services, are reimbursable to users when they stop using the electric power service provided by EEGSA. In 2021 these deposits have been classified as non-current liabilities because the company does not expect to make significant payments in the next year, according to the estimates and recurrence of customer withdrawals, in addition to the going concern premise.

As of December 31, 2021, the amount of consumer deposits was \$339,320 (2020: \$299,169).

⁽²⁾ The most significant increase is reflected in the Creditors for compensation account, due to the purchase of energy as a result of the commercial operation; the others, due to the increase in temporary liabilities for both domestic and imported purchases.

The term for payment to suppliers is generally 30 calendar days, with exceptions that are documented in the processes and determined, among others, by the type of obligation and contract.

Breaches

During the accounting period, the Group has not failed to pay creditors and other accounts payable.



Note 24. Other financial liabilities

Other financial liabilities are made up of:

Other financial liabilities	2021	2020
Not current		
Lease liability	619,277	639,114
Financial liabilities measured at fair value through profit or loss	43,743	79,411
Penalty Bonds	210,546	251,866
Cash flow hedge derivatives ⁽¹⁾ (see note 25)	164,277	349,935
Total other non-current financial liabilities	1,037,843	1,320,326
Current		
Lease Liability ⁽²⁾	106,959	48,553
Financial liabilities measured at fair value through profit or loss	47,575	41,018
Penalty Bonds ⁽²⁾	448,896	418,720
Cash flow hedge derivatives ⁽¹⁾ (see note 25)	-	69,197
Total other current financial liabilities	603,430	577,488
Total Other Financial Liabilities	1,641,273	1,897,814

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Within the market risk management plan, the company completed the closing of hedging operations for US\$475 million in 2021, of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for the issuance of bonuses for the years 2019 and 2020.

⁽²⁾ Includes the following items: payment of pension bonuses for \$47,249 and payment of financial lease liabilities for \$76,052 reflected in the statement of cash flows. Conventional purchases and sales of financial liabilities are accounted for by applying the trading date.

24.1 Financial liabilities designated at fair value through profit or loss

Financial liability for premiums payable from the climatic derivative, which has been contracted to cover dry seasons that imply a decrease in hydroelectric generation and the rise in energy prices on the stock market. It is measured at fair value through profit or loss, in order to achieve asymmetry or "match" the financial asset (derivative/option, valued at fair value through profit or loss) with the financial liability (premiums payable).

Its valuation technique is the average of expected future flows, discounted at a risk-free rate plus a spread that considers the possibility of default (own credit risk).

24.2 Financial liabilities designated at fair value through profit or loss, with the effects of the change in the credit risk of the liability recognized in profit or loss for the period

Concept	2021	2020
Period profit (loss) from changes in fair value attributable to changes in credit risk recognized in the period	1,139	2,057
Difference between book value and value payable at liquidation:	(3,833)	(2,626)
Book value of liability(s)	91,317	120,429
Value to be paid at the time of settlement	95,150	123,055
Total	91,317	120,429

Amounts stated in millions of Colombian pesos -

The Group has determined that presenting the effects of changes in the credit risk of a liability in other comprehensive income would create or increase an accounting asymmetry in the result for the period. This asymmetry is generated given that EPM's rating is BB+ and NewRe is AA. It should be noted that this liability comes from a contract that is linked to an option-type derivative instrument, which represents an asset for EPM. The derivative instrument (asset) is valued at fair value (including credit risk) with changes in results, since it is not designated in hedge accounting.

Breaches

During the accounting period, Grupo EPM has not failed to pay the principal and interest of its loans.



Note 25. Derivatives and hedges

The group has the following types of coverage:

- Cash flow hedges, which consists of covering the variation in future cash flows attributable to certain risks, such as interest rate and exchange rate that may impact results, whose fair values at the end of the reporting period amount to:
 - **Swaps:** an obligation of \$32,693 (2020: \$354,221 Obligation).
 - **Options:** one right for \$3,673 (2020: \$0).
 - **TICSA Swaps:** Right for \$1,050 (2020: \$2,526 Obligation).
- Hedges of net investments in foreign operations, whose objective is to cover the equity for the exchange rate risks that EPM may have, by the method of participation in the effect of conversion of financial statements in investments in subsidiaries with functional currency dollar for further details.



[See note 22 Credits and loans and note 21 Other accumulated comprehensive income.](#)



The risks that have been covered in these operations are presented below, for further details.



See note 44 Financial risk management objectives and policies:

Hedge classification	Description	Risk Covered	Leg	Covered heading	Value in books Item covered	Value in books instrument of coverage	Changes in Fair Value Measurement the time period of the hedging instrument	Changes in Fair Value Measurement the item's time-frame covered	Coverage ineffectiveness recognized in the outcome of the period	Effectiveness of coverage recognized in the other end result	Reclassification of the other integral result to the period result (1)
Cash flow coverage											
Swaps	Cross Currency Swap	Exchange rate USD/COP and debt service fixed/libor interest rate	Part of the AFD loans and international bonds	Credit in Dollars	7,016,781	(32,693)	321,528	6,265,574	N.A.	321,528	820,340
Collar	Zero Cost Collar Option	Exchange rate USD/COP	50% of the account per square in USD	Account to balance in USD	2,523,378	3,673	3,673	N.A.	N.A.	3,673	N.A.
TICSA swaps	Interest rate coverage swap	Interest rate TIIE	Credit Santander	Credit in MXN	76,900	1,038	3,575	(8,132)	N.A.	1,038	N.A.
Hedge of net investment in a foreign operation	Coverage of net investments in foreign operations	Exchange rate USD/COP	Investments in subsidiaries in HET, PDG and MaxSeguros.	Investments in subsidiaries with USD reporting currency	1,183,364	1,488,091	147,867	72,600	16,723	61,509	N.A.

Amounts stated in millions of Colombian pesos -



⁽¹⁾ The reclassification of the other comprehensive income to the result of the period, for the swap instruments, affected the item of interest, exchange difference, interest exchange difference and capital of the right. Additionally, \$15,075 were capitalized as loan costs, mainly to the future Ituango hydroelectric plant.

Foreign exchange risk hedging operations are part of the public debt regulated in decree 1068 of 2015, therefore, they require the general approval of the operation via resolution and additionally the official authorization of each of the confirmation letters from the financial entities. that possibly have participation of the respective specific operations. This approval process, according to the concept of the entities that govern the issue in the country, can only be started once the respective resources have been disbursed. Generating that during the period in which the approval process is carried out, there is a stage in which the company is exposed to exchange risk without having the possibility of executing this type of exchange hedging operations.

During 2021, the group completed the closing of hedging operations for US\$475 million of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for the bond issues of 2019 and 2020.

Cash flow hedge

The group expects that the cash flows that are under cash flow hedge accounting will be realized in the period between January 1, 2022 and February 15, 2031, for more details.



[See note 44 financial risk management objectives and policies, numeral 44.1 Market risk](#)

The characteristics of the main cash flow hedging instruments that are under hedge accounting are as follows:



EPM

Covered underlay	AFD Credit	AFD Credit	AFD Credit	AFD Credit	AFD Credit	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029
Close Date	03-feb-17	06-feb-17	10-feb-17	24-mar-17	30-mar-17	08-jun-20	07-jul-20	10-jul-20	15-jul-20	15-jul-20	09-nov-20	12-nov-20
Derived Type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	BNP Paribas	BNP Paribas	BNP Paribas	CITI BANK	CITI BANK	BNP PARIBAS	JP Morgan	JP Morgan	Scotia Bank	Goldman Sachs	Goldman Sachs	BBVA
Nominal (USD)	64,750,000	47,381,250	85,312,500	13,164,375	85,312,500	100,000,000	50,000,000	100,000,000	100,000,000	100,000,000	125,000,000	125,000,000
Spot exchange rate	2,850	2,855	2,850	2,899	2,878	3,597	3,627	3,617	3,606	3,608	3,657	3,642
Due Date	31-jul-22	31-jul-22	31-jul-22	31-jul-22	31-jul-22	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29

* CCS : Cross Currency Swap

Covered underlay	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031
Close Date	18-may-21	02-jun-21	03-jun-21	11-sep-20	16-sep-20	22-oct-20	23-oct-20	29-ene-21	11-mar-21	04-jun-21
Derived Type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	Merrill Lynch International	BBVA	Merrill Lynch International	JP Morgan	JP Morgan	Sumitomo Mitsui Banking	JP Morgan	BNP Paribas	Goldman Sachs	CITIBANK
Nominal (USD)	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	75,000,000	75,000,000	25,000,000
Spot exchange rate	3,649	3,638	3,647	3,709	3,708	3,774	3,774	3,568	3,525	3,602
Due Date	18-jul-29	18-jul-29	18-jul-29	15-feb-31	15-feb-31	15-feb-31	15-feb-31	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap

TICSA

Characteristics	COLIMA	CELAYA	MORELIA
Covered underlay	Credit Santander	Credit Santander	Credit Santander
Section No.	1	1	1
Close Date	31-dic-19	31-dic-19	31-dic-19
Derivative Type	swap	swap	swap
Counterparty	Santander	Santander	Santander
Nominal (MXN)	282,750,000	95,250,000	246,300,000
Strike	N.A.	N.A.	N.A.
Obligation (MXN)	377,000,000	127,000,000	328,400,000
EPM pays	6.1259%	6.40%	5.84%
EPM Receives	Variable TIIE+Spread	Variable TIIE+Spread	Variable TIIE+Spread
Maturity date	12-feb-24	10-dic-26	10-ene-22
Initial exchange	No.	No.	No.
Final exchange	No.	No.	No.
Modality	Non-Delivery	Non-Delivery	Non-Delivery

Options

Characteristics		
Hedged underlay	50% insurance CXC MAPFRE	50% insurance CXC MAPFRE
Close Date	20-dic-21	21-dic-21
Derivative Type	Zero Cost Collar Option	Zero Cost Collar Option
Counterparty	Goldman Sachs	Bank of America
Nominal (USD)	250,000,000	66,000,000
Strike PUT	3,899.87	3,899.87
Strike CALL	4,138.00	4,141.00
Maturity Date	31-ene-22	31-ene-22
Settlement Date	01-feb-22	01-feb-22

Non-hedged weather derivative

The group currently has a risk coverage called "Climate Derivative" which is based on a put option and whose objective is to have the risk protection coverage in income due to the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments for power generation. Likewise, it serves to protect exposure to risk due to purchases on the energy exchange in said periods, which consequently also increases. Under this coverage, all the impact that the company could receive due to non-generation and breach of contractual commitments is transferred to the reinsurance market.

Coverage Termination

It is reported that during 2021 there was a maturity of a hedge operation for USD250 million corresponding to the underlying loan with HSBC.

Note 26. Employee benefits

The item of employee benefits recognized at the cut-off date has the following composition:

Employee Benefits	2021	2020
Non-current		
Post-employment benefits	801,487	914,292
Long-term benefits	98,509	107,059
Termination benefits	106	91
Other benefits	7	5
Total employee benefits, non-current	900,109	1,021,447
Current		
Short-term benefits	248,399	194,061
Post-employment benefits	62,240	90,428
Total benefits to current employees	310,639	284,489
Total	1,210,748	1,305,936

Amounts stated in millions of Colombian pesos -

26.1. Post-employment benefits

Includes defined benefit plans and defined contribution plans detailed below:

26.1.1. Defined benefit plans

Defined benefit plans	Pensions ¹		Retroactive Severance ²		Subsidy for public services ³		Educational Relief Plan ⁴		Other defined benefit plans		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Present value of defined benefit obligations												
Initial Balance	1,076,594	1,048,517	145,435	135,816	45,070	38,847	1,154	1,286	32,960	28,693	1,301,213	1,253,159
Cost of the present service	2,300	3,674	4,287	4,309	268	192	-	-	3,014	3,057	9,869	11,232
Income or (expenses) by interest	57,325	66,487	6,274	7,550	2,819	2,529	49	71	37	19	66,504	76,656
Actuarial gains or losses due to changes in:												
Assumptions by experience	(25,163)	3,758	17,090	496	(1,041)	5,063	(93)	(77)	-	13	(9,207)	9,253
Demographic assumptions	(690)	1,873	-	3	-	128	-	-	-	-	(690)	2,004
Financial assumptions	(144,590)	37,930	(16,206)	6,040	(7,741)	1,519	(118)	38	(2,163)	1,874	(170,818)	47,401
Past service cost	6,379	-	308	-	(14)	17	8	-	-	-	6,681	17
Foreign currency conversion effect	4,523	3,597	-	-	122	31	-	-	5,396	1,234	10,041	4,862
Contributions made to the plan	-	-	-	-	-	-	-	-	-	2	-	2
Payments made by the plan	(88,790)	(89,786)	(22,154)	(20,155)	(3,111)	(3,256)	(144)	(164)	(2,647)	(2,990)	(116,846)	(116,351)
Business combinations	-	-	-	11,376	-	-	-	-	-	-	-	11,376
Other changes	1,855	544	-	-	-	-	-	-	1,036	1,058	2,891	1,602
Fair value of obligations as of 31 December	889,743	1,076,594	135,034	145,435	36,372	45,070	856	1,154	37,633	32,960	1,099,638	1,301,213
Fair value of the plan assets												
Initial Balance	296,493	318,683	-	-	-	-	-	-	-	-	296,493	318,683
Contributions made to the plan	9,628	8,416	-	-	-	-	-	-	-	-	9,628	8,416
Payments made by the plan	(53,145)	(57,859)	-	-	-	-	-	-	-	-	(53,145)	(57,859)
Interest income	14,674	19,728	-	-	-	-	-	-	-	-	14,674	19,728
Actuarial gains or losses:												
Plan Expected Performance (excluding Interest Income)	(32,302)	5,917	-	-	-	-	-	-	-	-	(32,302)	5,917
Foreign currency conversion effect	5,344	1,139	-	-	-	-	-	-	-	-	5,344	1,139
Other changes	(4,781)	469	-	-	-	-	-	-	-	-	(4,781)	469
Fair value of the plan assets as of 31 December	235,911	296,493	-	-	-	-	-	-	-	-	235,911	296,493
Surplus or (deficit) of the defined benefit plan	(653,832)	(780,101)	(135,034)	(145,435)	(36,372)	(45,070)	(856)	(1,154)	(37,633)	(32,960)	(863,727)	(1,004,720)
Net asset or (liability) of the defined benefit plan	(653,832)	(780,101)	(135,034)	(145,435)	(36,372)	(45,070)	(856)	(1,154)	(37,633)	(32,960)	(863,727)	(1,004,720)
Total defined benefits	(653,832)	(780,101)	(135,034)	(145,435)	(36,372)	(45,070)	(856)	(1,154)	(37,633)	(32,960)	(863,727)	(1,004,720)

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Includes the retirement pension plans in charge of the companies of the EPM Group in accordance with the regulations of each country. Likewise, contributions to social security and funeral assistance.

⁽²⁾ Includes plans for retroactive layoffs, consisting of recognition of an average monthly salary multiplied by years of service, payable through advances and at the time of termination of the contract. The source that gives rise to the plan is the "Sixth Law of 1945 by which some provisions on labor conventions, professional associations, collective disputes and special labor jurisdiction are dictated" and National Decree 1160 of 1989, by which it is regulated partially Law 71 of 1988, by which rules on pensions and other provisions are issued.

⁽³⁾ The benefit for public services is a plan that consists of a total or partial discount on the monthly value to be paid for the public energy service, and in some cases for the aqueduct and telephone service, in the following Group companies: Central Hidroeléctrica de Caldas SAESP, Centrales Eléctricas del Norte de Santander SAESP, Electrificadora de Santander SAESP and Elektra Noreste SA In Electrificadora de Santander SAESP, the benefit is granted to former employees whose length of service at the retirement date was at least 15 years employment relationship. The benefit for public services is covered by the current collective bargaining agreements of these companies.

⁽⁴⁾ Corresponds to the educational aid that by law is granted to the children of retirees who depend economically on them, up to the age of 25.

There is no risk identified for the Grupo EPM generated by the post-employment benefit plans, nor modifications, nor reductions or settlements that impact the present value of the obligation.

The weighted average of the duration in years, of the obligations for defined benefit plans at the cut-off date, is presented below:

Benefit	2021		2020	
	From	To	From	To
Pension	7	11	9	12
Retroactive severance	4	5	4	6
Assisted public services	8	11	9	12
Education	1	8	4	4
Other defined benefit plans	2	5	1	1

The Group has no restrictions on the current realization of the surplus of the defined benefit plan.

The Group did not make contributions for defined benefits during the period.

The fair value of plan assets is made up as follows:

Assets that support the plan	2021		2020	
	% participation	Fair Value Measurement	% participation	Fair Value Measurement
Cash and cash equivalents	0.42%	997	4.87%	14,449
Equity instruments				
Government Sector	-	-	8.43%	24,982
Total equity instruments	-	-	8.43%	24,982
Debt instruments				
AAA	66.21%	156,197	66.90%	198,362
AA	7.01%	16,546	2.22%	6,585
TO	5.16%	12,170	3.28%	9,713
BB and smaller	0.32%	756	0.59%	1,749
No rating	12.25%	28,901	10.92%	32,381
Investment funds	5.28%	12,457	2.79%	8,272
Total debt instruments	96.23%	227,027	86.70%	257,062
Other assets	3.34%	7,887	-	-
Total assets supporting the plan	100%	235,911	100%	296,493

Amounts stated in millions of Colombian pesos -



The main actuarial assumptions used to determine the obligations for defined benefit plans are as follows:

Assumptions	Colombia				Panama			
	2021		2020		2021		2020	
	From	To	From	To	From	To	From	To
Discount rate (%)	6.00%	8.50%	6.10%	7.70%	2.44%	2.44%	2.44%	2.44%
Annual Salary Increase Rate (%)	4.60%	4.60%	4.60%	4.60%	3.20%	3.20%	3.20%	3.20%
Actual rate of return of the assets in the plan	3.19%	4.80%	6.96%	6.96%	5.00%	5.00%	5.00%	5.00%
Future rate of increase in annual pension	3.50%	3.50%	3.50%	3.50%	-	-	-	-
Annual inflation rate (%)	3.50%	3.50%	3.50%	3.50%	1.60%	1.60%	0.20%	0.20%
Survival tables	Valid Rentlists Table 2008				Table of mortality of the urban population Republic of Panama 2010-2015			

Assumptions	Guatemala				Mexico			
	2021		2020		2021		2020	
	From	To	From	To	From	To	From	To
Discount rate (%)	4.80%	4.90%	4.90%	4.90%	8.40%	8.40%	6.70%	6.70%
Annual Salary Increase Rate (%)	4.50%	4.50%	4.50%	4.50%	5.58%	5.58%	5.58%	5.58%
Future rate of increase in annual pension	-	-	-	-	-	-	-	-
Annual inflation rate (%)	4.00%	4.00%	4.00%	4.00%	3.50%	3.50%	3.50%	3.50%
Survival tables	Table RP-2000							

Assumptions	El Salvador				Chile			
	2021		2020		2021		2020	
	From	To	From	To	From	To	From	To
Discount rate (%)	3.51%	3.51%	2.31%	2.31%	0.66%	0.66%	0.66%	0.66%
Annual Salary Increase Rate (%)	1.71%	1.71%	1.71%	1.71%	3.00%	3.00%	0.63%	0.63%
Future rate of increase in annual pension	-	-	-	-	-	-	-	-
Annual inflation rate (%)	6.12%	6.12%	0.70%	0.70%	7.20%	7.20%	2.43%	2.43%
Survival tables	Table CSO-80				Tables CB H 2014 and RV M 2014			

The following table shows the effect of a variation of plus 1% and minus 1% in the salary increase, in the discount rate and in the increase in the benefit on the obligation for defined post-employment benefit plans:

Assumptions	discount rate by +1%	rate by -1%	salary increase by +1%	Decrease in salary increase by -1%	increase in profit by +1%	decrease in profit increase by -1%
Pensions	770,933	907,938	-	-	104,797	104,797
Retroactive severance	130,192	140,225	145,555	120,559	-	-
Public services	32,669	39,115	-	-	39,457	39,457
Other post-employment benefits	818	898	-	-	904	904
Total post-employment benefits	934,612	1,088,176	145,555	120,559	145,158	145,158

Amounts stated in millions of Colombian pesos -

The methods and assumptions used to prepare the sensitivity analyzes of the present value of the obligations are the same as for the actuarial calculation as of December 31, 2021 and 2020: Projected Unit of Credit. Sensitivity is not limited. There have been no changes in the methods and assumptions used to prepare the sensitivity analysis from the previous period to the current one.

Calculation of pension liabilities in accordance with current tax requirements in Colombia

Resolution 037 of 2017 issued by the General Accounting Office of the Nation established the obligation to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and Decree 1833 for pension commutations; therefore, the figures presented below do not correspond to the requirements of IFRS.

Pension liabilities

The actuarial calculation of pensions was prepared with the following technical bases:

Actuarial assumptions - Pensionary obligation	2021	2020
Real technical interest rate	4.80%	4.80%
Rate of salary increase	2.60%	3.64%
Pension increase rate	2.60%	3.64%
Mortality table	Valid Rentlists Table 2008	



The following table details the calculation of the pension liability with the above parameters:

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Staff retired entirely by EPM Group companies	1,186	280,087	1,255	322,862
Retired staff with shared pension with Colpensiones	1,726	234,281	1,875	269,148
Personal Benefit shared with Colpensiones	1,027	124,530	885	111,439
Retired staff with pension shared with other entities	478	46,742	431	44,925
Total	4,417	685,640	4,446	748,374

Amounts stated in millions of Colombian pesos -

The pension bonds related to pension obligations are detailed below:

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Type A Pensional Bonus Modality 1	240	3,040	243	2,832
Type A penalty bond Modality 2	4,256	200,836	4,394	199,493
Type B Pensional Bond	3,326	398,439	3,516	405,193
Type T Pensional Bonus	5	311	5	280
Other - Contributions Law 549	174	5,834	174	5,349
Total	8,001	608,460	8,332	613,147

Amounts stated in millions of Colombian pesos -

The differences between pension liabilities calculated under IFRS adopted in Colombia and tax pension liabilities are shown below:

Concept	2021	2020
Penalty liabilities under IFRS	748,352	910,235
Fiscal Pensionary Liabilities	1,251,120	1,290,086
Difference	(502,768)	(379,851)

Amounts stated in millions of Colombian pesos -

Liabilities pension commutations

The actuarial calculation of pension commutation was prepared with the following technical bases:

Actuarial assumptions - Pensionary commutation	2021	2020
Real technical interest rate	4.80%	4.80%
Rate of salary increase	2.60%	3.64%
Pension increase rate	2.60%	3.64%
Mortality table	Valid Rentlists Table 2008	

The following table shows the calculation of the pension commutation with the above parameters:

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Staff retired entirely by EPM Group companies	66	16,560	86	21,911
Retired staff with shared pension with Colpensiones	341	44,718	355	47,998
Personal Benefit shared with Colpensiones	60	6,658	42	4,284
Retired staff with pension shared with other entities	24	3,318	21	2,510
Total	491	71,254	504	76,703

Amounts stated in millions of Colombian pesos -

The pension bonds related to the pension commutation liability are detailed below:

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Type A Pensional Bonus Modality 1	12	43	12	39
Type A penalty bond Modality 2	241	11,596	255	11,309
Type B Pensional Bond	202	21,572	206	20,662
Type T Pensional Bonus	3	7	3	22
Other - Contributions Law 549	1	45	1	41
Total	459	33,263	477	32,073

Amounts stated in millions of Colombian pesos -

The differences between the pension commutation liability calculated under IFRS adopted in Colombia and the fiscal pension commutation liability are shown below:

Concept	2021	2020
Pension commutation liabilities under IFRS	71,418	93,034
Fiscal pensions commutation liability	104,516	108,777
Difference	(33,098)	(15,743)

Amounts stated in millions of Colombian pesos -

26.1.2. Defined contribution plans

The Group made contributions to defined contribution plans recognized in the result of the period as an expense for \$30,839 (2020: \$27,640), as a cost for \$59,572 (2020: \$54,641) for a total of \$90,411 (2020: \$82,281).

26.2. Long-term employee benefits

Long-term benefits	Seniority Premium ⁽¹⁾		Total	
	2021	2020	2021	2020
Present value of obligations for other long-term benefits				
Initial Balance	107,059	96,973	107,059	96,973
Cost of the present service	9,910	8,746	9,910	8,746
Income or (expenses) by interest	5,875	5,915	5,875	5,915
Actuarial gains or losses due to changes in:				
Assumptions by experience	6,296	3,430	6,296	3,430
Demographic assumptions	2	605	2	605
Financial assumptions	(15,475)	3,967	(15,475)	3,967
Past service cost	(172)	135	(172)	135
Foreign currency conversion effect	372	47	372	47
Payments made by the plan	(15,358)	(13,744)	(15,358)	(13,744)
Business combinations	-	985	-	985
Present value of obligations as at 31 December	98,509	107,059	98,509	107,059
Surplus or (deficit) for long-term benefits	(98,509)	(107,059)	(98,509)	(107,059)
Long-term profit net asset or (liability)	(98,509)	(107,059)	(98,509)	(107,059)



⁽¹⁾ It is granted based on the employee's years of service, it is recognized and paid in accordance with the terms established in the current collective bargaining agreements of each company or the labor regulations of the country.

No risks generated by long-term benefit plans, nor modifications, reductions or settlements that impact the present value of the obligation have been identified in the Group.

The weighted average of the duration in years, of the obligations for long-term benefit plans at the cut-off date, is presented below:

Benefit	2021		2020	
	From	To	From	To
Seniority Premium	4.3	4.3	7	7
Other long-term benefits	6	6	6	6

The Group does not expect to make contributions to the plan for the next annual period.

The main actuarial assumptions used to determine the obligations for long-term employee benefit plans are as follows:

Assumptions	Colombia		Guatemala	
	2021	2020	2021	2020
Discount rate (%)	8.00%	5.80%	5.00%	5.00%
Annual Salary Increase Rate (%)	4.85%	4.85%	4.50%	4.50%
Annual inflation rate (%)	3.50%	3.50%	4.00%	4.00%
Survival tables	Valid Rentlists Table 2008		Table RP-2000	



The following table shows the effect of a variation of plus 1% and minus 1% in the salary increase, in the discount rate and in the benefit increase on the obligation for long-term benefit plans:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%	Increase in profit by +1%	Decrease in profit increase by -1%
Seniority Premium	88,049	98,292	98,458	87,845	-	-
Other long-term benefits	17,124	2,915	2,908	2,607	-	-
Total long-term benefits	105,173	101,207	101,366	90,452	-	-

Amounts stated in millions of Colombian pesos -

The methods and assumptions used to prepare the sensitivity analyzes of the present value of the obligations were the same as for the actuarial calculation as of December 31, 2021 and 2020: Projected Unit of Credit. The sensitivity does not present limitations, nor changes in the methods and assumptions used to prepare the analysis of the current period.

26.3. Short-term employee benefits

The composition of short-term benefits is as follows:

Short-term benefits	2021	2020
Payroll payable	30,891	8,814
Severances	63,222	55,782
Interests on severances	7,589	6,759
Holidays	42,148	37,839
Vacation bonus	53,740	51,425
Profit-sharing payment	1,140	640
Holidays (Christmas) bonus	423	254
Bonuses	12,873	11,231
Other bonuses, salaries and legal benefits	36,373	21,317
Total short-term benefits	248,399	194,061

Amounts stated in millions of Colombian pesos -

Note 27. Taxes, contributions and fees payable

The detail of taxes, contributions and fees, other than income tax, is as follows:

Taxes, contributions and fees	2021	2020
Withholding at source and stamp tax ⁽¹⁾	248,284	136,344
Industry and Trade Tax	77,707	44,776
Value Added Tax	56,064	47,739
Fees	33,624	29,320
Other national taxes	26,258	916
Contributions ⁽²⁾	25,729	105,654
Taxes, contributions and fees abroad	5,215	4,416
Other city taxes	5,122	1,321
Royalties and monetary compensation	1,360	667
Unified property tax	482	78
Customs tax and surcharges	171	2,940
National consumption tax	6	6
Audit and audit fees	-	2,782
Sanctions	-	1
Total taxes, fees and contributions	480,022	376,960

Amounts stated in millions of Colombian pesos -



⁽¹⁾ The increase is explained by the higher values calculated for the self-withholdings (Rent and Special Income), due to the compensation received for the future Ituango hydroelectric power plant, higher energy revenues and the exchange difference realized.

⁽²⁾ The decrease is explained by the causation of the additional contribution to the SSPD for the 2020 validity and which was paid in 2021.

Note 28. Provisions, contingent assets and liabilities

28.1. Provisions

The reconciliation of provisions is as follows:

Concept	Dismantling or environmental restoration	Litigation ⁽¹⁾	Contingent - Business combination Ty. Compensation	Guarantees ⁽²⁾	Other provisions ⁽³⁾	Total
Initial Balance	218,800	300,056	155,378	174,318	435,202	1,283,754
Additions	2,908	329,905	-	-	70,034	402,847
Uses (-)	(35,481)	(34,958)	(791)	(15,318)	(69,589)	(156,137)
Reversals, Unused Amounts (-)	(2,273)	(60,744)	(13,266)	-	(28,093)	(104,376)
Adjustment for changes in estimates	44,392	1,053	-	39,230	35,395	120,070
Capitalizable dismantling	-	25,424	-	-	-	(25,424)
Exchange rate difference	-	-	344	21,910	-	21,566
Financial update	7,753	6,434	1,983	3,689	2,354	22,213
Foreign currency conversion effect	755	2,078	-	-	57,910	60,743
Final Drive Account Balance	211,430	543,480	165,214	201,919	503,213	1,625,256
Non-current	125,566	346,732	163,572	42,660	410,824	1,089,354
Current	85,864	196,748	1,642	159,259	92,389	535,902
Total	211,430	543,480	165,214	201,919	503,213	1,625,256

-Amounts stated in millions of Colombian pesos-

As of December 31, 2021, the significant behavior of the Group's provisions is:



⁽¹⁾ An increase of \$243,424 originated mainly in seven group actions against EPM and the future Ituango hydroelectric power plant that went from Possible to Probable probability of success.

⁽²⁾ Increase of \$ 27,601 originated from the update of the provision, which contemplates the non-compliance from November 2021 to September 2023, to the Intercolombia transporter for the months after the connection infrastructure of the future Ituango hydroelectric plant came into operation.

⁽³⁾ Increase of \$68,011 originating mainly from the combined effect between the increase in the provision of: a) technical reserves of the subsidiary Maxseguros, product of the TRM that had an increase of 16% with respect to the previous year, b) technical reserve of the Company Adapted Health, which presented an increase in authorized and non-legalized orders and due to the decrease in: c) the payment of a penalty imposed by the SSSPD (Superintendence of Residential Public Services) to EPM and d) the decrease in the provision of the contingency of the future Ituango hydroelectric plant, as a result of the closure of some activities such as economic support for evacuated families.

28.1.1 Dismantling or restoration

The Group is obliged to incur costs for the dismantling or restoration of its facilities and assets, in the following events:

- Removal of transformers containing PCBs (polychlorinated biphenyls). The Group has committed to the dismantling of these assets from 2008 to 2026, covered by Resolution 222 of December 15, 2011 of the Ministry of Environment and Sustainable Development and the Stockholm Convention of May 22, 2008. It applies in Colombia, Panama and The Savior. The provision is recognized at the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are: estimated costs, CPI and fixed rate TES. As of December 31, 2021, the national subsidiaries that contribute to this item are: ESSA with \$599, CENS with \$374, EDEQ with \$214, EPM with \$156, CHEC with \$99 and Afinia with \$70 and the international ones that contribute are: DELSUR with \$6,661 and ENSA with \$765.
- In the sanitation service in Colombia, due to the disposal of solid waste in the subsidiary EMVARIAS and it is a piece of land in which cells or vessels are built for the deposit of garbage, being necessary to restore it through a series of activities aimed at carrying out the closure, closure and post-closure of this. The obligation begins from the moment in which the sanitary landfill is in optimal conditions to carry out the final disposal activity and continues until the regulatory environmental entity, by means of a resolution, decrees the completion of the closure, closure and post-closure. This obligation is defined in the RAS 2000 (Technical Regulation for Drinking Water and Basic Sanitation), which establishes the basic criteria and minimum environmental requirements that sanitation systems must meet in order to mitigate and minimize the impacts that may occur in the activities of design construction, commissioning, operation, maintenance, dismantling, completion and closure. As of December 31, 2021, payments amounting to \$425 have been generated and the balance of the provision ended at \$22,550.

- Dismantling of the Jepírachi Wind Farm located in the department of La Guajira, in the towns of Cabo de la Vela and Puerto Bolívar in Colombia, which through CREG resolution 136 of 2020, published in the Official Gazette on July 15, 2020, allows the restart of operations until the year 2023, which originated the activation of the provision for a value of \$9,640 million, for a final balance as of December 31, 2021 of \$17,932.
- In EPM, provision for environmental impact in the construction of infrastructure projects: it arises as a legal obligation derived from the granting of the environmental license to compensate for the loss of biodiversity during the construction phase, as well as compensation for the subtraction of reserve areas, affectation of prohibited species and forest use; obligations that are formalized through the resolutions of the ANLA (National Environmental Licensing Authority), CAR - Regional Autonomous Corporation and/or MADS - Ministry of Environment and Sustainable Development. The executions of the biotic environmental compensations of the project extend beyond the time in which the asset begins to operate technically, being necessary to implement the figure of the provision with the aim that said disbursements remain as a greater value of the construction in progress. The Group has committed to compensate for the loss of biodiversity, subtraction and closures from 2016 to 2019 according to the resolutions: Res. 1313/2013 ANLA, Res. 519/2014 ANLA, Res LA. 0882/04/08/2014 ANLA, Res. 1166/2013 MADS, Res. 1852/2013 CAR, Res. 2135/2014 CAR, Resolution 1189/22/07/2104 MADS, Res. 1120907/17-03-2015 CORNARE, Res. 141011206/10-16-2014 CORANTIOQUIA, Res LA. EIA1-9872 04/21/2014 CVS, among others. The provision is recognized at the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are: estimated costs, CPI and fixed rate TES. As of December 31, 2021, the main subsidiaries that contribute to this concept are: EPM with \$3,703, ESSA with \$1,075 and CENS with \$493.
- Environmental compensation and compulsory investment of 1%: Law 99 of 1993, established the obligation of environmental licensing for the development of any activity that may cause serious damage to renewable natural resources or the environment, or introduce considerable or notorious modifications to the landscape. and depending on the type of activity, the size and location of the project, and assigned the powers in relation to environmental licensing to the National Authority for Environmental Licenses, the Regional Autonomous Corporations, or the metropolitan areas.

Article 321 of Law 1955 of 2019, indicates that all holders of an environmental license who have pending investments as of May 25, 2019 may avail themselves of the percentage of increase in the value of the liquidation base of the compulsory investment of not less than 1%, according to the year of commencement of activities authorized in the environmental license and defined the requirements and procedures to update pending investments and accept new terms of execution subject to the approval of the ANLA.

As of December 31, 2021, for the EPM Group, obligations of this type are contemplated for an amount of \$52,338 related to the use of water taken directly from natural sources, in the projects carried out in: the future Ituango hydroelectric plant, Porce III, Porce II and the Sierra. Pursuant to the law, the executed amounts of 1% are: the future Ituango hydroelectric plant for \$31,764, Porce III for \$13,984, which includes payments for \$269, Porce II for \$5,724, which includes payments for \$274, and La Sierra for \$866, which includes payments for \$3.

Additionally, as of December 31, 2021, EPM includes a provision of \$103,635 for environmental contingency, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the diversion tunnel of the Cauca River that the future hydroelectric power plant had. Ituango on April 28, 2018; due to the closure of gates in 2019 that decreased the flow of the river downstream of the project; and for the events that may arise due to the technical milestones pending to be reached due to the contingency, as well as the execution of the project itself. During the year 2021, \$44,954 have been recognized between provision and financial expense and payments have been made for an amount of \$29,867. The balance of the provision as of December 31, 2021 amounts to \$103,635.

The specific action plan for recovery must consider three framework programs:

- a. Recovery of affected swamps.
- b. Recovery of affected fish fauna.
- c. Restoration of aquatic habitats located in the affected area.

These three programs correspond to the environmental component as a response to the identification of the effects caused, as well as the discretionary actions. Social

programs, economic activities, infrastructure, risk management, among others, are also included.

The different actions are contemplated to be developed between the municipalities of Valdivia to Nechí, however, if affectations are identified in the municipalities that are part of La Mojana, they will also be the object of the intervention.

28.1.2 Litigation

This provision covers probable estimated losses related to labor, administrative, civil, and fiscal litigation (administrative and governmental channels) that arise in the operation of the Group companies. The main assumptions considered in the calculation of the provision are: average CPI based on real data in previous years and projected data in future years, the discount rate calculated with reference to market yields on bonds issued by the National Government, value estimate to be paid, start date and estimated payment date, for those litigations classified as probable. To date, no future events have been evidenced that could affect the calculation of the provision.

In the Group, companies that operate in Colombia, in order to reduce the conditions of uncertainty that may arise with respect to the estimated date of payment and the estimated amount to be paid in a litigation classified as probable, there are business rules based on statistical studies with which the average duration of the processes per action was obtained and also the application of the jurisprudence to the maximum limits that it defines for the value of non-patrimonial or immaterial claims when these exceed their amount, as described below:



Average duration of processes per action

Administrative and fiscal

Action	Average years
Abbreviated	4
Compliance Action	4
Group Action	6
Popular Actions	4
Preliminary conciliation	2
Constitution of a civil party	4
Contractual	13
Delinade and amooning	5
Executive	5
Executive singular	3
Expropriation	4
Integral (criminal) reparation incident	2
Imposition of servitude	4
Invalidity of administrative acts	5
Nullity and restoration of law	10
Nullity and restoration of labor law	11
Ordinary	7
Ordinary membership	5
Criminal Prosecution (Law 906 of 2004)	4
Divisive processes	4
Protection of Consumer Law	6
Police charges	3
Vindication	7
Direct repair	12
Verbal	5



Labor processes

ACTION	Average years
Solidarity	3.5
Pension	3.5
Overtime Hours	3.5
Reintegro	4
Salary step leveling	3.5
Compensation Unfair dismissal	3.5
Re-Settlement of Social Benefits	3.5
Compensation for work accident	4
Health-Pension Contribution Refund	4

Application of case law

Typology: The values of the compensation claims for extra-patrimonial damages will be recorded, according to the following typology:

- Moral damage.
- Damage to health (physiological or biological harm), derived from bodily or psychophysical injury.
- Damage to relationship life.
- Damage to constitutional and conventional assets.

The values of other non-patrimonial claims not recognized by the jurisprudence will not be recorded, unless it can be inferred from the claim that, despite being named in another way, it corresponds to one of the types admitted. Nor will claims for non-patrimonial compensation for damage to property be registered.

Quantification: The amount of non-patrimonial claims will be recorded uniformly as follows, regardless of their type:

For direct victim	100 Minimum statutory monthly salaries in force
For indirect victim	50 Minimum statutory monthly salaries in force

- **For the subsidiaries in Chile:** regarding the probable payment date of the lawsuits, the type of process, the previous cases and the progress of the procedural stages of each case are taken into consideration, which can be very specific and varied depending on the subject matter. In this sense, the labor process, being oral and having only two hearings, has a maximum duration of six months, except in specific cases where there are problems in notifying the lawsuit or the hearings are suspended. In civil lawsuits, given that they are processes of long knowledge and written processing, they can last a minimum of two years, so the estimated time in the lawsuits currently processed by the subsidiary Aguas de Antofagasta SA, considering their state of progress, They should be until 2023.

Quantification: to determine the amount of the sentences, in principle, the amount of the claim by the plaintiff is considered, due to the fact that the jurisprudence in this sense cannot be applied, an amount that will vary depending on the Court and the cause to be requested. Additionally, in civil lawsuits, the amounts of compensation will depend on the court that dictates it, since in Chile there is no system of precedent. What a civil judge cannot do, much less the appeals and supreme court, is to grant higher figures to the demands.

- **For subsidiaries in Panama:** regarding the estimated payment date, each case is evaluated individually with external legal advisors, for which the average duration of similar processes is taken into consideration.

Quantification: The estimated value to be paid in litigation is determined based on the amount of the plaintiff's claim and an analysis of the specific condition that motivates the claim in order to determine the recognition of possible damage. For this, the assessment of external legal advisors of each company is counted on and in certain cases with the support of insurance advisors in case an actuarial valuation is required.

- **For subsidiaries in El Salvador** the estimated date of payment for administrative or judicial processes is estimated based on the average duration of the processing of similar processes, obtained from statistical data over the 20 years of operation of the subsidiaries subsidiaries.

Quantification: The estimated value to pay for a lawsuit is determined based on the amount of the initial claim of the lawsuit filed against the company.

The following are the recognized litigations:

Business	Third	Claim	Value
EPM	Maikol Arenales Chaves	Declare the defendants administratively responsible, as the cause of the unlawful damage by destroying the fishing resource of the Ciénagas de Montecristo complex, which is due to the construction of the PHI.	221,777
	Oscar Elias Arboleda Lopera	It includes 173 plaintiffs who worked for EADE and state that in the dissolution and liquidation of said company there was an employer substitution with EPM, which obliges it to all labor claims.	108,228
	Roger Alberto Gil Barragan	Recognize as compensation for each of the members of the "ASOBAPEBEL" group, which are one hundred and ninety-three (193) for the unlawful damage caused, the moral and material damage and the violation of fundamental rights such as a dignified life, minimum vital , decent housing, work, food security and for the destruction of their source of subsistence, the displacement of their territory and the unlawful psychological and physical transformation of their lives, with the title of imputation being the exceptional risk due to the emergency that caused the damage in the Cauca river .	15,420
	Various Administrative	29 lawsuits with an average of \$527 and amounts less than \$1,956	15,281
	Luis Fernando Anchico indaburo	Declare EPM administratively responsible, as the cause of the unlawful damage for having destroyed the fishing resource of the Ciénagas de Montecristo complex, which is due to the construction of the PHI (the future Ituango hydroelectric plant) and requests the recognition and payment of a salary minimum for each family nucleus from February 2019 until the sentence is issued, this is called by the plaintiffs as consolidated loss of earnings.	15,208
	Various Labor	125 processes with an average of \$110 and amount less than \$1,100	13,715

Business	Third	Claim	Value
	Santiago Andres Ortiz Mora	Declare EPM administratively and non-contractually responsible for the unlawful damage caused, the moral and material damage and the violation of fundamental rights, caused to the members of the "SAN ROQUE" group, due to the destruction of their source of subsistence, the displacement of their territory and the unlawful psychic and physical transformation of their lives due to the damage caused by " the future Ituango hydroelectric plant" in April 2018. The amount to be recognized as compensation for each of the 161 members of the group is set at 100 Minimum Monthly Wages Current Legal Laws (SMMLV), giving a total of fourteen thousand one hundred thirty-two million six hundred twenty-eight thousand three hundred pesos (\$14,132,628,300). One thousand one hundred and forty-six million, four hundred and thirty-one thousand and thirty-four pesos (\$1,146,431,034.00) are claimed for loss of earnings.	12,093
	Rodrigo Arenas Antonio Munoz	Declare the non-contractual patrimonial responsibility of the State for the deficiencies or omissions incurred by the defendants, by not measuring the danger, threat and damage, which would be caused by the indiscriminate felling of trees in the area of influence of the dam, to which, the communities attribute the changes in the behavior of the river and the landslides in the area. Condemn the defendants, that by way of consequential damage, pay the plaintiffs and the members of the affected group the sums corresponding to the vital minimum not received during the time that the emergency lasted, liquidated for the family groups on the date of filing of the group share four thousand three hundred seven million one hundred three thousand two hundred pesos (\$4,307,103,200.00).	10,451

Business	Third	Claim	Value
	Javier Maure Rojas	Declare EPM administratively responsible, as the cause of the unlawful damage for having destroyed the fishing resource of the Montecristo swamp complex, which is due to the construction of the PHI (the future Ituango hydroelectric plant); that a minimum wage be recognized and paid for each family nucleus from February 2019 until the sentence is handed down and the recognition of a future loss of earnings that goes from the moment of the sentence until the probable period of life of each one of the plaintiffs.	9,568
	Department of Valle del Cauca	By way of reestablishing the right, the Department of Valle del Cauca is ordered to return the sums withheld for Pro-University Public Hospitals and Pro-Universities of the Valley Stamps with the respective interest that may apply.	8,316
	Esilda Rosa Romero Aguas	They request that EPM be declared administratively responsible as a result of the damages caused to the plaintiffs and that the sum of 80 SMLMV be recognized for each of the plaintiffs: 39 in total.	6,580
	Gustavo Jimenez Perez	Declare EPM ESP responsible for the unlawful damage caused, the moral and material damage and the violation of fundamental rights caused to the 75 members of the "ASOMIBA" group; for the destruction of their source of subsistence, the displacement of their territory and repairing the damage; It is requested to pay the members of the "ASOPEISLA" group, the immaterial and material damages caused since the beginning of the emergency originated in " the future Ituango hydroelectric plant" , compensation for each of the members of the "ASOMIBA" group, is set to One Hundred (100 SMLV).	6,256
	Municipality of Yumbo (Valley)	Industry and commerce and its complementary notices and boards and public lighting.	5,254

Business	Third	Claim	Value
	John Walter Jaramillo	That the dismissal be declared null and void, with their respective salaries and increases, social benefits for as long as they remain unrelated; In the same way, the contributions to social security will be borne by the defendant until they are effectively reintegrated.	4,400
	General Fire Control Ltd.	That the nullity of the Communications signed by EPM be declared null and void, by means of which the fines imposed are updated, as of 07/04/2011 to USD 153,957.00, as of 03/09/2009 for failure to meet the delivery deadline, by US \$263,368.60, based on number 5.13 Conditions of the Contracting Process No. 029158, and on the occasion of the execution of Contract No. 29990329557.	2,378
	various prosecutors	11 processes with an average of \$196 and amount less than \$5,253	2,156
	Temporary Union Solar Energy SA and Structures Arbi Ltda.	That it be declared that the offer submitted by the plaintiffs to the tender No. ES-2043-GI called by EPM, was legally suitable to be taken into account at the time of awarding the respective contract of the tender No. ES-2043-GI.	2,056
	Construcciones Pico y Pala Ltda.	That resolutions 95070 of 04/05/1999, issued by EPM, through which contract 1/DJ-682/15 between EPM and Consorcio Trainco SA and 113701 of 03/15/15, were null and void. 2000, also issued by EPM, through which the reversal appeal filed against resolution 95070 of 04/05/1999 was resolved negatively.	1,956
	Francisco Javier Munoz Usman	That the annulment of the conciliation act signed by vice in the consent be decreed and consequently the reestablishment of the employment contract, the reinstatement, the payment of all the wages and benefits not received be ordered, in the same way that the contributions are canceled to social security from the moment of dismissal and until when the actor is actually reinstated.	1,751

Business	Third	Claim	Value
	Carlos Olympus Cardona	That the plaintiffs are reinstated to the same position or trade or another of the same or higher category that they had been holding, that as a consequence, as compensation, all salaries and legal social benefits not received must be canceled, in addition to all contributions caused in favor of the Comprehensive Social Security System.	1,365
	Loading of PPA Balances of EP Rio	EPRIO PPA Balance	1,195
	Omar Augusto Lugo Hoyos	That the annulment of the conciliation act signed by vice in the consent be decreed and consequently the reestablishment of the employment contract, the reinstatement, the payment of all the wages and benefits not received be ordered, in the same way that the contributions are canceled to social security from the moment of dismissal and until when the actor is actually reinstated.	1,100
	General Fire Control Ltd.	EPM is sentenced to return the monies withheld on the occasion of the imposition of fines for not complying with the technical specifications and guaranteed characteristics, plus default interest caused from the date of the withholding and until the date of the actual return based on numeral 5.13 DEDUCTIONS FOR NON-COMPLIANCE (FINES), of the specifications of the contracting process No. 029158, and on the occasion of the execution of contract No. 29990329557.	870
	Manual reclassification payment	CNC-526.3_2068 accounting adjustment in December 2021 _due to use of incorrect account.	(63)
	July Payments	Process with partial payment in July 2021 that is still in force	(18)
Total EPM			467,293
Aguas de Antofagasta S.A.	Superintendence of Sanitary Services	SISS sanctioning file - 2021	8,066
	Superintendence of Sanitary Services	SISS sanctioning file - 2020	6,248

Business	Third	Claim	Value
	Maritime Governorate	12,050/272 - 12,050/201 - 12,050/73 Summary investigation for wastewater spillage on the coastline.	4,753
	LASERMED Professional Society	C-3934-2020 Lawsuit for compensation for damages, due to waterlogging in dermatological clinics.	1,416
	Morales and others	7813/21-7 Infraction complaint and demand for compensation for damages due to poor quality of AP service in the Sierra Nevada Building.	1,407
	Diaz with ADASA	C-239-2020 Lawsuit for compensation for damages, due to AS runoff.	938
	Municipality of Sierra Gorda	C-2883-2020 Lawsuit for compensation for damages, for settlement in the mayor's building.	652
	Constructora e Inmobiliaria CRC Ltda. with Econssa Chile SA	C-4568-2016 Declaratory demand for ownership and withdrawal of infrastructure.	189
	Cabezas and Ibarra with Aguas de Antofagasta SA	T-406/440-2021 Violation of fundamental rights, wrongful dismissal and collection of benefits.	166
	Castle with ADASA	C-87-2020 Claim for compensation for damages; non-pecuniary damage for damages resulting from flooding.	141
	Ramirez / Ayprev SPA	O-183-2020 Collection of benefits.	28
	General Directorate of Water	FO-0203-299 Supervision for unauthorized work in the riverbed	25
	Caceres / Solinoc SPA	O-1112-2021 Indirect dismissal, payment of benefits and nullity of the dismissal.	21
Total Aguas de Antofagasta S.A.			24,050
CHEC	Norma Cecilia Osorio Montoya and others	Repair and payment of moral and material damages.	7,377
	Jairo Castaño Hoyos and others	Loss of earnings/material-moral damage.	4,671
	Camilo Donado Barcelo and others	Reimbursement to the position, reliquidation of social benefits and moratorium sanctions.	3,320
	Jose Hernando Anturi Noriega and others	Permanent travel expenses - social security contributions.	2,678
	Luis Alberto Merchan Gomez and others	Damages.	647
	Hernando de Jesus Ocampo Jimenez and others	Reality contract / Pension part fee.	534
	Alba Lucía Saldarriaga Toro and others	Salary and benefit readjustment.	487

Business	Third	Claim	Value
	Gustavo Uribe Jaramillo and others	Pension settlement.	406
	Maria Noralba Florez Arias	Payment 100% pension allowance.	369
	Nestor Hernandez Morales and others	Pension substitution.	268
	Jairo Antonio Amariles Marulanda	Public excuses and compensation payment.	119
	Jose Omar Valencia Rendon and others	Conventional retirement.	95
	German Duke Quintero and others	Recognition 100% allowance 14.	67
Total CHEC			21,038
CENS	Elsa Reyes De Buitrago and others	Indexation of the first pension allowance, in their condition of pensioners and/or pension substitute to all the claimants and cancellation of interest to the legal maximum contemplated in Law 100 of 1993 in its article 141.	4,258
	Other labor processes with an amount less than \$250 million	Other labor processes (58) with an amount less than \$150 million.	1,949
	Carlos Omar Rincon Carrillo and others	Recognition and payment of transportation assistance discounted by the contractor, expenses assumed for maintenance of work tools, social benefits, vacations and moratorium compensation for the payment of the liquidation at the end of the employment contract, in addition to the costs of the process.	1,614
	Jose Francisco Arango Bautista and others	Material damages/non-pecuniary damages/damage to life.	1,505
	Jesus Efrain Ibarra Ochoa and others	That pension compatibility be declared between the retirement pension recognized by CENS and the old-age pension recognized by the ISS pensions today Colpensiones.	1,329
	Ermelina Pérez de Rivera and others	That it is declared that CENS has the obligation to continue paying all the contributions to health and to continue paying 12% on the pension allowance; Likewise, reintegrate the contributions not paid from the date of compatibility of the pension, indexing them, plus default interest.	1,235

Business	Third	Claim	Value
	William Alexis Ramirez	Stop charging for public lighting to the municipality of Cúcuta, reimbursement of balances for public lighting to the municipality, payment of contractual and non-contractual damages. Claim: \$928,023,004.78 Incentive: 15% of the value recovered by the Municipality.	1,184
	Jose Herlin Velandia Rojas and others	Recognize the conventional benefits of articles 20, 21, 26, 36 in the same way as the workers who entered the company as workers before February 1, 2004, the moratorium compensation of article 99 of Law 50 of 1990, costs, indexing and extra and ultra petita.	383
	Richard Arcenio Rodríguez Camargo and others	That it be declared that the time of service as a SENA apprentice in CENS of the plaintiffs will be taken into account for all purposes with the date on which they began as contract workers for an indefinite term in accordance with the provisions of the collective labor agreement, in addition to declare that the company has failed to fully comply with the postulates provided for in said convention and recognize and pay the plaintiffs all the corresponding labor credits.	371
Total CENS			13,828
National Waters	Wilber Leibin Castillo Borja / Matilde Andrade de Palacios	Declare the patrimonial responsibility of the company in the face of the death of the actor's wife, presumably caused by a traffic accident in a rainwater collection grid.	2,602
	Jesus Enrique Acevedo Ruiz	Call in guarantee: Contract reality. Payment of salaries and legal and extralegal social benefits and social security, legal compensation and moratoriums, monetary correction, extra and ultra petita sentence and payment of procedural costs.	1,326
	Alberto Guerrero Castro and others	Reliquidation of salaries, benefits and social security and moratorium compensation.	854
	Fray Noe Betancurt Taborda and others	Workers compensation and reinstatement.	243

Business	Third	Claim	Value
	Natalia Lopez Montoya	Declare the existence of the employment relationship, payment of wages, social benefits, compensation, moratorium sanction of article 65 CST.	138
Total National Waters			5,163
ESSA	Mary Consuelo Abaunza Salazar and others	Condemn Electrificadora de Santander SAESP to be financially liable for the payment of property and non-property damages owed due to the death of workers who lose their lives in work accidents.	1,818
	Gloria Edilse gamez and others	Declare ESSA administratively responsible for the death of individuals and order the payment of moral and material damages.	1,152
	Johana Andrea Granados Olarte and others	Payment request for moral and material damages, loss of earnings/consequential damage.	704
	Jaime Lozada Rizo	Work accident claim. ESSA SA is jointly and severally sentenced to pay the full and ordinary compensation for damages referred to in article 216 of the CST.	198
	Maria Yasmina Sanabria Mejia and others	Declare Electrificadora de Santander SA ESP and others administratively and extra-contractually responsible for the damages caused to the plaintiff, due to indiscriminate felling of trees that produced erosion on his property and invasion of private property.	455
	Gerardo Vargas Baron and others	Demand for disability pension of common origin / conventional retirement.	439
	Alejandro Galvis Rueda	Declare Electrificadora de Santander SAESP responsible for injuries suffered on August 28, 2014 when leaning against power pole number 1198882 located next to the Bucaramanga Traffic Directorate.	20
Total ESSA			4,786
ELEKTRA NORESTE SA	Alex Montenegro and others (Urbanization La Toscana)	Civil process - Tuscany residents.	1,175
	ASEP	Civil process for lawsuit against Res.12581.	597
	Aristides Contreras and others	Lawsuit against ENSA for solidarity for the payment of acquired rights.	597
Total ELEKTRA NORESTE SA			2,369

Business	Third	Claim	Value
AFINIA	Javier Alfonso Osorio Cuadro and others	refund action.	1,238
	Martha Medina Couple	Salary leveling.	266
	Julio Cesar Vergara Contreras and others	Reliquidation of benefits.	165
	Hermes Ballesteros Pupo	job relocation.	140
	Carmen Ines Yanes Ortiz	Annulment of affiliation and pension fund transfer.	125
	Sabel Humberto Puerta Padilla and others	disability payment.	89
	Jose Del Carmen Baza Barrera	Compensation for ATEP.	12
Total AFINIA			2,035
EMVARIAS	Veronica Milena Cardona Acosta and others	reality contract.	539
	Liz Norma Bedoya Molina and others	Salary leveling application / conventional retirement pension.	695
	Miguel Angel Bermudez Roldan and others	Labor responsibility for solidarity.	263
	Pedro Nel Rendon Morales and others	Readjustment of conventional pension/ reliquidation of pension/ readjustment of substitute pension.	101
	Jesus Antonio Murillo and others	Substitute indemnity/ readjustment indemnity.	93
	Arley Alonso Velez Toro	Labor liability / nullity and restoration of labor law.	88
	Norma Lucia Agudelo Sanchez and others	Pension substitution / pension bonus.	62
Total EMVARIAS			1,841
FROM THE SOUTH	SIGET	Reimbursements for compensation of technical indicators.	361
	various clients	Claim for bad rate classification.	327
	Project Trinidad Ltda. de CV and others	Claim for damaged devices.	130
	Municipal Mayor of San Salvador and others	Municipal tax claims for installation of poles.	62
Total DELSOUTH			880
HYDRO	TM Consulting Engineering, S.A.	Civil process for damages for lost income.	160
Total HYDROE			160
AGURAB	HLB FAST&ABS Auditores Ltda.	Declare the Regional of the West SAESP responsible for the patrimonial damage caused to the plaintiff by omission in the payment of the services provided until September	37

Business	Third	Claim	Value
		2010 and it is ordered to pay default interest.	
Total AGURAB			37
Total recognized litigation			543,480

Amounts stated in millions of Colombian pesos

28.1.3 The following are the recognized litigations:

Corresponds to the contingent considerations related to the acquisition of the subsidiaries Espíritu Santo Energy S. de R.L. y Empresas Varias de Medellín S.A. E.S.P. – EMVARIAS. The balance as of December 31, 2021, amounted to \$152,924 and \$12,290, respectively, for a total provision in the Group of \$165,214.

The main assumptions considered in the calculation of the contingent consideration related to the acquisition of Espíritu Santo are: estimated date of occurrence of the milestones associated with the contingent payment, the associated probability of occurrence, and additionally, the discount of the payment flows was considered applying a discount rate (Libor rate) according to the risk of the liability. To date, no future events have been evidenced that could affect the calculation of the provision.

The main hypotheses used about the future events of the contingent consideration related to the EMVARIAS acquisition are lawsuits in progress against EMVARIAS at the date of the transaction, definition of the year of materialization of each of the lawsuits, definition of the value linked to each one of the litigations, estimation of the future contingent expenses linked to the estimated litigations for each year and discount rate (fixed rate TES) to discount the flows of future contingent expenses. To date, no future events have been evidenced that could affect the calculation of the provision.

28.1.4 Guarantees

Provision balance of \$201,919 for the non-compliance from November 2021 to September 2023, to the Intercolombia transporter for the months after the connection infrastructure of the future Ituango hydroelectric plant, came into operation. During the year 2021, \$42,919 have been recognized between provision expense and financial expense and payments have been made for an amount of \$15,318. The balance of the provision as of December 31, 2021, amounts to \$201,919.

28.1.5 Other miscellaneous provisions

The subsidiaries that, in the Group, contribute to the heading of other provisions are:

EPM in Colombia: includes the detail of the following provisions:

- a. For events focused on the quality of life of employees and their families, such as employer policy, multiplier points, Somos program, technical reserve, and provision for high cost and catastrophic illnesses.
- b. Provisions referring to environmental sanctioning procedures and sanctions imposed by the competent authorities.
- c. Provisions related to the contingency of the future Ituango hydroelectric plant.
- d. Union contribution.

The main assumptions considered in the calculation for each type of provision are:

- **Employer policy:** granted to EPM servers as an extralegal benefit. An aggregate deductible was contracted from July 1, 2021, to June 30, 2022, for \$4,100. The main assumptions considered in the calculation for each type of provision are TES fixed-rate discount rate, estimated amount to be paid, and estimated payment date. To date, no future events have been evidenced that could affect the calculation of the provision. The balance of the provision as of December 31, 2021, amounts to \$6,697, which includes payments amounting to \$3,951.
- **Somos Program:** it works under the modality of accumulating points. According to the behavior of the statistics, the points are counted with an 80% probability of redemption. The balance of the provision as of December 31, 2021, amounts to \$101.
- **Technical reserve:** associated with the Medical and Dental Service Unit of EPM and which is stipulated in article 7 of Decree 2702 of 2014, whose purpose is to maintain an adequate reserve to guarantee the payment of the provision of health services of the social security health system. This reserve includes both health services already known by the entity, as well as those that have occurred but are not yet known, that are part of the mandatory health plan and complementary plans, as well as incapacities due to general illness. The basis for calculating the reserve is that corresponding to all

service authorizations issued and that on the cut-off date on which the reserve is to be calculated have not been charged, except those that correspond to authorizations with more than twelve months of issuance or those that after at least 4 months of being issued, there is evidence that they have not been used. The balance of the provision as of December 31, 2021, amounts to \$15,785.

- **High-cost and catastrophic illnesses:** the basis for calculating this provision corresponds to the analysis of the entire population served by affiliates and beneficiaries of EPM's Adapted Health Entity (EAS), who suffer from any of the authorized pathologies. The balance of the provision as of December 31, 2021, amounts to \$18,912, which includes payments amounting to \$2,084.

For the other provisions described, the main assumptions considered in the measurement are estimated life expectancy, estimated payment date, estimated payment amount, discount rate calculated with reference to market yields on bonds issued by the National Government.

- **Union contribution:** In 2018, a collective bargaining process was advanced between EPM and the UNIGEEP union organization, since the parties did not reach an agreement to sign a Collective Bargaining Agreement, they went to an Arbitration Court, as it is established by the Substantive Labor Code. Thus, in February 2020, this Court issued an Arbitration Award ordering EPM to pay the sum of \$150 for union contribution, divided into \$75 per year of validity (2020-2021). To date, this decision is being reviewed by the Supreme Court of Justice, so it has not been complied with; For this reason, since there is no certainty about the date of the ruling of this entity and given the probability that it will be notified in 2021, it is necessary to provide this item, in case the decision is unfavorable for EPM. The balance of the provision as of December 31, 2021, amounts to \$150.

Environmental sanctioning procedures:

As of December 31, 2021, the Group has a balance of \$760 for the sanction imposed by the ANLA, Resolution 1964 202, on EPM, for preventing flow from closing the gates at the Porce III power plant.

Contingency of the future Ituango hydroelectric plant:

- In EPM, provision for \$29,042 for the Contingency of the future Ituango hydroelectric plant that caused the flooding of the Cauca River as a result of the clogging that the project had on April 28, 2018. This provision covers the care of those affected in Puerto Valdivia for compensation for emergent damage, loss of earnings, non-pecuniary damage and reparation to community infrastructure. During 2021, the provision was adjusted by \$-14,624 as recovery income and \$1,051 as financial expense, and payments amounting to \$3,370 have been made. As of December 31, 2021, the balance of the provision amounts to \$29,042.
- In EPM, provision for \$699 for the care of the evacuees, the maintenance of the shelters and the payment of economic support, a situation generated by the declaration of the red alert for the evacuation of the populations located downstream of the dam and that It originated from the clogging of the Auxiliary Deviation Gallery - GAD on April 28, 2018, which consequently caused the contingency of the future Ituango hydroelectric plant. During 2021, the provision was adjusted by \$-2,758 as recovery income and \$114 as financial expense, and payments amounting to \$2,272 have been made. As of December 31, 2021, the balance of the provision amounts to \$699.

Aguas Nacionales In Medellín – Colombia:

Includes the provision for disputes filed by the HHA consortium of a contractual, non-judicial nature. The HHA Consortium is in charge of building the Wastewater Treatment Plant in Bello and the points under discussion are related to deadlines, design engineering, and financial issues. The main assumptions considered in the calculation for each type of provision are the same as those applied to the litigation provision. The balance of the provision as of December 31, 2021, amounts to \$8,636.

CENS – Norte de Santander – Colombia:

Includes provision corresponding to expected losses from construction contracts. The balance of the provision as of December 31, 2021, amounts to \$23.

ADASA in Chile:

Includes the provision related to the return of existing working capital at the end of the concession term of the Sanitary Concession Transfer Agreement, signed between the Company and Econssa Chile SA. The balance of the provision as of December 31, 2021 amounts to the sum of \$29,394.

ENSA in Panama:

Includes the provision related to compensation to customers for non-compliance with service quality standards, which are regulated by the National Public Services Authority of Panama (ASEP). The balance of the provision as of December 31, 2021, amounts to \$46,010.

TICSA in México:

Includes provisions related to contractual obligations, electricity expenses, and other expenses related to plant construction projects. The balance of the provision as of December 31, 2021, amounts to \$3,701.

DELSUR in El Salvador:

Includes a provision related to customer claims for improper charges, voltage variations, damage to electrical appliances, among others. The balance of the provision as of December 31, 2021, amounts to \$3,603.



28.1.6 Estimated payments

The estimate of the dates on which the Group considers that it will have to make the payments related to the provisions included in the consolidated statement of financial position at the cut-off date is as follows:

Estimated Payments	Dismantling or environmental restoration	Litigation	Business combination	Warranties	Other provisions	Total
To one year	83,223	199,951	2,433	159,259	50,824	495,690
To two years	56,304	13,482	1,135	42,659	31,793	145,373
To three years	34,362	5,652	130	-	4,253	44,397
To four or more years	60,151	440,928	161,516	-	9,628	672,223
Total	234,040	660,013	165,214	201,918	96,498	1,357,683

-Amounts stated in millions of Colombian pesos-

28.2. Insurance technical reserves

The technical reserves associated with the obligations of insurance contracts for the material damage, extra-contractual civil liability, infidelity and financial risks, directors and administrators, errors and omissions, and cyber risk programs are detailed below:

Insurance technical reserves	December 2021	December 2020
Loss reserves payable	116,235	118,748
Reserve for unreported incurred losses	149,384	71,782
Unearned Premium Reserve	60,917	50,647
Total	326,536	241,177

-Amounts stated in millions of Colombian pesos -

The movement of insurance technical reserves is as follows:

December 2021	Initial Balance	Adjustments in technical reserves	Final Balance
Loss reserves payable	118,748	(2,513)	116,235
Reserve for unreported incurred losses	71,782	77,602	149,384
Unearned Premium Reserve	50,647	10,270	60,917
Total	241,177	85,359	326,536

-Amounts stated in millions of Colombian pesos -

December 2020	Initial Balance	Adjustments to reservations techniques	Final Balance
Loss reserves payable	93,613	25,135	118,748
Reserve for unreported incurred losses	68,729	3,053	
Unearned Premium Reserve	39,748	10,899	
Total	202,090	39,087	241,177

Amounts stated in millions of Colombian pesos -

28.3 Liabilities, contingent assets and others disputes

The composition of liabilities, contingent assets and others, which are not recognized in the financial statements, are as follows:

Contingency Type	Contingent liabilities	Contingent Assets
Litigation	1,520,476	54,878
Guarantees	268,483	-
Other-controversies	437,112	-
Total	2,226,071	54,878

Amounts stated in millions of Colombian pesos -

The Group has litigation or proceedings that are currently pending before jurisdictional, administrative and arbitration bodies.

The main lawsuits pending resolution and judicial and extrajudicial disputes in which the Group is a party at the cut-off date, as well as the controversies, are indicated below:

28.3.1 Contingent liabilities

Business	Third	Claim	Value
EPM	ISAGEN SAESP	Condemn EPM to compensate ISAGEN for the damages it suffered as a result of the fire and the consequent unavailability of the Guatapé Power Plant.	286,823
	various administrative	528 Litigations for less than \$2,105 with an average of \$537.	283,374
	Hidroeléctrica Ituango S.A.	Declare that between HIDROELÉCTRICA ITUANGO SAESP and EPM, there is a Contract for the financing, construction, assembly, development, start-up and operation of the Pescadero Ituango Hydroelectric Project, known as BOOMT -corresponding to the scheme of construction, financing, possession and/or appropriation, operation, maintenance and transfer, in it EPM was obliged to comply with what was agreed in milestones 7 and 9; but he did not comply within the established term or has partially breached and/or has executed late or defectively, for which he is obliged to pay US\$450,000,000.	267,645
	Barrio Villa Esperanza	Non-pecuniary damage in proportion of 100 SMLMV for each of the members of the group, that is, for one thousand two hundred ninety-six (1296) people, which in total is equivalent to One hundred thirteen thousand seven hundred sixty-three million one hundred thirty-nine thousand two hundred pesos (\$113,763,139,200). Material damage as consequential damage for the destruction of each of the homes, calculated at an individual value per home of five million pesos (\$5,000,000), which in total indicates 377, for a total of one thousand eight hundred and eighty-five million pesos (\$1,885,000,000).	97,173

Business	Third	Claim	Value
	Consortio CCC Ituango	Declare that the Claimants built the GAD in accordance with the detailed plans and designs and the Technical Construction Specifications, and to the satisfaction of EPM, that the contingency that occurred in the Project as of April 28, 2018 is not attributable to a breach of contract, or in any other way to the Claimants and that they are not responsible for the contingency that occurred in the Project or for the detailed plans and designs required, nor for the operation of the works delivered to EPM. It requests that EPM be sentenced to pay the Consortium 70,000,000,000.	71,292
	Aura De Jesús Salazar Mazo	Collective right of approximately 113 people who each claim \$1,133,400 for Consolidated loss of earnings and \$78,753,854 for future loss of earnings, for destroying, interrupting, and cutting off the ancient horseshoe paths that lead from the Alto Chiri village of the municipality of Briceño to the corregimiento Toledo Valley.	32,672
	Guzmán Bayona e Hijos S EN C	Declare the Mining-Energy Planning Unit (UPME) and the Empresas Públicas de Medellín E.S.P. extracontractually, patrimonially, and jointly and severally liable for the de facto route in which they incurred when awarding and installing electrical wiring towers on a mining concession area without previously coordinate and without mediating administrative act or judicial resolution for the affectation of the acquired rights.	24,319

Business	Third	Claim	Value
	Obras Civiles e Inmobiliarias S.A. - Oceisa	That it be declared that EPM's breach of the main obligation to deliver studies and designs prevented the execution of the contract by OCEISA and that it is not contractually responsible for those portions of the work that could not be executed by third parties due to events beyond its control. the parties that prevented the normal execution of the contract.	16,075
	Unión Temporal Nueva Esperanza	Declare that EPM breached and unbalanced the contract CT-2013-000641 whose purpose was the execution of the construction and electromechanical assembly works of the 230KV transmission lines Guavio - Nueva Esperanza and associated reconfigurations paradise - Nueva Esperanza - circus and paradise-New hope - Saint Matthew.	11,033
	Various labor	176 processes under \$478 with an average of \$61.	10,682
	Dayron Alberto Mejía Zapata	Material Damages: Loss of Profits: calculated at \$569,000,923, an amount that must be updated in accordance with what has been proven; Moral damage: estimated at 100 smmlv .; Damage to health: estimated at 100 smmlv .; And, Damages to Constitutional Assets: estimated at 100 smmlv ., all of the above for each of the plaintiffs, or failing that, the maximum granted by the jurisprudence for similar cases, for a total to date of 4,500 smmlv. .	10,105
	Martha Cecilia Arango Usme	That it be declared that EPM occupied the property or plot of land located in the urban area of Medellín called ASOMADERA owned by the plaintiff without having exhausted any legal process or mechanism against my client; that is, by means of a de facto route, to install in this abusive way some electrical energy towers and electrical	8,215

Business	Third	Claim	Value
		conduction lines, entailing irreversible damages and affectations that must be repaired.	
	Osmalia Beatriz Atencio Chaves	That EPM and others be declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, as a consequence of the emergency caused by the future Ituango hydroelectric plant that generated the overflow of the Cauca River and even the July 26, 2019. That the defendant entities be ordered to pay, for each of the plaintiffs, \$87,780,300; loss of earnings for 14,633 SMLMV, future loss of earnings until the end of the alerts; for the affectation to constitutional assets, 100 SMLV. For subsidiary sentence to \$5,000,000,000.	8,136
	INMEL Ingeniería S.A.S.	Condemn EPM to repair the BGA Line Consortium for the damages suffered, in proportion to its participation in the contracting consortium (80%), after the presentation of the offer, execution, execution and improvement of the contract CT 2016 001695, where there were unforeseen situations and circumstances not attributable to the contractor that substantially varied the defined execution conditions and made compliance more onerous for the contractor and that the contracting party failed to comply with insofar as it refused to restore the financial balance of the contract.	7,324

Business	Third	Claim	Value
	Radian Colombia S.A.S.	That it be declared that between EPM and Radian Colombia SAS the work document No. CT-2015-002500-A1 existed and was perfected, the purpose of which was: "Construction, replacement and maintenance of networks, connections and accessory works of the infrastructure of the EPM aqueduct networks". That EPM failed to comply with the work act, specifically clause 1.4, PC-2015-003025, and its obligation to pay the additional administrative and locative resources required of Radian Colombia SAS for the care of the northern zone that was assigned after the improvement of the work certificate.	7,304
	Darío De Jesús Pérez Piedrahíta	That the defendant be declared responsible for the violation of the fundamental and collective rights to life, health, family privacy, the enjoyment of a healthy environment, the existence of ecological balance and the rational management and use of natural resources, which led to the unlawful damage caused to the plaintiffs / by the imposition of easements in compliance with a power generation plan that has produced significant damage to the actors, both material and moral.	6,748
	VELPA Soluciones Integrales S.A.	EPM is ordered to pay the amount of damages suffered by VELPA Soluciones for having rejected its proposal within the contracting process no. 2009-0927 and having been awarded to the firms ELECTROLUMEN Ltda. and MELEC SA, as well as the amount of the sums that VELPA SOLUCIONES INTEGRALES SA will no longer receive, due to the impossibility of contracting with the State for a period of 5 years, as a result of the decision adopted by EPM.	6,540

Business	Third	Claim	Value
	Aures Bajo S.A.S. E.S.P	That the nullity of the contract CT-2015-00363, of energy supply, entered into between AURES BAJO SAS and EPM, be declared null and void, the former made an error that vitiated its consent because of having known that the circumstances of the time of entry into operation of the future Ituango hydroelectric plant would not affect the price agreed in the supply contract and its variation over time, it would not have been entered into. That the parties be ordered to be restored to the same state they were in before the celebration.	5,996
	VELPA Soluciones Integrales S.A.	That EPM's decision to reject the proposal presented by the company VELPA SOLUCIONES INTEGRALES SA., be declared null and void, within the framework of the contracting process PC-2009-0974 opened by EPM, for allegedly being disqualified from contracting with EPM and condemning it to pay the amount of the damages suffered due to the rejection of the claim in contracting process No. 2009 - 0974 and of the sums that it will stop receiving as a consequence of the impossibility of contracting with the State for a period of 5 years, as a result of the decision adopted by EPM.	5,849
	Mateo Aristizábal Tuberqui	That EPM is administratively responsible for the entire material and immaterial damages caused to the plaintiffs OSCAR AUGUSTO ARISTIZABAL VILLEGAS, ILDA MARÍA TUBERQUIA SEPÚLVEDA, MATEO ARISTIZABAL TUBERQUIA, MARISOL ARISTIZABAL, for the damage that occurred during the months of November and December of the year 2009 and which derives from the operation of the Guatapé hydroelectric plant, which in turn uses the Peñol-Guatapé reservoir.	5,838

Business	Third	Claim	Value
	Unión Temporal Montecz Ltda. Conequipos Ing. Ltda. Gagas Ltda.	That in execution of contract No. 6100508 of 1997 and its corresponding modifications, entered into between EPM and La Unión Temporal CONEQUIPOS ING.Ltda.- MONTECZ Ltda. - SAGAS Ltda., a breach of contract occurred against the contracting Consortium and has not been covered or solved by EPM and that, by virtue of the economic imbalance of the Contract and its corresponding modifications, EPM owes the Temporary Union CONEQUIPOS ING. Ltda. - MONTECZ Ltda. - SAGAS Ltda., the sum of \$4,002,725,512. figure settled on 12/31/1998.	5,558
	SMARTGROWTH S.A.S	Declare that EPM is responsible for the unlawful damage and the material damage caused to the plaintiffs by the actions and omissions in the constitution of the non-formalized electrical easement on the rural property called La Casajera, of the Municipality of Madrid (Cundinamarca) and the damages materials caused to the plaintiffs by the affectation to the developed mining economic activity. That EPM be ordered to remove the electrical power wiring that runs through the property and to repair the damage caused for \$1,477,586,746.	5,287
	Martha Lucelly Arboleda Betancur	That the damages that have been caused by the death of Mr. Ramiro de Jesús Arboleda Monsalve and the injuries to Mrs. Martha Lucelly Arboleda Betancur be recognized and cancelled, in consideration of the quality in which each of the plaintiffs acts, specifying the same in moral damages, damage to health, psychological damage, for the affectation of conventional and constitutionally protected assets and material damages in the modality of loss of	5,146

Business	Third	Claim	Value
		profits and consequential damages.	
VELPA Soluciones Integrales S.A.		That EPM be sentenced for the amount of loss of profits and consequential damages suffered, since contract CT 2009 0220 was declared suspended, and the eventual decision to have terminated the contract based on grounds such as a non-existent cause and for the sums that VELPA Soluciones Integrales SA will no longer receive, due to the impossibility of contracting with the State for a period of 5 years, and this, based on the contracts entered into exclusively with the State during the year 2009 and its projection for the next period of 5 years.	4,666
International Bussines Group S.A.S.		The plaintiff requests the declaration of responsibility of those summoned for the damages suffered by the narrated facts and the sentence to pay the material damages, in its meaning of: consequential damages, consolidated loss of profits and future loss of profits.	4,586
Carmen Ercilia Rúa Duque		That Empresas Públicas de Medellín be declared administratively and civilly responsible for all property and non-property damages caused by the death by electrocution of Alejandra Camila Henao Rúa that occurred on September 10, 2016.	4,295
AXEDE S.A.		Loss of profits for having affected their right to free competition, given the actions and omissions carried out by Empresas Públicas	4,280

Business	Third	Claim	Value
		de Medellín EPM and the company MVM Ingeniería de Software.	
	Inversiones Gallego Tobón S.A.S.	Material damages derived from: construction of two synthetic fields, \$408,000.00; Clearing of the courts, \$30,000,000; installation of the gym \$400,000,000, rental fee for 48 months, \$336,000,000; labor expenses \$700,000,000; advertising and marketing expenses, \$400,000,000; paid utilities, \$210,000,000; stationery and toiletries, \$400,000,000; purchase gym equipment, \$107,000,000; future loss of earnings, \$1,416,371,947, moral damages, 500 SMLMV, physiological damage 500 SMLMV, loss of opportunity, for the 5 natural persons, 500 SMLMV.	4,142
	Zandor Capital S.A. Colombia	Requests the annulment of administrative acts No. 0156SE-20170130033319 of March 14, 2017, 015ER-20170130045192 of April 8, 2017 and SSPD-20178300036125 of June 20, 2017 and as restoration of the right an initial claim of five thousand (5,000) million pesos.	3,735
	Albeiro De Jesús Valencia Pérez	The plaintiff requests the payment of social benefits and the moratorium sanction, from July 9, 2010, until the total amount owed by all the plaintiffs is paid, in order to obtain payment of the sentence issued by the Eighth Court (08) Labor for Decongestion of the Medellín Circuit in the labor lawsuit filed 05001-31-05-005-2011-0135-00, in which EPM was not a party to the process.	3,690

Business	Third	Claim	Value
	Depósito de Buses Coonatra Copa S.A.S.	Lost profit. Estimating from the entry into operation of the logistics center (January 1, 2019), until September 30, 2019, at an estimated \$280,740,048 per month. Emerging damage, for payment of salaries and social benefits of the personnel who have provided permanent custody services of the property and its maintenance, from December 2018, until September 30, 2020, provided that, as holder of the real right domain, in any case, is responsible for the conservation and custody of the property.	3,659
	OPTIMA S.A.	That CORANTIOQUIA AND EPM are jointly and severally and administratively responsible for all the damages, patrimonial and non-patrimonial, caused to OPTIMA SA Construction and Housing and Promotora ESCODIA SA, as a consequence of the breach of the duty of care, prevention, protection, maintenance, recovery and other actions, which guaranteed the balance and sustainable development of the environment in the Cuenca de las Brujas, Loma de las Brujas and Cuenca del Ayurá in the Municipality of Envigado.	3,358
	Humberto De Jesús Jiménez Zapata	That the process be brought forward as a group action in accordance with Law 472 of 2008, against the future Ituango hydroelectric plant and EPM Ituango SAESP, so that the living conditions of the plaintiffs, who were stable, are respected, and the values that are relative to each one of the families and people registered, declaring that the future Ituango hydroelectric power plant did not duly pay the values and compensation to each one of the families and people who were registered, in accordance with the manual of unit values .	3,084

Business	Third	Claim	Value
	Diversión Center S.A.	Declare that EPM is administratively responsible for the material damages and loss of profits caused to the company Diversion Center SA, due to acts and omissions, that is, failure in the service, by having ordered in an arbitrary, unilateral and abusive manner, the disconnection of the service. public power supply that supplied the ice rink called Pard on Ice, owned by the plaintiff company Diversion Center SA, as of 07/23/2009 at 11:50 am, thus preventing it from carrying out all the activities that up to that time constituted its corporate purpose.	3,063
	Hilos Hebratex S.A.S	Claim for the use or benefit for the five months of the year 2012, \$474,987,000; for the twelve months of 2013, \$1,271,857,300; for the six months of the year 2014, \$1,170,634,000; For the paralysis during the 25 days it took to repair the engines and the repair and delivery of the machines, \$82,125,000; for the repair of the machines, \$2,400,000; payroll payment during the 25 days of paralysis of the company, \$4,172,646; production materials that were damaged, \$2,312,000; rental payment during the twenty-five days of business paralysis, \$2,348,000.	3,033
	Oscar Jaime Restrepo Molina	Due to frustrated profits, due to the decrease in the contracts that it could have had with EPM and its inability to contract with it, as a result of the presentation of the complaint that was formulated with the company, the suspension of the contracts that were they were running.	2,968
	INCIVILES S.A.	The nullity of resolutions 0041 of January 21, 2005 and 00283 of April 21, 2005 of EPM is declared, where the risk of breach of contract No. 020113590 between EPM and INCIVILES was declared.	2,918

Business	Third	Claim	Value
	Carlos Augusto Jiménez Vargas	That it be declared that the defendants are jointly and severally liable for all the damages suffered by the plaintiffs due to the sewerage works of Centro Parrilla.	2,797
	María Isabel Lora López	That EPM be declared administratively responsible for all the patrimonial and non-patrimonial damages caused to the plaintiffs due to the death of the minor named Mónica Andrea Lora López and the injuries suffered and continues to be suffered by María Isabel Lora López; for the events that occurred on 02/02/2000 in the Causes de Oriente neighborhood of the municipality of Medellín.	2,758
	Gustavo Vélez Correa	That it be declared that EPM is administratively responsible for the economic damages caused to the plaintiff in the fact that the plaintiff is the holder of a mining concession contract over the area that EPM required for the imposition of easement and expropriation, related to the Valle de San Nicolás, in the jurisdiction of the municipality of El Retiro.	2,648
	Luis Fernando Uribe Benjumea	That EPM be declared administratively responsible, for the damages caused to the plaintiff as a consequence of the omission in the full payment of the rock infrastructure, dynamite and labor in the vein in the village of La Bramadora in the municipality of Guadalupe. The defendant is ordered to recognize and pay for consequential damage, the sum of \$3,000,000 for each one of the 600 meters drilled inside the sinkholes.	2,532
	José Duván Muñoz Echeverri	Declare EPM contractually liable for consequential damages and lost profits.	2,441

Business	Third	Claim	Value
Ingeniería Total Públicos S.A. E.S.P.	Servicios	That it be declared that EPM failed to comply with Contract CT-2010-0499, whose purpose was the "Construction and replacement of water and sewage networks in the Moravia neighborhood of the municipality of Medellín and paving of the roads affected by these works...". That, as a consequence of said breach, the economic balance of the Contract was broken and he is responsible for reestablishing said balance.	2,371
Consorcio Redes Cuencas		Declare that EPM was unjustly or illicitly enriched with the execution of contract CT-2014-000377-A1, not perfected, reason for which it must compensate the alleged impoverishment suffered by the Redes Cuencas Consortium.	2,366
Germán Alcides Blanco Álvarez		It requests the recognition of 100 SMLMV on the occasion of the diagnosed and firm incapacity for work, of 17.79%, causing a decrease in his work and physical activity, a detriment to the assets that will enter Mr. Germán Blanco Álvarez due to the accident of 04/29/ 2011, where damages were caused to the plaintiffs.	2,356
Darío Sepúlveda Hernández		The convener requests that the damages generated by the construction of the PH Porce III be covered, due to the abandonment he had to make of his ranch and his activity as a barequero at the height of the Las Brisas and Remolino sites, due to the breach of the agreements those who arrived with EPM.	2,350
Municipio de Copacabana		That the defendant EPM be sentenced to pay the money not collected for having partially breached contract 8405949 of 10/14/1999 on tax obligations by not collecting the public lighting rate from the industrial and commercial sectors, during the periods of 2007, 2008, 2009, 2010 and part of 2011 and, for this reason, is responsible for the	2,325

Business	Third	Claim	Value
		economic losses suffered by the municipality of Copacabana.	
	Eurocerámica S.A.	It is intended that EPM recognize and pay the sum of three billion one hundred three million five hundred seventy-eight thousand nine hundred three M/L pesos (\$3,103,578,903), allegedly misinvoiced by EPM.	2,276
	Rafael Segundo Herrera Ruiz	It is declared that EPM and others are jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant .	2,262
	Wilfer De Jesús Sosa Álvarez	The entities are declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant.	2,180
	Ruby Susana Arrieta	The entities are declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant .	2,180
	Dennis Esther Sehuanes Angulo	Declare that the municipality of Medellín, the Government of Antioquia, Empresas Públicas de Medellín, the municipality of Medellín, the municipality of Ituango and the municipality of Tarazá are administratively responsible for the unlawful damages caused to the plaintiffs, on the occasion of the immediate evacuation of their properties, leaving also its commercial activities due to the overflow of the cauca river that has brought a great alteration to the constitutional and conventional rights of the plaintiffs.	2,169

Business	Third	Claim	Value
	Wilfran Enrique González Castro	The entities are declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant.	2,165
	Javier David Cort ´ws Vanegas	For past due and future loss of profits and consolidated emerging damage, and for EPM to assume commitments with the community to adopt the necessary measures to improve safety conditions and selection of its contractors.	2,159
	Edwin David Yepes García	EPM and others are declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant	2,149
	Vidal Antonio Banquez Polo	The defendant entities are declared jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages caused to the plaintiffs, due to the overflow of the Cauca River that originated in the future Ituango hydroelectric plant .	2,143
	Luis Guillermo De Bedout Piedrahita	That it be declared that the real estate lot No. 2, real estate registration No. 01N-445794, belongs to the full and absolute domain of the plaintiffs, and that, by virtue of the foregoing, EPM be ordered to return that real estate to them; that EPM be sentenced to pay the civil or natural fruits obtained from the moment the possession begins, until the moment the property is handed over.	2,111

Business	Third	Claim	Value
	Katerine Miranda Miranda	Declare the CCC Ituango Consortium, EPM, the Mayor's Office of Medellín and others, jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages and losses caused to the actors, as a consequence of the emergency generated by the overflow of the Cauca River and even on July 26, 2019, the date on which elevation 435 of the future Ituango hydroelectric plant was completed and the National Disaster Risk Management System changed the status from red to orange. Moral damages 100 SMLMV; loss of earnings \$12,844,891 and property damage 100 SMLMV.	2,106
	Moraine Olave De Larios	Relatives of a former Integral worker who died in the future Ituango hydroelectric power plant , demand full compensation for damages, for moral damages caused. Solidarity.	1,484
	Rubén Darío Escobar Villa	It is declared that within the labor relationship the plaintiff executed working hours in the availability modality, without these times having been paid.	1,205
	Rosa Disney Quintero Flórez	The families of deceased former employees of the contractor Consorcio Redes de Iguaná sue, made up of the companies Sanear SA and Paecia SAS Likewise, Seguros del Estado SA, Sociedad Estudios Técnico SAS and Seguros Generales Suramericana SA were sued.	1,168
	Juliana Urrea Giraldo	It is intended to declare the employer's fault of the MISPE Consortium and jointly and severally to EPM, for the payment of patrimonial and non-patrimonial damages.	825

Business	Third	Claim	Value
	Glenis Margoth Martinez Paternina	The plaintiff requests a survivor's pension of professional origin, together with default interest. Definitive social benefits. Contributions for comprehensive social security. Compensation moratorium of art. 65 of the CST. Compensation for full fault of damages of art. 216 of the CST, due to employer fault; non-pecuniary damages for non-pecuniary damage, (in the amount of 100 SMLV for each child) and physiological damages (in the amount of 100 SMLV for each child). Costs and expenses of the process; all of the above, due to a work-related accident and the death of your spouse.	654
	Efrain Villa Escobar	Salary leveling. Former EPM employee states that during the period from January 1, 2007 to August 31, 2014, he performed the functions of Professional B, when he was paid as Professional A, and for the period from September 1, 2014 to March 31, 2017, he performed the functions of a Professional C and was paid as a Professional B and for this reason he is entitled to said salary recognition.	580
	Ledy Xiomara Patiño Bedoya	Spouse of ROR Engineering worker requests compensation for work accident of partner who died.	557
	Luis Eduardo Henao Ospina	Former contractor worker Radian Colombia requests payment of social benefits and compensation for unfair dismissal.	500
	Jorge Alberto López Guzmán	That it be declared that the functions that the plaintiff carried out in EPM are typical of another position, such as operation and maintenance technologist and services in category and salary, consequently sentenced to reassess and/or readjust to the act the salaries, social benefits, legal and extralegal, on remuneration for night work, overtime, Sundays and holidays, and the IBC for	478

Business	Third	Claim	Value
		pensions destined for Colpensiones.	
	Ciudadela Comercial Unicentro Medellín PH	Decree the nullity of the administrative act issued by EPM with filing 20190130037817 of 2019-02-27. Order the restoration of the right to the plaintiff through the cessation of the collection of the electric energy tax contemplated by Law 142 of 1994, Law 143 of 1994 and Law 223 of 1995; and, make the return of what was paid for said concept from January 1, 2017 and until the date of judicial notification that ends the process.	279
Total EPM			1,297,185
Aguas Regionales	Consorcio CICE	Acknowledgment of cost overruns related to damages, due to longer stays on site due to the presence of unpredictable physical conditions, claims for higher socio-environmental and financial costs.	64,038
	Dayron Alberto Mejía Zapata and others	Acknowledgment of material and moral damages, compensation.	11,432
	Consorcio Buenos Aires y otros	Declare breach of contract(s) by Aguas Regionales EPM SAESP and liability for damages suffered by the plaintiffs, ordering them to pay consequential damages, lost profits and damages caused by non-payment of the aforementioned sum of money.	4,138
	Darly Bibiany Cabezas	Compensation for damages due to full fault of the employer in a fatal accident.	285
	José Ariel Palacio Duque	Solidarity, settlement of salaries, benefits and social security, moratorium compensation.	149
Total Aguas Regionales			80,042
ESSA	Tomon Ltda. and others	Declare the existence of a strategic alliance contract between ESSA and the Temporary Union of San Gil Iluminado.	14,174

Business	Third	Claim	Value
	Carlos Gerardo Hernandez Florez and others	Material and moral damages caused by service failure / loss of profit, consequential damage.	13,169
	Agustin Rangel Bermudez and others	Processes for amounts less than 500,000,000.	10,016
	Edgar Darío Gelvez López and others	Declare the existence of an employment contract with the company Electrificadora de Santander SAESP - ESSA and its responsibility for an accident at work and full and ordinary compensation for damages contemplated in Art. 216 of the CST.	3,098
	Promotora Agrotropical Colombiana SAS	Declare breach of commercial offer No. ON-013-2008, ordering ESSA to pay damages.	1,190
	José De La Cruz Carreño Acevedo	Declare the permanent occupation of the private property by Electrificadora de Santander SAESP, on 10 urban lots owned by Mr. José de la Cruz Carreño Acevedo since mid-September 2016.	841
	Hermides Pineda Silva	Declare ESSA and Illumination Yariguies SA jointly and severally liable administratively and non-contractually for the damages caused to the plaintiffs as a result of the death of Robert Andrés Pineda Balaguera.	612
	Sindicato de Trabajadores de la Electricidad de Colombia, SINTRAELECOL	Recognize and comply at present and in the future with the agreements set forth in the collective labor agreement signed between Sintraelecol Seccional Bucaramanga and Electrificadora de Santander SAESP signed on June 9, 2003, but valid for four years from November 1 from 2003.	506
Total ESSA			43,606
CHEC	María Marleny Montoya de García y otros	Patrimonial/material and moral damages .	16,161
	William Agudelo Valencia y otros	Conventional retirement.	12,100
	José Gustavo Morales Guarín y otros	Loss of profits and moral damages, compensation.	2,563
	Positiva Compañía de Seguros S.A.	Return of mathematical capital reserve.	1,157

Business	Third	Claim	Value
	Juan Camilo Arroyave Giraldo	Damages	553
	José Jari Granada y otros	Permanent travel expenses - social security contributions	347
	Mario Romero Londoño	Employer's fault work accident	246
	Carlos Eduardo Jerónimo Arango	Reliquidation of pension allowance.	174
	José Alcides Carvajal Taborda	Recognition 100% allowance 14.	173
Total CHEC			33,474
EMVARIAS	Fernando Moreno Ortiz, JAC La Cejita	Declarative.	10,569
	Maribel Silva Castrillón, María Soraida Usme Quintero and others	Reality contract.	6,321
	Gabriel Hernan Rua and others	Direct repair-	3,399
	Sorleny Correa Montiel and others	Loss of profit.	1,847
	Ligia de Jesus Usuga de Giraldo	Extra-contractual civil liability	1,374
	Jesus Gregory Valencia	Change of modality from public worker to official worker.	963
	Aleyda Patricia Chaverra Sierra and others	Failure in the service - repair of the damage caused	590
	Ligia Stella Sierra Valencia and others	Salary equalization / Nullity and reestablishment of labor law.	231
	John Jairo Mesa Isaza and others	Employer fault.	213
	Luz Marina Molina Pulgarin and others	Conventional retirement pension / Pension substitution / Penalty pension.	188
	Joel Suarez Mira	Nullity termination resolution.	55
	Fabiola Londoño Higueta and others	Labor responsibility for solidarity with Comultrevv.	53
	Beatriz Elena Restrepo Rendon and others	Solidarity with Corprodec / Asobarbosa.	48
	Gloria Luz Ospina Gutierrez	Call for invalidity guarantee and reestablishment of the right.	35
Total EMVARIAS			25,886
CENS	Mariana Bautista Ortiz and others	Moral damages, material damages, lost profits.	12,875
	Nubia Boada Dueñas and others	Continuity in the payment of 12% on the pension allowance, reintegrate the discounted contributions from the moment the pension is shared, duly indexed and payment of default interest of art.141 of Law 100 of 1990, plus costs of the process.	2,496

Business	Third	Claim	Value
	Orlando Emiro Contreras Velasco	Declare the right to readjust the pension, taking into account the parameters indicated in article 1 of Law 71 of 1988, ordering CENS to pay retroactively the sums not paid and that are settled when applying the highest increase. That it be sentenced to recognize and pay the interest for late payment referred to in article 141 of Law 100 of 1993.	2,215
	Other administrative and labor processes	Other administrative (7) and labor (16) processes, with an amount less than \$250 million.	1,640
	Paht Construcciones SAS	Order the liquidation of Contract CT-2015-000070, where CENS SA ESP, must readjust the contractual equity in favor of Paht Construcciones SAS, with the application of the theory of unpredictability, as well as the sums for supplementary payment of the act No 6 for works executed, recognized and not paid.	1,526
	Carlos Augusto Rangel Alvarez and others	Recognition of conventional benefits / compensation payment for unfair dismissal.	719
	Cable Guajira Ltda. and others	Declare CENS SA EPS and/or UNE EPM Telecomunicaciones SA, responsible for the contractual breach by not applying the rates and the formula for use, access and payment of the shared infrastructure provided for in CRC resolution No. 5283 of 2017 and incorporating them into the contracts. of infrastructure lease signed with the plaintiff companies Cable Guajira Ltda , Cable Éxito SAS and Cable Digital de Colombia SAS.	350
	Nury Leticia Rodriguez Benitez	Declare the non-existence of the residential sewerage easement in charge of the alleged servient estates, in favor of the alleged dominant estate, called Palujan #1.	286
	Other civil processes	Other civil proceedings (3) with an amount less than \$250 million.	52

Business	Third	Claim	Value
	Condominio Centro Comercial La Estrella P.H.	Declaration of the non-collection of the energy tax claimant and therefore, nullity of resolutions No. 20191030011621 and 20191030015458, ordering the cessation of collection of the tax and the return of the amounts paid.	25
Total CENS			22,184
EDEQ	Maria Amparo Fernandez Gil and others	Direct reparation for death of relatives of the plaintiffs.	5,147
	Danielly Arcila de Gil and others	Declare the defendants administratively, non-contractually, jointly and financially liable for the injuries suffered by the plaintiffs in different events.	3,352
	Campo Elías Buriticá Herrera and others	Declare the employer's fault in the work accident suffered, having to pay the affected party and his family, material damages (future and consolidated loss of earnings) and immaterial damages (moral damages and damage to health).	789
	Nelson Forero Perez and others	Reliquidation and compensation for unfair dismissal.	67
	Clara Inés Arbelaez and others	Reliquidation of severance pay and interest, social benefits and readjustment of salaries and bonuses, interest on arrears and costs and expenses incurred as a result of the process / Declare the existence of workplace harassment and payment of the sanction and compensation for dismissal without just cause.	64
	John of God Botero	Request for restitution of the part of the " Vista Hermosa" farm that was occupied by electrical networks.	12
Total EDEQ			9,431
Aguas Regionales	Maria Ines Osorio Montoya	Condemn the municipality of Apartadó and Aguas Regionales EPM, to pay material damages (current and future), moral and damage to health, on the occasion of the death of the young Cesar Augusto Jiménez Osorio, determined by the injuries	2,955

Business	Third	Claim	Value
		suffered in the events that occurred on June 1, 2016 in the city of Apartadó.	
	Elsa Rubiela Henao Perez	Condemn the municipality of Apartadó and Aguas Regionales EPM to pay the material and immaterial damages caused by the failure in the service derived from the paving work on Calle 104, 106 and 107 in the Laureles neighborhood.	577
	Rosmary Velasquez Herrera	Condemn Aguas Regionales EPM SA ESP to return the property to its owners, pay the civil fruits, commission the competent police officer to enforce the order, and order payment of the costs of the process/Other administrative costs.	123
	various administrative	Various minor administrative.	2
Total Aguas Regionales			3,657
Aguas de Antofagasta	Soto con ADASA	C-4372-2019 Demand compensation for damages for non-contractual liability.	935
	Compañía de Seguros Generales Continental / Aguas de Antofagasta S.A.	C-422-2021 Lawsuit for compensation for damages caused on the Loa routes, which ends with a fatal accident.	279
	Robledo con Soc. MyC ingeniería	O-30-2020 Lawsuit for compensation for damages caused on the Loa routes, which ends with a fatal accident.	236
	Límari / Ezentis Chile S.A.	O-5919-2020 Lawsuit for compensation for damages, due to a fall in the camera cover on Grecia Avenue, Antofagasta.	211
	Arzobispado de Antofagasta	Lawsuit for waterlogging of AS in chapel, for two events of AS.	140
	Inmobiliaria Bicentenario Ltda. / Aguas de Antofagasta S.A.	C-4468-2020 Compensation for damages for damage to people (faucet fall).	140
	Piñones / Aguas de Antofagasta S.A. and others	2105-2021 Guardianship for violation of fundamental rights. In subsidy, unjustified dismissal, payment of benefits and nullity of the dismissal (ADASA's	161

Business	Third	Claim	Value
		responsibility is pursued in a subcontracting regime).	
	MEZA / G4S Security Servicios	T-274-2021 MEZA / G4S Security Services Compensation for work-related accidents (the responsibility of ADASA is intended in a subcontracting regime).	70
	Pacuri con Consultora Ambiental y Servicios Varios Ltda.	T-61-2020 Unjustified dismissal, collection of benefits (ADASA's responsibility is pursued in a subcontracting regime).	48
Total Aguas de Antofagasta			2,220
ELEKTRA NORESTE SA	Inversiones Chugani and others	Civil lawsuit for damages from contract cancellations.	1,493
	Osman Moreno and others	Labor demand.	104
Total ELEKTRA NORESTE SA			1,597
	T & A Proyectos Ltda.	Problematic additional amounts of work and greater permanence of work in the execution of contract No. 22-2012.	809
	Nelson Mercado Luna	Payment of invoice No. 0095, by virtue of supposed works carried out to attend to emergencies in Cra 22 with Calle 22 of the Municipality of Malambo.	201
Aguas de Malambo	Fabian Bacca Jimenez	Recognition of employment relationship acquired in the years 2015 and 2016, and consequently, the payment of vacations, bonuses, severance pay, bonus for signing the convention and compensation for dismissal without just cause.	21
	Emer Enrique Conrado Anguilla and others	Declare responsibility for material damages, to health, to other assets and/or rights conventionally and constitutionally protected and in general of any other type that is proven, caused as a result of the failure to provide the service.	14
Total Aguas de Malambo			1,045

Business	Third	Claim	Value
EPM Inversiones	DIAN - Directorate of National Taxes and Customs	Pay the indexation or monetary correction on the sum of money owed since it was consolidated as a balance in favor of EPM Inversiones SA in the income tax return and complementary documents for the year 2013 and on the penalty for inaccuracy in the event of having had to make the payment. this.	149
Total EPM Investments			149
Total contingent liabilities			1,520,476

Amounts stated in millions of Colombian pesos

With respect to the uncertainty in the estimated payment date and the estimated amount to be paid, the same business rules indicated in note 28 apply to contingent liabilities. 1.2. Litigation.

In the Grupo EPM also has as contingent liabilities, Environmental Penalty Procedures, with the following information:



Third	Pretension	Value
Metropolitan Area of the Valley of Aburra	Discharge of wastewater from the San Fernando WWTP in violation of the minimum 80% removal level for parameters DBO5_Biochemical Oxygen Demand_, SST_Total Suspended Solids_, fats and oils established in Article 72, new user, Decree 1594 of 1984._ Metropolitan Resolution No. S.A. 000415 of April 28, 2014. A plea for conclusion was presented.	It is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Construction of a mini-center without authorization and use the ecological flow to generate energy without being authorized in environmental license (Porco III hydroelectric plant)_Auto 4335 of December 17, 2013.	It is not possible to know the sanction to be imposed
National Environmental Licensing Authority "ANLA"	Termosierra 1. To carry out the air quality samples reported in ICA 13, 14 and 15, without the periodicity established by the Industrial Air Quality Monitoring System, authorized in the environmental instrument corresponding to this project. 2. For conducting environmental noise monitoring reported in ICA 13, 14 and 15, with an Environmental Laboratory not accredited by IDEAM._Auto 350 of February 5, 2018.	Charges were made, but it is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Use of explosives in construction of Nueva Esperanza tower. The environmental license granted by this resolution does not cover any kind of work or activity other than those described in the Environmental Impact Study, the Environmental Management Plan, and in this administrative act. _ Auto 02574 of June 27, 2017 ANLA_	It is not possible to know the sanction to be imposed; <i>disclaimers were</i>
Metropolitan Area of the Valley of Aburra	Dumping of domestic wastewater from the rupture of the sewage pipe that leads to these waters, on a potrero and later on the gorge Dona Maria, a property called Torremolino.	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	In an authorized channel occupation over the La Malpaso gorge, a bed covering was observed and the walls of it in particular cyclopeo, work was not approved by the environmental authority. Metropolitan Resolution N° S.A. 1002 of June 4, 2020 aburra "by means of which an administrative procedure of an environmental sanction is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	Alleged environmental affectation to the flora resource due to the severe pruning of one (1) individual tree of the species Cheflera (Schefflera actinophylla). Metropolitan Resolution No. S.A. 1050 of June 8, 2020 "through which an environmental sanction procedure is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Corantioquia - South aburra Territorial Office	Non-compliance with the permit for forest harvesting and harvesting of species in good condition and in closed conditions without permission. Administrative Act 160AS-1506-12031 of June 17, 2015.	It is not possible to know the sanction to be imposed; disclaimers were filed
Corantioquia - Tahamies Territorial Office	To make charges against PUBLIC COMPANIES IN MEDELLIN, identified with NIT 890.904.996-7, for the alleged commission of environmental offenses on the basis of guilt and for the effects caused to the flora resource, derived from the events consisting of the burning of a sector of approximately 10 hectares, being 2,5 hectares of natural forest and stubble. Resolution 160TH-ADM1903-1901 of March 29 and 2019- TH4-2013-8	It is not possible to know the sanction to be imposed.
CORPOGUAJIRA	For failing to comply with Article 2,2,6,1,3,1(f) of Decree 1076 of 2015 as regards the obligations of the generator of hazardous waste or waste at the Jepirachi wind farm (register with the competent environmental authority for one time and keep the registration information updated annually). Auto 976 of October 2, 2017; Resolution 1373 of September 29, 2020.	It is not possible to know the sanction to be imposed; no charges have been made.
National Environmental Licensing Authority "ANLA"	For having disposed of surplus material from the excavation activities of the construction of the Via Puerto Valdivia (Presa Site - Ituango) on the channel and protection strip of the "Quebrada Tamara"; And, having carried out the replacement of the bridges located along the Via Puerto Valdivia to build two (2) Box culverts without the authorization to do so; and, having made discharges of wastewater to a field of infiltration in the "El Ciruelar" field. (SAN0143-00-2018_Auto 3196 of 2018). Auto 964 of March 12, 2019 ANLA understands by not filed the disclaimers, But later it issues the Auto 2792 of May 13, 2019 by which it leaves the Auto 964 of 2019 without effect and orders to take into account the disclaimers submitted and evaluate the request for evidence.	It is not possible to know the sanction to be imposed. Vital-registered decadal 35000811014798 19080 of February 18, 2019. Presentation

National Environmental Licensing Authority "ANLA"	<p>Not having implemented the environmental management measures established in the Environmental License granted for the Development of the Project "Construction and Operation Hydroelectric Pescadero - Ituango related to the management and the proper disposal of the residual excavation material of the construction of the route Puerto Valdivia by throwing them On the slopes of the road and the water sources "Cauca River" and "Quebrada La Guamera"; and, to have formed the deposits "La Planta" and "Cacharime" less than thirty meters (30 Mts) from the water source "Cauca River". (SAN0046-2019_Auto 0523 of 2016).</p>	<p>It is not possible to know the sanction to be imposed. Vital-registered Descargo-based Earnings No 35000811014798 18053 of 1 June 2018. Presentation</p>
National Environmental Licensing Authority "ANLA"	<p>Having carried out inadequate practices with respect to surface water sources in the project's area of influence; having carried out the collection of the water resources from the Quebradas "El Roble", "Burunda" "Bolivia" and "Guacimal", at flows higher than those authorized and/or concessioned for the development of the project; not having implemented in each of the concessioned water bodies, the infrastructure that would allow monitoring of the remaining flows, for the purpose of being presented in the environmental compliance reports; Not having carried out and delivered water quality monitoring and hydrobiological communities in the "Cauca River", under the conditions set out in the environmental license.</p> <p>For not having carried out the reformation and recovery of the channel of the "San Andrés River" and of its flood zone to its natural conditions, within the time granted; having carried out the exploitation of stone materials coming from "San Andrés River", without the updated environmental permits; For not having delivered the results of the sediment monitoring of "Rio Cauca", in order to establish the baseline of comparison at the time of the start of the project's operation phase.</p> <p>Having exceeded the maximum permissible levels of PST (particulate matter) and atmospheric pollutants in the asphalt plant located in the "El Valle" Industrial Zone; for not having built the necessary facilities and infrastructures in the asphalt plant chimney for monitoring emissions from fixed sources; For failing to comply with the management measures of the "Management and Disposal Plan of Materials and Botadero Areas" disposition of plant material mixed with inert material within the deposits and lack of signaling of the material disposal zones that remain active.</p> <p>All this in the area of influence of the project "construction, filling and operation of the Pescadero - Ituango Hydroelectric Project... (SAN0033-00-2019_Auto 2920 of 2015).</p>	<p>It is not possible to know the sanction to be imposed.</p> <p>Decadengo-on-the-file 2018041852-1-000, April 10, 2018 Presentation</p>
Forest, Biodiversity and Ecosystem Services Division of the Ministry of Environment and Sustainable Development	<p>For having intervened 100 HECTARES that contained forest species subject to national closure without the previous Resolution authorizing their lifting and that were in the reservoir area of the Ituango Hydroelectric Project. (SAN027 (Minambient)_Resolution 835 of 2017).</p> <p>Descargo duty with registered E1-2017-032747 of November 28, 2017_Probation period Auto June 273, 2018. Presentation</p>	<p>It is not possible to know the sanction to be imposed. Summary of allegations of conclusion on 9 June 2021. Presentation</p>
National Environmental Licensing Authority "ANLA"	<p>Auto 00009 of January 8, 2021 La ANLA initiates the environmental sanction procedure for the contingency associated with the auxiliary deviation system, to verify the following facts:</p> <ol style="list-style-type: none"> 1. Not to have reported within the term provided for in the law (24 hours) the contingent event that occurred on April 28, 2018. 2. To have continued the construction of the SAD and its infrastructure, without having sufficient technical information related to the environmental characterization of the area operated for the geology and geotechnical components. 3. For allegedly generating negative impacts on renewable natural resources. 4. Not having guaranteed for the first days of the month of May of the year 2018 and before the evacuation of the water dam of the Cauca River by the project's machine house, the ecological flow of that source downstream of the dam site, to ensure the integrity of ecosystem services and environmental protection goods that are part of the water source. <p>By the contingency associated with the Auxiliary Deviation System.</p> <p>*No charges are available; however, a request was made for a cessation of the sanctioning procedure by Communiqué No. 2018064395-1-000 of 24 May 2018 (SAN0097-00-2018_Auto 02021 of 2018)</p>	<p>Without any charges, counsel considers it possible.</p> <p>The opinion of the expert expert expert (Poyry) for the lifting of the preventive measure was submitted on 30 December 2021.</p> <p>To date, no charges have been made.</p>
National Environmental Licensing Authority "ANLA"	<p>"Initiation of sanction procedure for not guaranteeing downstream water of the dam of the project "Construction and operation of the Pescadero - Ituango hydroelectric project" The ecological flow to ensure the integrity of the ecosystem services and the environmental protection goods that are part of the water source "Rio Cauca".</p> <p>*No charge formulation available. (SAN0001-2019_Auto 0060 of 2019)</p>	<p>Without any charges, counsel considers it possible.</p>

National Environmental Licensing Authority "ANLA"	<p>1. Dumping on intermittent dry channel X=1157241 and Y=1281506 coordinates</p> <p>2. Discharge to the rain water channel from the mixer wash system located in the industrial zone of main works</p> <p>THE ANLA opened a sanctioning file but it has not been formally initiated.</p> <p>By Resolution No. 1222 of December 03, 2013, THE ANLA imposed preventive measures to suspend dumping. By Resolution No. 1363 of October 31, 2017, the ANLA lifted the preventive measure mentioned. Through Auto No. 01282 of March 22, 2019, THE ANLA breaks down the proceedings related to this preventive measure of the license file LAM2233 so that they work in file SAN0031-2019.</p>	Without any charges, counsel considers it possible.
National Aquaculture and Fisheries Authority "AUNAP"	<p>*Start preliminary investigation for affects to fishing activity during the closing of the machinery house gates.</p> <p>*No charge formulation available. (No file AUNAP_Auto 002 of February 14, 2019).</p>	Without any charges, counsel considers it possible.
National Environmental Licensing Authority "ANLA"	<p>Repeated non-compliance with imposed obligations. Auto 11359 of December 19, 2019.</p> <p>SAN0284-00-2018 _December 19, 2019_.</p>	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Non-compliance Contingency Obligations:</p> <ul style="list-style-type: none"> - Not having permanently carried out the proper management of non-domestic wastewater and filtration in the left margin of the Gallery 380 MI. - Not having presented the hydrogeological model of the right margin of the project. - Not to have presented the cartographic information related to water quality and hydrobiological monitoring to be carried out at different points downstream of the project dam site. - Not having presented the results of the monitoring of offensive odors, water quality and physiochemical sludge quality during the pumping activity of the machine house. Auto No. 2423 of March 30, 2020, by which environmental sanction procedure is initiated. <p>SAN0030-00-2020_ March 30, 2020_ To date no charges have been filed.</p>	<p>Situation not resolved.</p> <p>Charges were filed by Auto 9812 of 18 November 2021 and charges were filed on 13 December 2021.</p>
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Repeated non-compliance with the obligations imposed under the contingency. Initiation of the environmental sanction procedure by means of Auto No. 06576 of July 13, 2020</p> <p>SAN1285-00-2019 _ July 13, 2020_ To date no charges have been filed.</p>	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	<p>HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. _ Pass air quality and odor monitoring without meeting protocols established by the Minambiente. _Perform sample analysis for air quality and odor sampling by laboratories not accredited to IDEAM.</p> <p>Initiation of the environmental sanction procedure by means of Auto No. 07774 of August 14, 2010</p> <p>SAN1258-00-2019 _ August 14, 2020_ To date no charges have been filed.</p>	Situation not resolved. To date, they have not made any charges.

Guarantee

Company	Third	Pretension	Value
ELEKTRA NORESTE S.A.	Generating companies	Guarantee of compliance to provide credit security and fulfillment of obligations under energy purchase contracts.	155,683
	National Public Services Authority	Performance bond to guarantee the fulfillment of the obligations entered into in the Concession Agreement.	59,717
	Empresa de Transmisión Eléctrica, S. A.	Bank guarantee to guarantee payment of one month of billing of the Transmission System.	38,371
	Empresa de Transmisión Eléctrica, S. A.	Letter of credit as a guarantee of payment of energy purchase costs in the occasional market.	13,337
	Operator Regulatory Entity of El	Letter of credit as a guarantee of	1,375
TOTAL ELEKTRA NORESTE S.A.			268,483
Total Contingent liabilities Security Warranties			268,483

Amounts stated in millions of Colombian pesos -

Other-Disputes

Company	Third	Pretension	Value
AGUNAL	Consorcio HHA	There is a contractual, non-legal dispute arising from the construction of the Aguas Claras plant in relation to time, engineering, design and financial issues.	437,112
Total AGUNAL			437,112
Total Contingent liabilities Other			437,112

Amounts stated in millions of Colombian pesos -

28.3.2 Contingent Assets

Business	Third	Claim	Value
EPM	The Nation Ministry of Health and Social Protection	The Ministry of Health has the legal and constitutional obligation to recognize and cancel the value of the services provided to members in relation to medications and/or procedures, interventions or elements not included in the Mandatory Health Plan (POS).	8,619
	Constructora Monserrate de Colombia SAS	The expropriation in favor of Empresas Públicas de Medellín ESP for the Project "Expansion of Primary Distribution Capacity in the Western sector of Medellín-Cadena Occidente Tanque Calazans " building called Lot 7, located in the Altos sector de Calazans , of the Municipality of Medellín owned by the Monserrate Construction Society of Colombia SAS.	6,984
	Various Administrative	97 Litigations for less than \$922 with an average of \$59.	5,702
	Interconexión Eléctrica S.A. E.S.P. ISA	That it be declared that Interconexión Eléctrica SAESP, ISA is civilly liable for not recognizing to EPM, the value that corresponds to it, of the remuneration that ISA received between the years 1995 and 1999, for the line modules that correspond to assets of use of the STN in the Playas and Guatapé substations represented by it, in which there is shared ownership, value that to date has not been made, generating an unjust enrichment by increasing the assets of the defendant at the expense and to the detriment of the assets of the plaintiff.	3,865
	Poblado Club Campestre Ejecutivo S.A.	Declare Poblado Club Campestre Ejecutivo SA, Optima SA Vivienda y Construcción and the Municipality of Envigado responsible for the damage to the collector owned by EPM, which collects and transports wastewater from the sanitary basin of the Honda creek in the Municipality of Envigado, and indemnify EPM for the value of all property damages that are proven by the damage to the collector that collects and transports the wastewater from said sanitary basin.	3,634
	Fiduciaria Bogotá S.A. - Fidubogotá S.A.	Impose in favor of Empresas Públicas de Medellín ESP power conduction easement, on the lot of land or property called La Boca de Pantano, with real estate registration No. 50 C-1497258 located in the rural area of the Municipality of Madrid (Cundinamarca) for the transmission lines at 500 Kv, and for one (1) tower point (with its grounding) of the Nueva Esperanza Transmission project.	978

Business	Third	Claim	Value
	Municipality of Envigado	Declare the nullity of the administrative act contained in Resolutions 2656 of August 13, 2007 and 4176 of October 26 corresponding to the sanction imposed for the alleged violation of Municipal Decree 259 of August 14, 2002; declare the inapplicability of Decree 259 of August 14, 2002 of the Municipality of Envigado (Antioquia), "By means of which urban sanctions are established", for being contrary to the Political Constitution, the Law and the Home Public Utilities Regime. Order, by way of reestablishment of the right, that \$655,460,000 be returned to EPM for the sanction imposed in the administrative acts whose nullity is requested.	923
	Corantioquia - Corporación Autónoma Regional del Centro de Antioquia	That the nullity of the Fifth Article of Resolution No. 130 TH - 1302 - 9864 issued by the Territorial Director be declared Tahamíes of "Corantioquia" for the concept of fee for the use of surface water for the period 2011, from the Río Grande source, in a flow of 19.5 m3/ sec . Reimburse to Empresas Públicas de Medellín ESP, the highest value paid for the fee for the use of Surface Water Dec . 155 - 4742, Hydrological Unit: Río Magdalena - Cauca, between January 1, 2011 and December 31, made by invoice TH - 1927 of April 30, 2012. That Corantioquia be ordered to recognize and pay EPM the legal interest, the current interest and default interest that have been legally caused; to the payment of the costs and legal agencies that may arise in accordance with the provisions of article 188 of Law 1437 of 2011 and other concordant regulations.	796
	Municipality of Caloto	That the nullity be declared: -Resolution No. 035 of 2012, (Declares the exceptions proposed by EPM against the payment order not proven and orders to continue with the execution) and, - Resolution No. 039 of 2012, (Resolves appeal for Restitution).//2) That by way of reinstatement, the Municipality of Caloto reimburses EPM any sum that it has paid for ICA, by virtue of what is stated in this lawsuit, and that said sum be returned with commercial interests.//3) That the Municipality be ordered to pay the costs.	778

Business	Third	Claim	Value
	Other Taxes	Process of amount less than \$783.	68
Total EPM			32,347
CENS	Directorate of Taxes and Customs DIAN	Declare the nullity of the official liquidation of review and return of the highest value paid for income tax.	9,489
	Corporación Minuto de Dios y otros	Impose in favor of CENS SA ESP the public easement for conduction of electrical energy on the properties; build the electrical infrastructure; allow transit through the area; remove crops and other obstacles; build temporary roads and/or use existing ones; prohibit the planting of trees that may hinder the exercise of the easement and registration of the easement sentence.	2,087
	Consortio CDE Ltda.	Obtain cancellation of the resources owed in favor of CENS.	1,005
	Other criminal, civil and labor proceedings with an amount less than \$20 million.	Other criminal proceedings (108), civil (32), labor (9), with amounts less than \$20 million.	561
	Undetermined People	That the criminal behaviors that motivate the complaint be investigated, and the payment of compensation be ordered for all the damages caused to CENS.	45
	Municipality of Abrego	Shares and pension titles.	21
Total CENS			13,208
Aguas Regionales	Consortio Buenos Aires, Consorcio Saneamiento 17 y Seguros Confianza S.A.	The purpose of the lawsuit is to obtain a declaration of contractual civil liability of the Buenos Aires Consortium with respect to the Works Contract and of the Saneamiento 17 Consortium with respect to the Supervision Contract, both signed with ANEPM, for having individually but concurrently failed to comply with obligations acquired in favor of the Company. Its purpose is also to collect from Seguros Confianza SA, as guarantor of compliance with the Supervision Contract, part of the damages to which Consorcio Saneamiento 17 is ordered.	3,291
	Superintendencia of Residential Public Services	The nullity of the administrative acts issued by the defendant entity that contains the special contribution official liquidation is declared, by means of which the appeal filed by Aguas Regionales is resolved. As a consequence, the liquidation of the tax object of the appeal is ordered and a lower amount to be paid for the Special Tax is determined.	3

Business	Third	Claim	Value
Total Aguas Regionales			3,294
Aguas Regionales	Municipality of Chigorodo	Please issue a payment order in favor of Aguas de Urabá SAESP and against the Municipality of Chigorodó, legally represented by Dr. Daniel Segundo Álvarez, in his capacity as mayor, or by whoever takes his place at the time of notifying the lawsuit.	1,843
	various prosecutors	various prosecutors	541
	Corpourabá - Corporación para el Desarrollo Sostenible del Urabá	That the remuneration rate corresponding to the municipality of Apartadó be declared null and void between the period January and December 2014, since it does not correspond to the reality of the loads discharged by the sewerage users of the company Aguas de Urabá SAESP.	379
Total Aguas Regionales			2,763
Aguas de Malambo	Municipality of Malambo	A payment order is released against the Municipality of Malambo - Atlántico and in favor of Aguas de Malambo SA ESP. for the interest on arrears of the previous capital from December 31, 2012 until the obligation is cancelled.	1,892
	Single Notary of Malambo	That the nullity of the Administrative Act be declared, by way of capitalization registration, issued by the Single Notary Office of the Municipality of Malambo - Atlántico, and as a consequence it is reinstated to Aguas de Malambo SAESP	73
Total Aguas de Molambo			1,965
Emvarias	DIAN Directorate of National Taxes and Customs	That the nullity of the official letters issued by the Internal Work Group for the Control of Obligations of the Sectional Directorate of Taxes of Medellín be declared null and void, by means of which the requests for correction of the income tax declarations were denied.	1,271
	Marta Nelly Quintero R.	Mortgage Executive.	28
Total Emvarias			1,299
CHEC	Cesar Augusto Ocampo Arenas	Elderly retirement.	2
Total CHEC			2
Total contingent assets - Litigation			54,878

Amounts stated in millions of *Colombian pesos*

Estimated payments and collections

The estimate of the dates in which the Group considers that it will have to face the payments related to the contingent liabilities or will receive the collections for the contingent assets included in this note to the consolidated statement of financial position at the cut-off date, is as follows:

Year	Contingent liabilities	Contingent Assets
To one year	526,469	18,568
To two years	38,243	5,975
To three years	76,184	10,589
To four or more years	1,820,606	27,344
Total	2,461,502	62,476

-Amounts stated in millions of Colombian pesos-

Note 29. Other liabilities

The composition of other liabilities is as follows:

Other liabilities	2021	2020
Not current		
Collection in favor of third parties	10	10
Payments received in advance ⁽¹⁾	3,661	3,965
Government grants	633,964	866,921
Assets received from customers or third parties	26,672	28,682
Other deferred loans	20,950	21,019
Transfer of assets and financial guarantees	36,529	33,820
Total other non-current liabilities	721,786	954,417
Current		
Collection in favor of third parties	243,152	222,711
Payments received in advance ⁽¹⁾	165,488	94,422
Government grants	119,381	780
Assets received from customers or third parties	10	53
Transfer of assets and financial guarantees	11,224	12,440
Total Other Current Liabilities	539,255	330,406
Total Other Liabilities	1,261,041	1,284,823

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to the collection associated with the sale of long-term energy, reliability charge and biller compensation.

29.1 Ferred reinsurance commissions

The detail of deferred reinsurance commissions, which is included in Income received in advance, is as follows:

Deferred revenue for reinsurance comissions	2021	2020
Initial Balance	5,585	5,111
Additions	25,690	12,303
Amortization	(20,809)	(11,829)
Final Balance	10,466	5,585

Amounts stated in millions of Colombian pesos -

Corresponds to reinsurance commissions of the subsidiary Maxseguros and is included in other income received in advance.



[See note 29.3](#)



29.2 Government grants

The movement of government subsidies at the cut-off date is as follows:

Government grants	2021	2020
Initial Balance	867,701	26,453
Granted during the period	2,662	460
Recognized in the period result ⁽¹⁾	(119,831)	(30,782)
Business combination	-	870,894
Foreign currency conversion effect	2,915	967
Other changes	(101)	(291)
Final Balance	753,346	867,701
Non current	633,964	866,921
Current	119,381	780
Value in books as of December 31	753,346	867,701

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to AFINIA subsidies, received from the Government for compensatory payments for variations in the collection indicators and energy losses, in accordance with the share purchase agreement signed by AFINIA and Public Companies of Medellín on March 30, 2020.

The Group has received grants from the Inter-American Development Bank –IDB– for the financing program for micro and small businesses; by Financiera del Desarrollo –FINDETER– as a credit at a favorable rate for the construction of water and sewage infrastructure; by the Fund for the Reconstruction of the Coffee Region –FOREC– for the reconstruction of energy networks such as a consequence of the earthquake in that region of the country.

The Group has not breached any of the conditions related to the subsidies.

29.3 Income received in advance

The detail of income received in advance at the cut-off date was:

Payments received in advance	2021	2020
Non-current		
Leases	119	209
Sales	230	196
Sale of energy service	3,278	3,560
Other income received in advance	34	-
Total non-current payments received in advance	3,661	3,965
Current		
Leases	269	297
Fees	-	895
Sales ⁽¹⁾	66,408	39,980
Sale of energy service	12,023	14,856
Sale of aqueduct service ⁽³⁾	27,033	7,435
Sale of sewerage service ⁽³⁾	27,499	34
Sale of toilet services	677	677
Sale of gas fuel service	3,563	2,483
Other income received in advance ⁽²⁾	28,016	27,765
Total payments received in advance current	165,488	94,422
Total payments received in advance	169,149	98,387

Amounts stated in millions of Colombian pesos -



⁽¹⁾ The increase is explained by higher values received in long-term energy contracts.

⁽²⁾ Includes \$10,466 (2020 \$5,585) for deferred reinsurance commissions from the subsidiary Maxseguros.

⁽³⁾ The increase was mainly explained by the rate structure for the national subsidiaries of Aguas and corresponds to the provision of the Regulated Works and Investment Plan (POIR) in accordance with the provisions of the Commission for the Regulation of Potable Water and Basic Sanitation in resolution CRA 688 of 2014, an income received in advance of \$51,696 was recognized: EPM \$39,063, Aguas Regionales \$10,617 and Aguas Regionales \$2,016.



Note 30. Changes in liabilities due to financing activities

The reconciliation of liabilities arising from financing activities is as follows:

Reconciliation of liabilities arising from financing activities 2021	Initial Balance	Statement of cash flows	Changes other than cash		Other changes ¹	Total
			Foreign currency movement	Changes to Fair Value Measurement the system		
Credits and loans (note 22)	24,587,802	(929,080)	1,448,090	-	658,980	25,765,792
Lease liabilities (note 24)	687,667	(76,052)	-	-	114,621	726,232
Penalty Bonds (see note 24)	670,586	(47,249)	-	-	36,106	659,443
Hedge instruments	356,747	22,985	-	(364,485)	12,723	27,970
Dividends or surpluses paid	45,675	(1,449,655)	-	-	1,459,338	55,358
Capital subsidies	867,701	2,662	-	-	(117,017)	753,346
Other funding flows	-	14,104	-	-	(14,104)	-
Total liabilities for financing activities	27,216,178	(2,462,285)	1,448,090	-364,485	2,150,647	27,988,145

Reconciliation of liabilities arising from financing activities 2020	Initial Balance	Statement of cash flows	Changes other than cash		Other changes ¹	Total
			Foreign currency movement	Changes to Fair Value Measurement the system		
Credits and loans (see note 22)	20,656,005	3,499,751	24,286	-	407,759	24,587,802
Lease liabilities (see note 24)	682,761	(46,527)	-	-	51,433	687,667
Penalty Bonds (see note 24)	650,817	(7,711)	-	-	27,481	670,586
Hedge instruments	(46,148)	19,586	-	395,896	(12,586)	356,747
Dividends or surpluses paid	44,890	(1,592,575)	-	-	1,593,359	45,675
Capital subsidies	26,453	460	-	-	840,788	867,701
Other funding flows	-	(3,267)	-	-	3,267	-
Total liabilities for financing activities	22,014,778	1,869,717	24,286	395,896	2,908,234	27,216,178



⁽¹⁾ Includes interest paid during the year for \$1,501,384 (2020: \$1,310,176), which by company policy are classified as operating activities in the statement of cash flows; accrued interest \$1,644,474 (2020: \$1,436,498); conversion effect \$392,589 (2020 \$278,538); accrual of dividends and surpluses \$1,459,338 (2020 \$1,593,359), business combination \$- (2020 \$877,041); and Other \$155,630 (2020 \$36,238).

Note 31. Deferred regulatory accounts

The balance of the deferred regulatory accounts at the date of presentation of the consolidated financial statements corresponds to the local regulatory framework applicable to the subsidiary Elektra Noreste SA – ENSA, established by the National Public Services Authority of Panama (ASEP). This entity is in charge of regulating and establishing the rates that the Company bills its customers. The Company maintains its accounting records in accordance with the uniform system of accounts established by the ASEP for electricity companies.

The regulated system under which the Company operates allows any excess or deficiency between the estimated cost of energy considered in the rate and the actual cost incurred by the Company to be included as a compensatory adjustment, to be recovered from (or returned to) customers, in the next tariff revision. Any excess in the cost of energy charged to customers is accumulated as a credit balance in a deferred regulatory account in the Group's consolidated statement of financial position and entails a reduction in the next rate review to be applied to customers. In the same way, any deficit in the cost of energy charged to customers is accumulated as a debit balance in the deferred regulatory account in the Group's consolidated statement of financial position and leads to an increase in the next tariff revision to be recovered from the customers.

Regulatory deferred accounts with a debit balance represent probable future revenues associated with certain costs that are expected to be recovered from customers through the fee process. Regulatory deferred accounts with a credit balance represent probable reductions in future revenues associated with amounts that are expected to be credited to customers through the rating process.

The movement of regulatory accounts is as follows:

Deferred regulatory accounts	Asset (Liability)	
	2021	2020
Initial Balance	767	(25,610)
Period Result	126,824	30,534
Foreign currency conversion effect	8,691	(4,157)
Final Balance	136,282	767

Amounts stated in millions of Colombian pesos -

The balances associated with the deferred regulatory accounts in accordance with the regulation must be recovered or returned in the following two semesters.

The movement of the deferred tax associated with the regulatory accounts is as follows:

Deferred tax associated with regulatory accounts	Asset (Liability)	
	2021	2020
Initial Balance	(230)	7,683
Additions	(121)	
Other changes	24	
Period Result	(38,391)	(8,423)
Foreign currency conversion effect	(2,166)	510
Final Balance	(40,884)	(230)

Amounts stated in millions of Colombian pesos -

The cash flows generated by the regulatory accounts amounted to \$88,434 (2020: \$22,110), which, by Group policy, are classified as operating activities in the statement of cash flows.

Note 32. Income from ordinary activities

For presentation purposes, the Group disaggregates its income from the services it provides, according to the lines of business in which it participates and the way in which management analyzes them. The detail of income from ordinary activities is as follows:



Income from ordinary activities	2021	2020
Sale of goods	74,594	27,928
Rendering of services		
Power Generation Service ⁽¹⁾	5,517,429	5,014,157
Power transmission service	384,968	349,980
Energy distribution service ⁽²⁾	17,018,435	12,675,962
Energy intersegment eliminations	(2,010,599)	(2,096,552)
Gas fuel service	1,012,643	898,095
Sanitation service	753,993	710,049
Aqueduct service ⁽³⁾	1,487,880	1,312,884
Toilet service	260,307	241,385
Insurance and reinsurance services	36,346	32,073
Financing services	51,153	34,310
Computer services	1,115	562
Construction contracts	76,727	55,876
Fees	7,671	1,386
Commissions	19,228	6,206
Billing and collection services	36,537	33,358
Funding component	156,488	85,417
Other services	306,958	235,523
Returns	(468,178)	(388,729)
Total service delivery	24,649,101	19,201,942
Leases	107,952	96,741
Total	24,831,647	19,326,611

Amounts stated in millions of Colombian pesos



⁽¹⁾ The increase in the generation service originates in EPM parent company due to higher sales of energy to the non-regulated market, higher sales in long-term contracts and higher units sold on the stock market, due to high generation.

⁽²⁾ The increase due to the distribution service is mainly due to: a) in EPM, due to the greater demand for energy trading at a higher price and due to higher revenues in the SDL and STR systems, mainly due to the behavior of macroeconomic variables ; b) for the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for a value of 736,645; that for Afinia it was \$403,392, EPM \$248,408, CENS \$34,645, ESSA \$30,408, EDEQ \$13,588 and CHEC \$6,204; c) the incorporation of the income of the subsidiary Afinia ; d) in the international subsidiaries, the DECA group is the one that contributes the most in the provision of this service, originating mainly from the net effect of customer growth, more units sold and an increase in the average sales price.



⁽³⁾ The increase in the gas service originates in EPM due to higher consumption, customers and higher growth in the markets of the business.

⁽⁴⁾ The increase in the aqueduct service is mainly contributed by a) the subsidiary ADASA, due to the increase in consumption in the non-regulated mining market and the increase in users and consumption; b) in parent company EPM, there was an increase due to the PAG (Gradual Application Plan) recognized in May that corresponds to the amounts not collected in 2020, due to the COVID measures; c) in the other national subsidiaries, due to higher customers, higher consumption and the application of the tariff path as of February.

The Group recognizes all its income from the satisfaction of performance obligations, and most of its contracts with customers have a duration of less than one year.

The Group recognized the following values in the period, for contracts in force at the cut-off date:

Construction contracts

The method applied to determine the degree of completion of construction contracts is the resource method.

The Group recognized the following values in the period, for the contracts in force at the cut-off date described in the previous paragraph:



December 31, 2021	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability Current year	Outstanding value of performance obligations that are not met Current year
Contract 1 - FAER Contract GGC-105	-	-	1	1	52	1
Contract 2 - Fundescat Agreement	-	-	-	-	31	-
Contract 3 - Ecopetrol Agreement	-	-	1,934	1,895	197	1,895
Contract 4 - Government Contract	-	-	156	133	12	134
Contract 6 - FAER Administration Fee GGC 105 and 313 - Construction contracts	-	-	4	4	90	4
Contract 7 - FAER Contracts 2019 Third Party Resources	96	614	30,417	30,041	81	30,040
Contract 8 - FAZNI Contract 2020	-	-	2,536	2,296	-	2,296
Contract 9 - OHL Agreement	-	52	-	-	153	-
Contract 10 -FAER 2019- Administration	-	782	-	-	-	-
Construction contracts - TICSA	-	-	596	32,644	-	-
Construction contracts - agreements	502	879	1,546	940	-	-
Total	598	2,327	37,190	67,954	616	34,370

Amounts stated in millions of Colombian pesos

December 31, 2020	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability Last year	Outstanding value of performance obligations that are not met Last year
Contract 1 - FAER Contract GGC-105	-	-	189	1	29	1
Contract 2 - Fundescat Agreement	-	-	31	-	-	-
Contract 3 - Ecopetrol Agreement	-	-	2,075	1,934	621	1,934
Contract 4 - Government Contract	-	-	169	156	518	156
Contract 6 - FAER Administration Fee GGC 105 and 313 - Construction contracts	-	-	4	4	-	-
Contract 7 - FAER Contracts 2019 Third Party Resources	-	96	15,069	30,417	-	30,417
Contract 8 - FAZNI Contract 2020	-	-	-	2,536	-	2,536
Contract 9 - OHL Agreement	-	-	-	-	-	-
Construction contracts - TICSА	-	-	6,448	596	-	-
Construction contracts - agreements	2,001	502	4,829	1,546	-	-
Total	2,001	598	28,814	37,190	1,168	35,044

Amounts stated in millions of Colombian pesos

Other contracts with clients

December 31, 2021	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability
Uniform terms contract for regulated services ⁽¹⁾	1,006,896	1,815,300	15,496	51,945	7,180
Unregulated market -MNR or large customers ⁽²⁾	219,241	206,245	13,422	22,357	12,749
XM representation contract	13,097	8,011	-	-	-
Other contracts with customers	-	-	1,019	166	1,019
Total	1,239,234	2,029,556	29,937	74,468	20,948

Amounts stated in millions of Colombian pesos

December 31, 2020	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability
Uniform terms contract for regulated services ⁽¹⁾	797,336	1,006,896	20,459	15,496	3,190
Unregulated market -MNR or large customers ⁽²⁾	160,086	219,241	10,098	13,422	3,072
XM representation contract	-	13,097	-	-	-
Other contracts with customers	-	-	6,216	1,019	-
Total	957,422	1,239,234	36,773	29,937	6,262

Amounts stated in millions of Colombian pesos



⁽¹⁾ The purpose of this contract is to define the uniform conditions through which the companies of the EPM Group provide residential public services in exchange for a price in money, which will be set according to the current rates and according to the use that is given to the service by users, subscribers or owners of real estate, hereinafter the user, who by benefiting from the services provided by the companies, accepts and accepts all the provisions defined herein.



The increase in assets in uniform conditions contracts was explained in the energy distribution segment by the recognition of the rate option for a value of \$736,645 in EPM and in the national energy subsidiaries.

The increase in liabilities in the uniform conditions contracts for the Water Supply and Solid Waste Management service corresponds mainly to the provision of the Regulated Works and Investment Plan (POIR) in accordance with the provisions of the Commission for the Regulation of Potable Water and Basic Sanitation in resolution CRA 688 of 2014, for which an income received in advance of \$51,696 contributed by the subsidiaries of EPM \$39,063, Aguas Regionales \$10,617 and Aguas Regionales \$2,016 was recognized.

⁽²⁾Resolution 131 of December 23, 1998, of the Commission for the Regulation of Energy and Gas (CREG) establishes the conditions of supply of energy and power for large consumers and indicates in article 2 the limits of power or energy so that a user can contract the supply of energy in the competitive market; The aforementioned resolution allows the conclusion of contracts with large consumers to establish the prices of energy and power supply by common agreement; The purpose of the contract is to supply energy and electrical power to the consumer, as an unregulated user, to meet their own demand.

Another important contract is the XM representation contract, which manages the Colombian Wholesale Energy Market, attending to the commercial transactions of the market agents, which is not disclosed considering that it does not have balances in assets and liabilities.

Note 33. Other income

The detail of other income is as follows:



Other income	2021	2020
Recoveries ⁽¹⁾	181,218	253,266
Government subsidies ⁽²⁾	119,831	30,782
Lost reversal per Depreciation owned, site, and equipment value unit ^{(3) (8)}	47,949	-
Other regular income ⁽⁴⁾	31,378	60,120
Leverage ^{(5) (7)}	19,107	7,149
Valuation of investment properties ⁽⁹⁾	15,001	6,876
Leftovers ⁽⁷⁾	4,367	9,605
Sell signatures ⁽⁷⁾	2,578	1,081
Indemnities ^{(6) (7) (10)}	1,999	102,256
Intangible assets impairment reversal ⁽⁸⁾	20	-
Photocopies	2	2
Inventories impairment reversal ⁽¹¹⁾	-	657
Total	423,450	471,794

Amounts stated in millions of Colombian pesos



⁽¹⁾ In 2021, the most significant recoveries occurred in EPM due to: i) provision for administrative litigation \$33,454: due to a ruling in second instance in favor of EPM, with a claim in pesos and dollars; ii) wealth tax \$32,094: which originated from the refund request, for the payment of what was not due for the years 2016 and 2017, supported by the legal stability contract; iii) contingency provision for the future Ituango hydroelectric plant: \$17,382; iv) provision for contingent consideration for Espíritu Santo: \$12,534 and v) contingency care for the future Ituango hydroelectric plant: \$7,483.

In 2020 it includes: i) recovery of \$89,527: for the return judgment in favor of EPM of the judicial process, advanced by the company against the Municipality of Bello, based on a lawsuit filed against the administrative act that determined the participation and liquidation of the capital gain generated by the change in land use in the area where some properties owned by the company are located; ii) \$73,832 for the start-up of the assets of the Jepirachi Wind Farm permitted by CREG resolution 136 of 2020; iii) compensation for emergent damage \$14,630: for the loss that occurred in 2017 at the Playas Hydroelectric Power Plant; iv) recovery provisions for administrative litigation \$8,597 and provision for high-cost illnesses \$8,011.

The value of the effective recoveries amounts to \$82,737 (2020: \$142,058) and the ineffective ones \$98,481 (2020: \$111,208), disclosed in the statement of cash flows.



⁽²⁾ The increase is explained in the subsidiary Afinia de la Costa SASESP, the subsidy corresponds to Compensatory Payments for variations in the collection indicators and energy losses, in accordance with the share purchase agreement signed by AFINIA and Empresas Públicas de Medellín on March 30, 2020. The value recognized as of December 31 is \$119,831.

⁽³⁾ The increase corresponds to the application of the impairment test of the subsidiary CHEC-Generador, giving as a result that the value in use (estimate of future cash flows) that the company expects to obtain on the assets, is higher with respect to its books value, at a value of \$61,310, which compared to the impairment recorded in 2020 for a value of \$48,550, allows 100% of the original record to be reversed.

⁽⁴⁾ The variation was explained by the combined effect in i) decrease in EPM, since a value of \$42,206 was recorded from the processing of the judicial process carried out by EPM against the Municipality of Bello, due to the indexation since December 29, 2009, date in that the payment of the tax was made and until the execution of the judgment on December 10, 2020; ii) an increase of \$13,573 generated in the calculation of the actuarial gain for seniority premium, as a result of updating the assumptions based on experience and financial assumptions; iii) increase contributed by the subsidiary TICSA in the amount of \$7,364.

⁽⁵⁾ The increase was explained by: i) subsidiary ESSA for a value of \$5,576 due to the sale of the plants of Termobarranca and Termopalenque, whose assets had already been written off, these plants were sold as scrap and in ii) EPM Parent company for \$5,277 corresponding to sales of scrap from the Utilization Warehouse.

⁽⁶⁾ The decrease was due to the fact that, in the previous year, EPM Parent Company received: i) compensation for lost profits for the low hydrology policy \$65,848 (USD 17.6 million); ii) loss of profits due to the loss that occurred in 2017 at the Playas Hydroelectric Power Plant for \$9,241; iii) non-contractual civil liability of the future Ituango hydroelectric plant for \$8,000 and iv) loss of profits from the Jepirachi Wind Farm for \$4,107 and v) in 2020 compensation was received in the subsidiary CHEC for \$9,638 from the loss in the Curacao tunnel.

⁽⁷⁾ Values referenced as effective income.

⁽⁸⁾ It is disclosed as part of the item reversal of impairment loss of property, plant and equipment and intangibles in the statement of cash flows.

⁽⁹⁾ It is disclosed as part of the item result from the valuation of investment properties in the statement of cash flows.

⁽¹⁰⁾ Includes \$159 for compensation for damage to assets that is disclosed as part of the caption result of compensation for activities associated with investment flows in the statement of cash flows.

⁽¹¹⁾ It is disclosed in the caption write-down of net inventory value, of the statement of cash flows.

Note 34. Income from sale of assets

The detail of the costs for provision of services is as follows:

Asset Sale Earnings	2021	2020
Earnings for sale of properties, plant and equipment ⁽¹⁾ ⁽²⁾	1,343	233
Earnings Derecognition rights in-time utility ⁽³⁾	486	152
Earnings for sale of intangibles	-	14
Earnings for sale of investment properties ⁽²⁾	3	108
Total	1,832	507

-Amounts stated in millions of Colombian pesos-



⁽¹⁾ The increase was explained in EPM Parent and corresponds to the sale of a strip of land of the Oriente Substation located in the Municipality of Rionegro for \$298 and the sale of vehicles for \$417.

⁽²⁾ The profit on the sale of property, plant and equipment for \$1,343 (2020: \$233) and the profit on the sale of investment properties for \$3 (2020: \$108) are non-effective and are disclosed as part of the income from disposal of property, plant and equipment rights of use, intangibles and investment property in the statement of cash flows.

⁽³⁾ The profit on derecognition of rights of use for \$486 (2020: \$152) is non-effective and is disclosed as part of the income from retirement of property, plant and equipment, right-of-use assets, intangible assets and cash-flow states investment properties.

Note 35. Costs for provision of services

The detail of the costs for provision of services is as follows:

Costs for the provision of services	2021	2020
Bulk and/or long-term purchases ⁽¹⁾	4,960,462	3,421,373
Stock and/or short-term purchases ⁽²⁾	3,687,937	3,419,027
Use of lines, networks and pipelines ⁽³⁾	2,087,481	1,573,973
Personal services ⁽⁴⁾	1,067,137	920,281
Depreciations ⁽⁵⁾	941,451	894,929
Orders and contracts for other services ⁽⁶⁾	840,131	658,533
Maintenance and repair orders and contracts ⁽⁷⁾	602,645	392,858
Cost of distribution and/or marketing of natural gas	600,585	540,410
Commercial and financial management of the service ⁽⁸⁾	249,694	76,427
Licenses, contributions and royalties	247,146	283,757
Materials and other operating costs	209,676	156,077
Amortizations ⁽⁵⁾	191,547	181,738
General	157,304	123,241
Fees	150,145	91,764
Consumption of direct inputs	140,539	151,564
Insurance	124,227	113,389
Taxes and fees	95,576	88,619
Others	86,506	46,614
Cost per connection	80,272	24,536
Right-of-use assets Amortization ⁽⁵⁾	60,297	41,878
Marketed goods	43,355	20,498
Public services	32,965	30,272
Leases	26,352	17,905
Costs associated with Class of Transactions the wholesaler market	13,748	13,541
Exhaustion ⁽⁵⁾	13,205	10,190
Liquefied natural gas	11,342	7,478
Property Value, Plant and Equipment Depreciation ^{(10) (12)}	9,953	187,114
Cost of losses in the provision of the aqueduct service	5,050	37
Inventory Value Markdown ^{(5) (13)}	2,837	1,193
Value of intangible assets Depreciation ^{(9) (12)}	50	9,194
Gas compression	46	-
Impairment of right-of-use assets ^{(11) (12)}	-	3,959
For insurance and reinsurance	-	6,259
Total costs per service provision	16,739,661	13,508,628

Amounts stated in millions of Colombian pesos



⁽¹⁾ Increase explained by: i) the incorporation of the costs of the subsidiary Afinia for \$1,282,032; ii) in the national energy subsidiaries, higher long-term block purchases of energy, due to the high demand in the residential and non-residential sectors, as a result of a recovery of the economy after the pandemic.

⁽²⁾ Variation explained by the combined effect between the increase in costs for purchases in the stock market of: Afinia subsidiaries for \$140,565; ESSA for \$20,716, CENS for \$10,106 and DECA for \$292,498 and offset by lower purchases in the stock market, in the subsidiaries of: EPM for \$158,422, CHEC \$15,606.

⁽³⁾ Increase explained by: i) the incorporation of the costs of the subsidiary Afinia for \$379,899; ii) in the national energy subsidiaries, it is due to higher network costs, mainly in the STN due to the accumulated behavior of the IPP, in the external SDL due to greater demand and in the external STR due to the application of CREG resolution 015 of 2018.

⁽⁴⁾ Increase explained by: i) the incorporation of the costs of the subsidiary Afinia for \$59,536; ii) in EPM Matrix \$64,377 for the hiring of personnel for the execution of new projects.

⁽⁵⁾ Corresponds to ineffective costs.

⁽⁶⁾ Increase explained by: i) the incorporation of the costs of the subsidiary Afinia for \$102,251; ii) in EPM, due to the higher costs of installation, uninstallation and reading services, amounting to \$32,005; iii) Emvarias contributes \$9,763 for missionary support contracts for the sanitation service; iv) TICSAs contributes \$14,608 in this item.

⁽⁷⁾ The increase was due to higher costs in repair and maintenance contracts for: i) constructions and buildings and ii) lines, networks and pipelines. The increase was due to higher costs in repair and maintenance contracts for: i) EPM for \$65,895 in constructions and buildings, lines, networks and pipelines; ii) Afinia \$119,819; iii) ESSA \$5,364; iv) DECA Group \$10,549.

⁽⁸⁾ Increase explained by the incorporation of the costs of the subsidiary Afinia in the amount of \$167,816.

⁽⁹⁾ Decrease explained by the subsidiaries of: i) Ecoler \$8,821; ii) Hydro \$345; iii) CHEC \$20 and iv) increase in the subsidiary Aguas de Malambo for \$42.

⁽¹⁰⁾ Decrease explained by the subsidiaries of: i) Afinia \$80,215; ii) Hidroe \$58,369; iii) CHEC \$48,530 and iv) increase in the subsidiary Aguas de Malambo for \$9,953.

⁽¹¹⁾ Decrease explained by the subsidiary Afinia \$3,959.

⁽¹²⁾ It is disclosed as part of the item impairment of property, plant and equipment, right-of-use and intangible assets, of the statement of cash flows.

⁽¹³⁾ It is disclosed in the caption write-down of net inventory value, of the statement of cash flows.

Note 36. Administrative expenses

The detail of administrative expenses is as follows:

Administration costs	2021	2020
Staff costs		
Wages and salaries ⁽¹⁾	543,014	489,976
Social security expenditure	153,018	113,202
Pension expenses ^{(2) (3)}	48,039	47,338
Employee interest rate benefits	9,572	8,609
Other long-term benefits	6,650	9,717
Other post-employment benefit plans other than pensions ^{(2) (3)}	5,100	5,144
Termination benefits ⁽²⁾	3,032	2,907
Total employee benefits costs	768,425	676,893
General Expenses		
Provision for contingencies ^{(2) (3) (4)}	338,031	86,926
Taxes, contributions and fees ⁽⁵⁾	270,905	191,573
Commissions, fees and services	152,231	136,350
Intangible ⁽⁶⁾	82,137	61,011
Maintenance	78,246	75,783
Depreciation ⁽³⁾	76,109	73,708
General insurance	53,475	46,340
Provision Dismantling, withdrawal and rehabilitation ^{(2) (3) (7)}	51,023	56,161
Intangibles Amortization ⁽³⁾	46,804	41,513
Provision of guarantees ^{(2) (3) (8)}	39,230	60,100
Surveillance and security	30,898	23,835
Other general expenses	27,618	26,149
Advertising and propaganda	25,471	15,443
Right-of-use assets Amortization ⁽³⁾	24,274	21,667
Christmas lighting	16,249	12,719
Public services	12,752	11,606
Provision insurance and reinsurance ^{(3) (9)}	12,156	4,214
Guest toilet, coffee shop, restaurant and laundry	10,741	11,897
Licenses and voiseways	10,379	10,998
Promotion and dissemination	10,322	9,973
Other Miscellaneous Provisions ^{(2) (3) (10)}	10,113	44,022
Communication and transport	8,274	9,464
Legal expenses	7,411	9,361
Studies and projects	6,790	9,024
Print, publications, subscriptions and affiliations	6,168	5,798
Leases	5,680	5,549
Learning contracts	5,207	4,722
Materials and supplies	4,992	4,420
EAS technical reserve ^{(2) (3)}	4,843	3,431
Management contracts	4,213	2,048
Information processing	3,791	3,513
Fuels and lubricants	3,663	2,115
Organization of events	1,875	1,324
Photocopies	1,762	2,820
Travel expenses and viatics	1,564	1,080
Industrial safety	1,419	1,887
Cultural events	1,373	599
Repairs	1,070	1,016
Provision of expensive contracts ^{(2) (3)}	-	5,945
Total Overhead	1,449,259	1,096,104
Total	2,217,684	1,772,997

Amounts stated in millions of Colombian pesos



⁽¹⁾ Increase explained in: i) EPM Parent Company \$19,263 due to hiring personnel for the execution of new projects and due to the salary increase; ii) Afinia \$9,172 for the incorporation of the expenses of the subsidiary in the Group; iii) ADASA \$7,285 higher payment of salaries and for the payment of the bonus for termination of labor conflict; iv) DELSUR \$3,475 due to increase in the collective agreement and v) EEGSA \$2,221.

⁽²⁾ It is disclosed under provisions, post-employment and long-term defined benefit plans in the statement of cash flows.

⁽³⁾ Corresponds to non-cash expenses.

⁽⁴⁾ The variation in EPM was explained by the combined effect of: i) an increase in administrative litigation for \$282,510, mainly due to seven group actions against EPM and Hidroeléctrica Ituango SA ESP and ii) a decrease in the provision for the care of those affected by the future hydroelectric center. Ituango for \$33,509, the previous year represented an expense; iii) decrease in the valuation of litigation of the subsidiary Aguas Regionales for \$3,971 and v) increase in the valuation of ADASA litigation for \$6,575.

⁽⁵⁾ The increase was explained in: i) Afinia \$52,289 due to the incorporation of the expenses of the subsidiary in the Group; ii) EPM Parent Company \$20,279, mainly in the valuation contribution to the Government of Antioquia, industry and commerce tax and levy on financial movements and ii) ESSA \$5,360 for the increase in other taxes.

⁽⁶⁾ The increase was explained mainly in EPM Headquarters and is due to the acquisition of licenses for the hiring of personnel and for the updates made to the software licenses.

⁽⁷⁾ The decrease in EPM Parent Company was explained by the combined effect of i) the updating of the environmental and social provision of the future Ituango hydroelectric plant, compared to 2020, decreased by \$12,807; ii) increased mandatory provision for the future Ituango hydroelectric plant for \$4,546 and iii) increased provision for dismantling or environmental restoration for \$1,250.

⁽⁸⁾ Intercolombia transporter for the months after the start-up of the connection infrastructure of the future Ituango hydroelectric plant.

⁽⁹⁾ Tax obligations, insurance, and reinsurance, and financial updating of the statement of cash flows are disclosed under provisions. The increase corresponds to the unearned premium of the various reinsurance programs subscribed by the subsidiary Maxseguros.

⁽¹⁰⁾ The decrease was explained by: i) EPM Parent Company for \$26,392 corresponding to the updates of the provisions contingent consideration for Espíritu Santo and provision for the attention of the contingency of the future Ituango hydroelectric plant, which in the previous year represented an expense, as of December 2021 both provisions presented a recovery; ii) national energy subsidiaries \$4,550 for the payment of a penalty to the Superintendence of Residential Public Services and iii) ADASA \$2,838.

Note 37. Other expenses

The detail of other expenses is as follows:

Other expenses	2021	2020
Effective interest financing services ⁽¹⁾	96,284	5,220
Loss in removal of property, plant and equipment ^{(2) (3) (4)}	30,601	14,908
Other regular expenses	25,624	24,892
Loss due to changes in fair value of investment properties ⁽⁷⁾	15,143	25,126
Contributions in non-societarian entities	15,055	15,870
Arbitral awards and extrajudicial reconciliations	2,263	3,300
Loss in sale of property, plant and equipment ^{(3) (5)}	513	409
Donations	417	710
Statements	155	1,428
Intangible withdrawal loss ^{(3) (4)}	130	22
Loss in inventory retirement ^{(3) (6)}	81	312
Loss of Derecognition of right-of-use assets ^{(3) (4) (8)}	6	(10)
Total	186,272	92,187

Amounts stated in millions of Colombian pesos



⁽¹⁾ The increase is explained in: i) Afinia for a value of \$88,997 and ii) EPM for a value of \$1,951.

⁽²⁾ The increase is explained by the withdrawals of property, plant and equipment in: i) EPM for \$9,382; ii) ENSA for \$543; iii) EEGSA for \$2,712.

⁽³⁾ Corresponds to non-cash expenses.

⁽⁴⁾ It is disclosed in the item income from retirement of property, plant and equipment, right-of-use assets, intangible assets and investment properties of the statement of cash flows.

⁽⁵⁾ They are disclosed in the income from disposal of property, plant and equipment, rights of use, intangibles and investment properties caption in the statement of cash flows.

⁽⁶⁾ It is disclosed in the item write-down of net inventory value of the statement of cash flows.

⁽⁷⁾ It is disclosed in the caption result from valuation of investment properties.

⁽⁸⁾ It is disclosed in the caption write-down of net inventory value, of the statement of cash flows.

Note 38. Financial income and expenses

38.1 Financial income

The detail of financial income is as follows:

Financial income	2021	2020
Interest Income:		
Debtors and delinquency ^{(1) (2)}	55,472	26,274
Bank deposits ⁽²⁾	39,395	35,043
Income in trust rights ^{(3) (4)}	15,447	37,254
Income by valuation of financial instruments at fair value ^{(3) (4)}	15,444	41,793
Other financial income ⁽²⁾	14,972	9,570
Financial assets at amortized cost ⁽²⁾	10,886	2,042
Restricted use of funds ⁽²⁾	1,408	2,309
Resources received in administration ⁽²⁾	96	2,314
Valuation profit of financial instruments at amortized cost ^{(3) (4)}	63	427
Monetary readjustment yield ⁽²⁾	3	10
Utility by valuation of hedge derivative instruments at fair value ^{(3) (4)}	-	237
Total financial income	153,186	157,273

Amounts stated in millions of Colombian pesos



⁽¹⁾ The increase was explained in EPM, by higher amortized cost and interest associated with accounts receivable from other debtors and default interest on other items.

⁽²⁾ It is disclosed in the income from interest and yields line item of the statement of cash flows.

⁽³⁾ The decrease in the valuation of financial instruments and in the profit on rights in trust was explained by the behavior of the market that has presented significant devaluations and is thus reflected in the temporary investments of the portfolio.

⁽⁴⁾ They are included in the item of results from the valuation of financial instruments and hedge accounting of the statement of cash flows.

38.2 Financial expenses

The detail of financial expenses is as follows:

Financial expenses	2021	2020
Interest on tenancy obligations ⁽¹⁾	59,044	59,222
Other interest expenses ⁽¹⁾	31,051	33,196
Total Interest	90,095	92,418
Long-term external public credit operations ⁽¹⁾	-	8,108
Short-term internal financing operations ⁽¹⁾	50,209	59,953
Long-term internal financing operations ⁽¹⁾	245,582	249,521
Short-term external financing operations ⁽¹⁾	17,012	19,517
Long-term external financing operations ^{(1) (2)}	695,467	634,940
Financial hedge instruments ^{(1) (2)}	90,316	42,865
Total interest expense of financial liabilities not measured at fair value through profit or loss ⁽¹⁾	708	1,643
Other financial costs:		
Fees other than the amounts included when determining the effective interest rate ⁽¹⁾	9,655	10,058
Interest on financial liabilities and losses in valuation of investments and other assets ^{(3) (4)}	231,801	148,609
Total financial expenses	1,430,845	1,267,632

Amounts stated in millions of Colombian pesos



⁽¹⁾ It is disclosed under interest and commission expense in the statement of cash flows.

⁽²⁾ Increase in EPM explained by higher indebtedness and number of financial hedges contracted.

⁽³⁾ The increase is explained in: i) ADASA for \$60,285 corresponding to interest recognized by actuarial calculation (Conventional IAS and Seniority Bond) and interest for annual canon for operation of the concession; ii) EPM for \$15,762, mainly due to the loss from the valuation of trust rights due to market behavior.

⁽⁴⁾ For purposes of presentation in the statement of cash flows: \$209,590 (2020 \$123,738) are disclosed in the caption of results from valuation of financial instruments and hedge accounting and \$22,211 (2020 \$24,871) are disclosed in the caption of provisions tax obligations, insurance and reinsurance and financial update.

Note 39. Exchange difference, net

The effect on foreign currency transactions is as follows:

Exchange difference, net	2021	2020
Revenue by exchange difference		
<u>Own position</u>		
For goods and services and others	12,221	33,042
For liquidity	379,137	73,496
Accounts receivable	210,610	117,072
Provisions	353	-
Other adjustments by difference in change	228	1,873
<u>Financing operation</u>		
Gross income	84,877	358,393
Debt Coverage ⁽¹⁾	925,577	-
Total revenue by exchange difference	1,613,003	583,876
Expenses by exchange difference		
<u>Own position</u>		
For goods and services and others	(50,500)	(5,975)
For liquidity	(113,036)	(224,400)
Accounts receivable	(112,806)	(1,595)
Provisions	(21,920)	-
Other adjustments by difference in change	20,098	(33,739)
<u>Financing operation</u>		
Gross expense	(1,355,761)	(382,679)
Debt Coverage	-	(309,748)
Total expenses by exchange difference	(1,633,925)	(958,136)
Exchange difference, net	(20,922)	(374,260)

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Within the market risk management plan, the group completed the closing of hedging operations for US\$475 million in 2021, of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for the issuance of bonuses for the year 2019 and 2020.

The accumulated net expense for exchange difference amounts to \$20,922, the main expense corresponds to the restatement of the debt in dollars for \$1,350,019 and the income from the coverage of the debt for \$925,577, associated with the accumulated devaluation of the Colombian peso, which was 15.98% (2020: 4.74%) and at the closing rate of \$3,981.16 (2020: \$3,432.50).

The rates used for currency conversion in the consolidated financial statements are:

Currency	Currency Code	Direct conversion to USD		Closing exchange rate		Average exchange rate	
		2021	2020	2021	2020	2021	2020
United States Dollar	USD	-	-	3,981.16	3,432.50	3,963.13	3,466.13
Quetzal	GTQ	7.72	7.79	515.75	440.41	512.94	444.31
Mexican Peso	MXP	20.46	19.93	194.54	172.27	189.58	173.69
Chilean Peso	CLP	852.00	710.50	4.67	4.83	4.67	4.75

Note 40. Effect of participation in equity investments

The effect of participation in equity investments is as follows:

Participation in equity investments	2021	2020
Dividends and participations ⁽¹⁾	134,089	72,984
Result per Business combination TAND - See note 10	(10,039)	1,592,003
Result in sale of equity investments, net	-	(192)
Total effect by participation in equity investments	124,050	1,664,795

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Includes dividends from investments classified in financial instruments (see note 14. Other financial assets).

Note 41. Income tax

41.1 Tax provisions

The applicable and current tax provisions establish the following:

- The nominal income tax rate is 31% for EPM and its subsidiaries in Colombia. Fiscal income from occasional profits tax is taxed at a rate of 10%.
- For subsidiaries in Guatemala, the tax is determined by the Regime on Profits from Lucrative Activities, which consists of applying the tax rate on taxable income determined from the accounting profit. From the period 2015 onwards, the income tax rate is 25%. The tax is paid through quarterly payments due with a settlement as of December 31; or by the Simplified Optional Regime on Income from Lucrative Activities consisting of applying the tax rate on monthly taxed income. From the 2014 period onwards, the tax rate is 5% on the first Q.30,000 (in non-rounded amounts) and 7% on the excess. The tax is paid through withholdings or, failing that, through direct payment to the Tax Administration, with the proper authorization from the treasury; Additionally, the Income Tax regulations establish a 5% tax on the distribution of dividends and profits to both resident and non-resident shareholders.
- Likewise, the tax legislation contemplates a Regime on Capital Income, Capital Gains and Losses which establishes a rate of 10% for income from movable and real estate capital, as well as for net capital gains.
- For subsidiaries in El Salvador, 30% for companies with taxable income greater than US\$150,000 and 25% for those that do not exceed the limit; for subsidiaries in Mexico a tax rate of 30% and for subsidiaries in Chile the nominal rate is 27% for 2018 and subsequent periods. Panama subsidiaries have a general rate of 25% and for companies in which the State has a shareholding of more than 40%, a rate of 30%.
- Residential public utility companies in Colombia are excluded from determining income tax by the presumptive income system calculated from the net fiscal equity of the immediately preceding year.

- On June 11, 2008, EPM and the Nation (through the Ministry of Mines and Energy) signed a legal stability contract for the Power Generation activity for a period of 20 years. Among the stabilized tax regulations, the following stand out: ordinary income tax rate (33%), wealth tax, presumptive income, fiscal cost of fixed assets, deduction for depreciation, special deduction of 40% for investments in real productive fixed assets.
- Special treatments are considered those granted by the Regime of Colombian Holding Companies (CHC), a special tax regime for national companies that have as one of their activities the holding of securities, investment or holding of shares or participation in companies or entities. Colombian or from abroad.

41.2 Reconciliation of the effective rate

The reconciliation between the applicable tax rate and the effective rate and the composition of the income tax expense for the periods 2021 and 2020 is as follows:



Income and supplementary taxes	2021	%	2020	%
Result before tax	4,267,840		4,217,836	
Nominal income rate		31%		32%
Income tax Nominal rate	1,323,030		1,349,707	
Effects from changes in tax rates	211,173	5%	-	0%
Elimination in consolidated results	(27,484)	-1%	(363,671)	-9%
Tax effect of tax rates by subsidiaries abroad	(110,894)	-3%	(55,790)	-1%
Effect of permanent tax differences:	(147,547)	-3%	(265,183)	-3%
Dividend income	193,777	5%	113,576	3%
Tax-only revenue	1,013,945	24%	120,446	3%
Special deduction reinstated	1,028	0%	37,307	1%
Non-deductible provisions	124,580	3%	52,290	1%
Leverage investments in controlled Depreciation	-	0%	281,300	
Profit on advantageous purchases	-	0%	(433,025)	
Dividends not taxed	(111,528)	-3%	(142,479)	-3%
Compensation for consequential damage	(993,124)	-23%	(127,247)	-3%
Exempt income	(133,673)	-3%	(16,644)	0%
Special deduction of real productive fixed assets	(262,130)	-6%	(184,580)	-4%
Net result Other permanent differences	(95,468)	-2%	26,296	1%
Rate Difference Adjustment (Cust/Deferred Tax)	115,045	3%	7,576	0%
Tax discounts	45,529	1%	67,710	2%
Occasional gains	57	0%	2,738	0%
Prior Years Income Adjustments	(53,032)	-1%	(101,064)	-2%
Tax offsets	75,148	2%		
Income tax at effective rate	1,074,627	25%	499,028	15%
Detail of current and deferred expenditure				
Current Tax	915,551	21%	736,268	17%
Deferred tax	159,076	4%	(237,239)	-6%
Income tax	1,074,627	25%	499,028	12%

Amounts stated in millions of Colombian pesos -

Among the most important items in the reconciliation of the effective rate that contribute to its being 6 points below the nominal rate, is the special deduction of real productive fixed assets in the parent company by virtue of the application of the contract of legal stability. Another important point in this purification is the treatment of exempt income that is granted to the dividends received by EPM parent company from foreign subsidiaries, an exemption allowed under the Colombian Holding Company Regime (CHC).

As a relevant fact during the year 2021, we have the recognition of the compensation under the All-Risk Construction and Assembly policy for the contingency that occurred in the future Ituango hydroelectric plant, the treatment of income not constituting income or occasional profit given to the compensation for the emerging damage, is supported by the reinvestment of resources in the Project as provided by article 45 of the Tax Statute. It is also important to

mention as a relevant item that affects the rate variation from one year to another, that which corresponds to the gain on purchase under advantageous conditions, such as an operation extraordinary in the year 2020 that significantly affected the effective rate of that year, a fact that does not occur in taxable year 2021.

Another aspect to consider and that impacts the income tax for the reporting period is the effect on the deferred tax due to the change in the income rate that Law 2155 of 2021 incorporated, going from 30% to 35% as of taxable year 2022, in national subsidiaries. This adjustment meant for the Group, a higher expense of \$211,173.

41.3 Income tax recognized in profit or loss

The most significant components of income tax expense at the cut-off date are:

Income tax	2021	2020
Current income tax		
Current income tax expenditure	968,583	837,332
Adjustments recognized in the current period related to prior period current income tax	(53,032)	(101,064)
Total current income tax	915,551	736,268
Deferred tax		
Net expense per deferred tax related to the source and reversal of temporary differences	(52,097)	(232,119)
Net deferred tax expense (income) related to changes in tax rates or laws	211,173	(5,120)
Total deferred tax	159,076	(237,239)
Income tax	1,074,627	499,028

Amounts stated in millions of Colombian pesos -

The rates used to determine the deferred tax are:

35% for the year 2022 and subsequent periods (Energy Generation Segment a rate of 33%), which varied with respect to the rate used the previous year of 30% (average rate), in application of the new rates incorporated by Law 2155 of 2021.

In the case of assets whose utility is expected to be realized by way of occasional gain, a rate of 10% is used.

27% for temporary differences generated in the subsidiaries in Chile, 30% and 25% for the subsidiaries in Panama and Mexico, and 25% for the other subsidiaries in Central America.

Current income tax expense is impacted for 2021 mainly by higher special deductions such as investment in real productive fixed assets, higher exempt income, mainly in the parent company, due to the application of the Colombian Holding Companies Regime. It is also important to mention as a relevant item that affects the rate variation from one year to another, that corresponding to the gain on purchase in advantageous conditions, such as an extraordinary operation in the year 2020 that significantly affected the effective rate of that year, a fact that is not presented in the taxable year 2021.

The deferred tax expense (income) related to changes in tax rates originated from the new rates incorporated by Law 2155 of 2021, going from 30% to 35% as of the taxable year 2022, with adjustments made in the subsidiaries. The rate used to determine the deferred tax is 35% for 2021 (33% Power Generation business), which varied with respect to that used the previous year, standing at 30%.

In this regard, it is important to indicate that the national companies of the Group recorded the effect of the rate change in the result for the period, thus applying the provisions of paragraph 58 of IAS 12; In this way, the voluntary exception established in Decree 1311 of October 20, 2021, was not accepted, which allows this update to be recognized within the entity's equity in the accumulated results of previous years.

The rates used to determine the deferred tax for the subsidiaries in Colombia are:

Year	2021	2022	2023
Rent	31%	35%	35%
Total fare	31%	35%	35%

EPM's Power Generation segment has an income and complementary tax rate of 33%, stabilized for 20 years by virtue of the legal stability contract EJ-04 of March 31, 2008, modified by means of OTHER YES EJ- June 01, 2010. This rate is only used in cases where, by law, the rental rate in Colombia is increased above 33%.

41.4 Temporary differences that do not affect deferred tax

Deductible temporary differences and unused tax losses and credits, for which the Group has not recognized deferred tax assets, are detailed below:

Concept	2021	2020
More than a year and up to five years	28,050	34,443
More than five years	2,561	3,330
No time limit	3,402	5,342
Unused tax losses	34,013	43,114
No time limit	290,256	202,465
Unused tax credits	290,256	202,465
More than a year and up to five years		64
More than five years	2,348	2,698
Presumptive excess income over ordinary liquid income	2,348	2,761
Total	326,617	248,340

Amounts stated in millions of Colombian pesos -

The deductible temporary differences and unused losses, tax credits and excesses of presumptive income over ordinary net income correspond to unused tax losses by Aguas de Malambo SAESP of \$4,589 million (2020 \$5,784), EPM Inversiones SA of \$1,373 (2020 \$1,373), Hidroecológica del Teribe SA for \$28,050 (2020 \$34,443), unused tax credits by Empresas Públicas de Medellín ESP for \$271,701 million (2020 \$202,331), Aguas de Malambo SAESP for \$59 million (2020 \$59) and excess presumptive income over ordinary net income not used by EPM Inversiones SA of \$2,348 million (2020 \$2,348).

The value of the current income tax asset or liability is as follows:

	2021	2020
Current income tax asset or liability		
Total liabilities for non-current income tax		
Income tax ⁽¹⁾	(33,351)	(33,701)
Total income tax liability	(33,351)	(33,701)
Total current income tax liability		
Income tax	(159,025)	(197,380)
Total income tax assets	575,023	416,267
Please market for rent Account Balances	575,023	416,267
Total assets (or liabilities) income tax	382,647	185,186

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Corresponds to EPM and EDEQ's works tax liability, which represents the possibility for companies to partially pay income and complementary taxes through the financing and execution of public works of social importance in the areas most affected by the conflict – ZOMAC- instead of transferring the resources to the DIAN. This possibility arose with Law 1819 of 2016, was added mainly through Laws 1955 and 2010 of 2019 and was regulated by Decrees 1915 of 2017 and 1147 of 2020.

This liability is supported by a commercial trust agreement, which is executed as the works framed in this program are built.



41.5 Income tax recognized in other comprehensive income

The detail of the tax effect corresponding to each component of "other comprehensive income" of the consolidated statement of comprehensive income is as follows:

Other accumulative comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Property, plant, and equipment reclassifications to investment properties	13,578	(1,107)	12,471	13,439	(1,184)	12,255
New defined benefit plan measurements	(19,652)	10,928	(8,724)	(163,586)	53,081	(110,505)
Equity investments measured at fair value through equity	3,070,031	(5,994)	3,064,037	3,392,529	(3,925)	3,388,604
Participation in other comprehensive income of associates and joint ventures	16,788	-	16,788	(3,868)	-	(3,868)
Cash-flow hedges	(533,003)	190,413	(342,590)	(19,037)	(18,862)	(37,899)
Hedges of net investment in a foreign operation	(61,509)	-	(61,509)	-	-	-
Conversion of foreign business financial statements	1,117,985	-	1,117,985	831,289	-	831,289
Total	3,604,218	194,240	3,798,458	4,050,766	29,110	4,079,876

Amounts stated in millions of Colombian pesos -



41.6 Deferred tax

The detail of the deferred tax is as follows:

Deferred tax	2021	2020
Deferred tax asset	906,746	726,806
Deferred tax liability	(2,171,022)	(1,978,080)
Total net deferred tax	(1,264,276)	(1,251,274)

Amounts stated in millions of Colombian pesos -

41.6.1 Deferred tax assets

Deferred tax asset	Initial Balance	Changes included in the ORI	Net changes included in the result	Effect by conversion adjustments	Others	Foreign currency conversion effect	Final Balance
Assets	1,983,263	(1,053)	347,901	22	131,124	2,710	2,463,967
Properties, Plant and Equipment	979,008	-	135,705	22	9,726	111	1,124,572
Intangible	8,664	-	8,581	-	-	1,393	18,638
Investments and derivative instruments	86,736	(4)	(70,021)	-	113,455	1,379	131,545
Accounts receivable	277,654	-	151,662	-	5,720	(601)	434,435
Cash and cash equivalents	1,231	-	(1,231)	-	-	-	-
Inventories	8,031	-	(402)	-	1,039	6	8,674
Other assets	468,758	(1,048)	55,194	-	1,306	422	524,632
Right-of-use - Deferred Tax Asset	153,181	-	68,413	-	(122)	-	221,472
Liabilities	(1,256,459)	221,684	(386,582)	-	(132,854)	(3,010)	(1,557,221)
Credits and loans	155,318	21,106	345,312	-	5,843	(1,343)	526,236
Accounts payable	27,459	-	(22,232)	-	-	111	5,338
Employee Benefits	252,987	(27,250)	23,078	-	26,562	142	275,519
Derivatives	127,746	219,255	(287,795)	-	(2,611)	22	56,617
Provisions	246,384	-	18,780	-	(1,782)	(205)	263,177
Other liabilities	50,619	-	41,438	-	33,003	543	125,603
Write-off asset effect	(2,116,972)	8,573	(505,163)	-	(193,869)	(2,280)	(2,809,711)
Total deferred tax asset	726,804	220,631	(38,681)	22	(1,730)	(300)	906,746

Amounts stated in millions of Colombian pesos -

41.6.2 Derred tax liability

Deferred tax liability	Initial Balance	Changes included in the ORI	Net changes included in the result	Effect by conversion adjustments	Others	Foreign currency conversion effect	Final Balance
Assets	3,906,339	30,310	635,797	-	127,341	20,320	4,720,107
Properties, Plant and Equipment	3,405,239	-	573,098	-	11,178	11,534	4,001,049
Intangible	271,515	-	4,982	-	-	(5,721)	270,776
Investment properties	15,009	-	(27)	-	-	-	14,982
Investments and derivative instruments	(64,323)	30,160	(18,122)	-	110,800	37	58,552
Accounts receivable	135,986	-	(47,312)	-	4,279	14,021	106,974
Cash and cash equivalents	-	-	1,651	-	-	-	1,651
Inventories	12,808	-	1,034	-	1,039	(350)	14,531
Other assets	6,052	150	23,569	-	738	802	31,311
Rights of use	124,053	-	96,924	-	(693)	(3)	220,281
Liabilities	(1,928,259)	29,280	(515,403)	60	(126,352)	(8,411)	(2,549,085)
Credits and loans	51,084	-	(26,050)	60	5,842	233	31,169
Accounts payable	8,817	-	(4,476)	-	-	(66)	4,275
Employee Benefits	123,031	20,325	16,162	-	27,217	(1,651)	185,084
Derivatives	(73)	382	(2)	-	-	8	315
Provisions	26,272	-	4,943	-	(678)	(144)	30,393
Other liabilities	(20,418)	-	(818)	-	35,136	(4,511)	9,389
Write-off liability effect	(2,116,972)	8,573	(505,162)	-	(193,869)	(2,280)	(2,809,710)
Total deferred tax liability	1,978,080	59,590	120,394	60	989	11,909	2,171,022

Amounts stated in millions of Colombian pesos -



41.6.3 Temporary differences

The most significant concepts on which temporary differences were presented are the following:

In assets, the greatest impact arises from temporary differences in property, plant, and equipment by virtue of asset purchase operations between companies of the EPM Group, which implies the recognition of unrealized accounting profits in the Group, on which the companies individually considered should be taxed, and by the valuation at amortized cost of long-term accounts receivable. In commercial portfolio accounts receivable, it corresponds to the portfolio impairment due to the difference in the purification of the portfolio impairment under the tax standard and the portfolio impairment under the accounting standard under the expected loss method, additionally, there are temporary differences due to the effect of the valuation at amortized cost of short-term loans between economically related parties.

With regard to liabilities, the items that impact the calculation of the deferred tax are, for the most part, the liquidation of the provision corresponding to installments, parts of pension bonds, the actuarial calculation in pensions and in the EADE pension commutation, the amortization of actuarial calculation in pensions of Emvarias and, the credits and loans for the valuation at amortized cost of bonds, securities issued, credits and short-term loans, also includes the one generated by the temporary differences in the valuation at amortized cost of the credits and long-term loans between related parties. On the other hand, the temporary differences of the liabilities for long-term employee benefits such as retirement pensions, installments, pension bonuses, and actuarial calculation of retroactive severance payments and interest on severance payments and the unrealized exchange difference of accounts payable.

In the items that do not have future tax consequences, as is the case of tax liabilities and financial returns generated in the assets of the plan, EPM, CHEC, and Emvarias for being exempt income in accordance with the provisions of numeral 7 of the Article 235-2 of the Tax Statute, no deferred tax were generated.

Additionally, in the operation contract of the Aguas Claras wastewater treatment plant, the valuation of the account receivable registered by Aguas Regionales compared to the

valuation made by EPM to the financial lease under accounting standards is asymmetric to the extent that they use different financial assumptions and different accounting bases.

The temporary differences on which deferred tax was not generated were, among others, for investments in subsidiaries, associates and joint ventures, in accordance with paragraph 39 of IAS 12; likewise, in the items that do not have future tax consequences, as is the case of tax liabilities and plan assets, of EPM, CHEC and Emvarias, since they correspond to items not subject to income tax.

The approval of dividends in the EPM Group after the presentation date and before the financial statements were authorized for publication, does not generate income tax consequences since it has as a policy for the national subsidiaries that only profits are distributed and unencumbered reserves. The tax effects that dividends decreed by foreign subsidiaries could generate in the income tax are eliminated with the entry into force of article 77 of Law 2010 of 2019 since these distributions are considered exempt income from capital in the application of the Colombian Holding Companies (CHC) regime.

Finally, the devaluation effect that the Colombian currency has experienced during the last taxable period close to 16%, generates a substantial increase in the book value of liabilities and accounts payable in foreign currency, while its tax base remains stable and its effects are only evidenced at the time of liquidation or partial payment of the obligations, based on the difference in exchange actually made, according to the provisions of articles 269 and 288 of the Tax Statute. This implies a decrease in the net deferred tax.

New regulations for subsidiaries in Colombia

On September 14, 2021, in the official gazette, No. 51,797, Law 2155 of 2021 was published, as the Social Investment Law and other provisions, through which the national government sought to establish a series of measures aimed at continuing and strengthening the social programs that were created to attend to the state of emergency derived from the pandemic. Among others, the purpose of this law is to contribute to economic reactivation, job creation, and fiscal stability.

Among the most relevant measures is the increase in the income rate for companies that are taxed under the ordinary regime, which from the taxable period 2022 is set at 35%, this

modification has a significant impact on the current tax from that period and, a greater and immediate effect in the calculation of the deferred tax, in accordance with the provisions of Concept 0657 of December 16, 2021, issued by the Technical Council of Public Accounting.

In the case of the discount on income for payment of the Industry and Commerce Tax, which was planned to be used 100% from the 2022 taxable period, as a result of the issuance of Law 2155, paragraph 1 of article 115 of the Statute is repealed. Tributary -ET-, with which this discount remains at 50% of the amount of the industry and commerce tax paid, for the following taxable periods.

A relevant aspect of the operations carried out by the national companies of the EPM Group is that related to stamps, which have been proliferating in recent years to the point that there are energy sale operations on the stock market and long-term contracts, in which the tax burden for stamps is greater than 5%. In this sense, Article 32 of Law 2155 of 2021 modified article 14 of Law 2052 of 2020, indicating that for a maximum of two years from January 1, 2022, the national government must promote before the Congress of the Republic modifications in terms of stamps in such a way that limits are imposed on the demand for this tax.

On the other hand, the Social Investment Law, as its predecessor Law 2010 of 2019 had already done, incorporates in article 689-3 ET the benefit of auditing with some changes compared to the previous version. This new version of the normative text allows that the income declarations of those taxpayers who increase the net income tax by 35% in relation to this same item of the immediately previous period, become firm within a term of six (6) months, and for those who increase it by 25%, they remain firm in twelve (12) months.

In terms of procedure, the law incorporated some benefits in relation to the reduction of penalties and default interest for obligations with the tax authority whose validity ended on December 31, 2021; contentious-administrative conciliation procedures, as well as the figure of termination by mutual agreement whose request may be made up to March 31, 2022, and the application of the principle of favorability in the collection stage.

Regarding electronic invoicing, the tax authority made important progress during 2021, the first of which was the implementation of the electronic payroll system, which is in operation in

the national companies of the EPM Group; Regarding the supporting document in acquisitions made to subjects not obliged to issue a sales invoice or equivalent document that is currently issued physically in compliance with current regulations, work is currently being done on its implementation electronically. , in order to comply with the maximum date for its generation and transmission electronically, which would be May 2, 2022, in accordance with the provisions of article 6 of DIAN Resolution 000167 of December 30, 2021.

Another issue that has been addressed by the tax authority in recent years is related to the definition of the beneficial owner, which was developed by DIAN Resolution 000164 of December 27, 2021, in which numeral 1 of article 5, provides that entities decentralized companies in which the capital is 100% public, as is the case of EPM, are not obliged to identify, obtain, preserve, supply and update the information referred to in the aforementioned resolution in the Single Registry of Final Beneficiaries -RUB. The paragraph of the aforementioned article clarifies that the exception does not extend to mixed economy companies, so it will be necessary for each of the subsidiaries of Grupo EPM to carry out the analysis in order to comply with these new obligations.

In relation to the jurisprudence and the doctrine with impacts on the determination of the tax burden of the company, it is important to highlight the ruling of the Council of State of October 21, 2021, rapporteur magistrate Stella Jeannette Carvajal Basto, file 24435 in which the nullity of the DIAN Concept 001054 of October 12, 2014, with which the exclusion of the sales tax on residential public services is applicable both to the initial connection of the service to the user, as well as to the reconnections that occur in those cases, for example, in which there are delays in payment by users. Although the ruling is aimed at the public aqueduct service, it is applicable to energy and gas services.

Another aspect that is well worth highlighting is tied to the use of the income discount for the VAT paid on investments related to real productive fixed assets; According to the doctrine issued by the tax authority, this benefit can be used in the period in which the investment is made or in the following periods, however, it clarifies that the discount cannot be used in installments, that is, taking a part in a taxable period and taking advantage of the remainder in another period. This position is enshrined in Official Letter DIAN 100208221-1130, filed 907362 of July 26, 2021.

Regarding regulations that had an impact on the determination of the company's tax burden for the taxable period 2020 and subsequent years, we found the following:

During 2020 and 2021, due to the situations derived from the declaration by the National Government of the economic, social, and ecological emergency, added to the declaration and extension of the health emergency decreed by the Ministry of Health and Social Protection, which is in force until February 28, 2022, in accordance with Resolution 1913 of 2021; Various regulations with a tax scope were issued that generate effects in the recognition of economic facts by the company and in the determination of its tax burden.

One aspect in favor was the decrease in the value-added tax from 19% to 5% valid until December 31, 2021, for passenger air transport, a situation that occurred through the issuance of Decree 575 on April 15 of 2020. This decrease favors the execution of costs and expenses of the entity in the use of air transport by officials. The validity of this measure was extended until December 31, 2022 by Law 2068 of 2020.

Through Decree 789 of June 4, 2020, the exclusion of the value added tax was determined for all hotel and tourism services in the country until December 31, 2020, this situation also generates benefits in the execution of costs and expenses in cases where officials make use of the lodging service. The validity of this rule was extended by Law 2068 of 2020 until December 31, 2021, and later by article 65 of Law 2155 of 2021 with effect until December 31, 2022.

By means of Legislative Decree 799 of 2020, the temporary suspension was ordered, until December 31, 2020, in the payment of the surcharge or special contribution in the electricity sector referred to in paragraph 2 of Article 211 of the Tax Statute -ET- for providers of tourist services with active and current registration in the National Registry of Tourism and that develop as a main economic activity one of those described by the norm. Although this decision constitutes a relief in the costs of the hotel sector, it can generate an imbalance in the conciliation of subsidies and contributions for home public service companies, to the extent that they are contributions that are not collected. The validity of this rule was extended until December 31, 2021 according to Law 2068 of 2020.

On the other hand, a circumstance that favors the growth and widespread use of non-conventional renewable energy sources, a highly important business for the company, is the incorporation as exempt goods in article 477 of the Tax Statute by Law 2069 of 2020, of components for electricity generation through solar panels.

Through Law 2069 of 2020, donations made in favor of iNNpulsa Colombia by taxpayers are incorporated as a tax deduction and discount, in articles 158-1 and 256 of the Tax Statute.

Finally, Law 2070 of 2020 adds a subsection to article 392 of the Tax Statute in order to establish a 4% withholding rate at the source for cultural and creative activities.

Finally, it is also important to refer to the enactment of Law 2099 of 2021, which modifies, among others, Law 1715 of 2014 and under this regulation allows investments in equipment, machinery, and civil works necessary for pre-investment, investment, and operation of generation projects with non-conventional energy sources (FNCE), as well as for the measurement and evaluation of potential resources and actions or measures for efficient energy management, including smart metering equipment, may be depreciated in a period of up to 3 years and thus accelerate depreciation.

In the same way and under this same provision, VAT exclusion may also be requested for national or imported equipment, elements, machinery and services that are intended for pre-investment and investment, for the production and use of energy from non-conventional sources, as well as for the measurement and evaluation of potential resources, and to advance actions and measures for efficient energy management, including smart metering equipment.

Similarly, regarding the exclusion of tariffs, the new provision provides that this benefit may be chosen, in the importation of goods for energy efficiency and smart metering.

Thus, among the main modifications, we can highlight:

- General rate of income tax and complementary

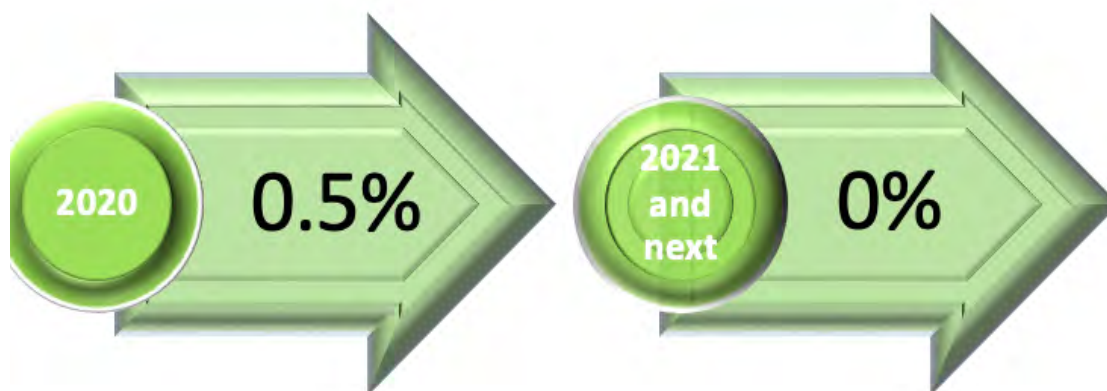


The income and complementary tax rate is modified, as follows:

- **2021:** Thirty-one percent (31%)
- **2022 onwards:** Thirty-five percent (35%)

Pursuant to the legal stability contract, EPM's power generation business is taxed as of 2022 at the rate of thirty-three percent (33%) and will remain so as long as the rate established by the tax law is higher at this percentage.

Presumptive income



The exemption in the determination of the presumptive income for residential public utility companies is maintained.



Tax on the sales

The general rate of 19% is maintained.

The 5% rate is maintained for electric vehicles and their components, parts and accessories, as well as for the components and spare parts of the vehicle gas plan.

The VAT rule of article 192 of Law 1819 of 2016 remains, according to which, the VAT rate of contracts in which a public entity is a contracting party will be that corresponding to the date of the resolution or act of award, or subscription of the respective contract, the rate increases once they are added.

Other aspects

- In accordance with the provisions of article 258-1 ET., VAT paid on the acquisition, importation, construction and formation of real productive fixed assets, including the services necessary for put the asset in conditions of use, and the assets acquired through leasing. It is important to note that the Constitutional Court, through Ruling C-379/20 of September 2, 2020, declared this article conditionally enforceable under the understanding that the benefit is also applicable to taxpayers not responsible for sales tax.
- The possibility of taking 50% of the industry and commerce tax paid as a tax discount is preserved. It is established by the economic growth law that from the year 2022 this discount is 100%.
- The tax on dividends received by national companies remains in force at the general rate of 7.5% as withholding at the source of income, which will be transferable and attributable to the natural person resident or investor resident abroad.
- The sale of electrical energy generated based on wind energy, biomass or agricultural, solar, geothermal or sea residues carried out solely by generating companies will continue to be considered exempt income for a term of 15 years as of 2017, according to definitions of Law 1715 of 2014 and Decree 2755 of 2003.

- The Colombian Holding Company (CHC) regime is ratified as an instrument to promote foreign investment in the country.
- Through Decree 1157 of 2020, the requirements to access the tax benefits of the Mega-Investment mechanism were regulated with the possibility of accessing a tax stability regime.
- The modifications made by Law 1943 of 2018 to the undercapitalization rule of article 118-1 of the Tax Statute remain, limiting the deductibility of interest paid when there is over-indebtedness, specifying that such limitations only apply with respect to debts contracted between economic related parties.
- Article 117 of Law 2010 of 2019 modified the finality term for income tax returns in which tax losses are settled or offset, or that are subject to the transfer pricing regime, leaving said term at 5 years.
- It should be clarified that this term of firmness contained in article 714 of the tax statute was modified by law 1819 of 2016, remaining in 6 years. For this reason, the income tax returns filed by the national companies of the EPM Group as of the year 2017 will be covered by the aforementioned provision, but the one for the year 2019 that will be filed in the year 2020, will be subject to the change established in the law 2010.

Note 42. Information to be disclosed about related parties

EPM, parent company of the EPM Group, is an industrial and commercial company of the State, decentralized from the municipal order, whose sole owner is the Municipality of Medellín. Its capital is not divided into shares.

Related parties of the Group are considered to be subsidiaries, associates and joint ventures, including subsidiaries of associates and joint ventures, key management personnel, as well as entities over which key management personnel may exercise control or joint control and post-employment benefit plans for the benefit of employees.

The balances and transactions between the EPM Group companies have been eliminated in the consolidation process and are not disclosed in this note. The total value of the transactions carried out by the Group with its related parties during the corresponding period is presented below:

Transactions and balances with related parties	Income ⁽¹⁾	Costs/ Expenses ⁽²⁾	Amounts receivable ⁽³⁾	Amounts payable ⁽⁴⁾	Guarantees and collateral received ⁽⁵⁾
Associates:					
2021	64,770	54,383	6,383	8,329	-
2020	77,116	40,773	2,264	7,898	-
Key management personnel of the company or its controlling company:					
2021	5	26,292	930	3,630	1,006
2020	5	20,416	1,237	3,310	1,532
Other related parties:					
2021	150,123	133,532	58,777	6,430	-
2020	108,275	112,870	24,972	11,311	-

Amounts stated in millions of Colombian pesos -



⁽¹⁾ Income generated from transactions with associates corresponds to the sale of services related to information and communication technologies, information services and related and/or related complementary activities. The income generated with other related parties corresponds mainly to the sale of energy, provision of public and financial services. The detail of the income obtained by the Group from its related parties is as follows:



	Income	2021	2020
Associates	Sale of goods and services	54,705	51,416
	Interests	6	-
	Others	10,059	25,700
Key management personnel of the company or its controlling company	Sale of goods and services	5	5
Other related parties	Sale of goods and services	138,394	87,372
	Interests	134	1,525
	Fees	8,819	10,186
	Others	2,775	9,191
Total income from related parties		214,897	185,396

Amounts stated in millions of Colombian pesos -



⁽²⁾ Corresponds to costs and expenses arising from transactions with the purchase of energy, acquisition of goods and services, including services related to communications and complementary activities, with associates and other related parties. The detail of the costs and expenses incurred by the Group with its related parties is as follows:

	Costs and expenses	2021	2020
Associates	Procurement of goods and services	51,791	38,338
	Fees	2,563	2,393
	Others	29	42
Key personnel of the management of the company or its controller	Procurement of goods and services	14,419	13,997
	Fees	3,190	1,715
	Others	8,683	4,704
Other related parties	Procurement of goods and services	77,340	51,191
	Interests	-	4
	Fees	5,246	14,209
	Others	50,947	47,465
Total costs and expenses incurred with related parties		214,207	174,058

Amounts stated in millions of Colombian pesos -





⁽³⁾ The Group maintains accounts receivable with its related parties derived from the sale of energy, provision of public services, sale of services associated with information and communication technologies, information services, among others. The EPM Group performs the portfolio rating under criteria that allow prioritizing the management of its recovery through the dependencies in charge of it or collection entities. The collection applies according to the billing cycle with respect to home public services.

⁽⁴⁾ The payment policy, for the most part, is 30 days from the invoice filing date.

⁽⁵⁾ The guarantees and endorsements received correspond to mortgage guarantees on housing loans granted to key management personnel.

Transactions between the Group and its related parties are carried out under conditions equivalent to those that exist in transactions between independent parties, in terms of their purpose and conditions.

Transactions and balances with related government entities

The surpluses paid during the year were \$1,396,953 (2020: \$1,488,319), \$761,974 (2020: \$811,810) ordinary and \$634,979 (2020: \$676,509) extraordinary.

Remuneration of the Board of Directors and key personnel of the Group:

The remuneration of the members of the Board of Directors and the key personnel of the Group's management is as follows:

Concept	2021	2020
Wages and other benefits to short-term employees	45,025	32,949
Pensions and other post-employment benefits	1,053	532
Other benefits to long-term employees	1,343	906
Remuneration to key management staff	47,419	34,387

Amounts stated in millions of Colombian pesos -

The amounts disclosed are those recognized as a cost or expense during the reporting period for compensation of key management personnel.

Note 43. Capital management

The Group's capital includes indebtedness through the capital market, commercial banking, development banking, development agency, and multilateral banking, at a national and international level.

The Group manages its capital with the objective of planning, managing, and evaluating the attainment of financial resources in the national and international financial markets, for strategic investments and investment projects, through different options that optimize the cost, that guarantee the maintenance of adequate financial indicators and adequate risk rating and minimizes financial risk.

For the above, it has defined the following capital management policies and processes:

Financing management: financing management includes the performance of all long-term credit operations, to guarantee the timely availability of the resources required for the normal operation of the company and to materialize investment and growth decisions, trying to optimize financing costs.

The Group is not subject to external capital requirements.

The Group has not made any changes to its capital management objectives, policies, and processes during the period ended as of the cut-off date, nor has it been subject to external capital requirements.

In order to deal with changes in economic conditions, the Group implements proactive mechanisms for managing its financing, enabling different financing alternatives to the extent feasible, so that, when it is required to execute any long-term credit operation, it has access to the source that is available at each market moment in competitive conditions and with the necessary opportunity.

The values that the Group manages as capital are presented below:

Capital management	2021	2020
Bonds and loans		
Commercial banking loans	7,353,772	6,006,780
Multilateral banking loans	1,326,950	2,962,186
Bank loans for development	1,869,922	1,589,648
Bonds and securities issued	1,512,514	13,691,688
Other loans	90,000	337,500
Total Debt	25,765,791	24,587,802
Total Capital	25,765,791	24,587,802

Amounts stated in millions of Colombian pesos -

Note 44. Financial risk management objectives and policies

The Group is exposed to financial risk, which is defined as the possibility of an event occurring that negatively affects financial results, including market risk, liquidity risk, credit risk, and operating risk.

Market risk refers to the changes or volatility of market variables that can generate economic losses. Market variables refer to exchange rates, interest rates, securities, commodities, among others; and their changes can impact, for example, financial statements, cash flow, financial indicators, contracts, the viability of projects, and investments.

Credit risk refers to the possible breach of payment obligations by third parties arising from contracts or financial transactions entered into.

Liquidity risk is the scarcity of funds and the inability to obtain the resources at the time they are required to meet contractual obligations and execute investment strategies. The scarcity of funds leads to the need to sell assets or contract financing operations in unfavorable market conditions.

Lastly, operational risk, from a financial point of view, is defined as deficiencies or failures in processes, technology, infrastructure, human resources, or the occurrence of unforeseen external events.

The Comprehensive Risk Management Department aims to lead the definition and implementation of the strategy for comprehensive risk management, in order to achieve adequate protection and assurance of the assets, resources, and interests of Grupo EPM.

The Group's policy is to manage the risks that affect its activity and its environment, adopting the best practices and international standards of Comprehensive Risk Management (GIR), as a way of facilitating the fulfillment of the purpose, strategy, business objectives, and purposes, both of statutory and legal origin. It has an information system that facilitates comprehensive risk management, guarantees the confidentiality, availability, and reliability of the information, and allows analysis and monitoring of risks and improvement plans. It has implemented a comprehensive risk management system and has a methodology for the identification, analysis, evaluation, control and monitoring of risks, among which are those associated with money laundering and financing of terrorism, which allows reducing vulnerability, proposing, and implementing effective mechanisms for the proper development of business, processes, projects, and contracts. As assessment criteria, there are assessment tables for the consequences of the materialization of risks and probability tables, which are applicable at the different levels of management defined in the methodological guide for comprehensive risk management.

The comprehensive risk management monitoring and review activity is aligned with the management follow-up process established in the Group, in order to propose and implement improvement actions. The established monitoring and review scheme evaluates, among others, the following aspects:

- The comprehensive risk management implementation strategy.
- Changes in the internal and external context that imply making adjustments in the treatment of identified risks or that generate new risks.
- The variation of risks in terms of frequency, probability and consequence.
- The evaluation criteria of the probability and consequence of the risks.
- The implementation and effectiveness of treatment plans.

The Group manages the financial risks associated with the different management levels, for which it identifies the risks within the market, liquidity and credit groups that are classified in the category of financial risks, quantifies their impact and implements mitigation strategies.

Reform of the reference interest rate on financial instruments

The Company carried out the evaluation of the concepts that would be affected by the change in the reference rate, resulting in currently having instruments indexed at the libor rate in dollars, such as: credit liabilities and contracts with suppliers.

Risks

The group is negotiating with financial entities the transition scheme to alternative reference rates. This process will require the updating of the contractual clauses of the credits indexed to LIBOR, a process that for the company will require the authorization of the Ministry of Finance and Public Credit.

The value of the financial instruments pending the transition to an alternative reference rate is

	RATE		
	LIBOR	EURIBOR	TIBOR
Non-derivative financial liabilities	2,717,919	-	-

Amounts stated in millions of Colombian pesos

To date, an analysis of the risks to which the company is exposed has been carried out and the following risks have been identified:



risk code	Risk scenario	Relevant impact object	Probability	Consequence	Initial risk level
R1	Ineffectiveness in the coverage relationship	Reputation	Very Derecognition well-in	Minimum	Acceptable
R2	Difficulty in making credit assessment	Quality	Very Derecognition well-in	Minor	Acceptable

To date, no hedging relationships have been established, so this risk would disappear. The Company has identified the contracts and other items in the financial statements (contingent consideration) that include the libor rate, for which it is managing the updating of the clauses of the contracts, the internal documentation and the changes required in the systems to perform valuations.

44.1 Market risk

44.1.1 Price risk

It is the risk that the fair value of the future cash flows of a financial instrument may fluctuate due to variations in market prices.

The Group has identified that the financial instruments affected by market risk include:

- Cash and cash equivalents (Fixed Income Securities and Trust Assignments).
- Other financial assets.
- Investments measured at fair value through equity.

The sensitivity analyzes correspond to the financial situation as of December 31, 2021 and apply to the following concepts:

- Cash and cash equivalents (Fixed Income Securities and Trust Assignments).
- Other financial assets.

The methodology used to measure market risk is Value at Risk. The result is presented with a confidence level of 99% and a time horizon of one day. For the quantification of VaR, a non-parametric methodology is used in which the historical volatility of the risk factors considers three methodologies: historical volatility, EWMA volatility (exponential weighting) and Garch volatility. Additionally, the correlation of the risk factors is determined considering their daily data, taking into account that for assets with exposure to interest rates, the variation in rates is calculated and for currency assets, the factor is calculated with the historical returns.

Valor Expuesto	VaR COP diario
1,593,506	502
Valores en millones de COP	

44.1.2 Interest rate risk

It is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of variations in market interest rates. The Group has identified that the financial instruments affected by interest rate risk include:

- Cash and cash equivalents (Fixed Income Securities and Trust Assignments).
- Other financial assets.
- Financial liabilities measured at amortized cost-Credits and loans.
- Financial liabilities measured at fair value with changes in other comprehensive income-Derivative instruments.

Interest rate sensitivity analysis

The following table indicates the sensitivity to a possible reasonable change in the interest rates of the financial instruments exposed to this risk, without considering the effect of hedge accounting. Keeping the other variables constant, the profit/loss before taxes and the equity of Grupo EPM would be affected by changes in variable interest rates as follows:

	Increase/decrease in basis points	Exposed value	Financial impact	
			On the result before taxes	In equity
2021				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	100	1,593,506	(6,575)	5,260
	(100)		6,575	(5,260)
Financial liabilities measured at amortized cost				
Credits and loans	100	8,727,525	(87,277)	(69,821)
	(100)		87,277	69,821
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	711,284	(62,322)	(49,858)
	(100)		62,322	49,858
2020				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	100	2,109,882	(5,473)	(4,378)
	(100)		5,473	4,378
Financial liabilities measured at amortized cost				
Credits and loans	100	7,946,304	(79,464)	(63,571)
	(100)	7,946,304	79,464	63,571
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	213,715	(46,666)	(37,333)
	(100)	213,715	46,666	37,333

Amounts stated in millions of Colombian pesos -

The Group considers that the sensitivity analysis is representative of the interest rate risk exposure.

44.2 Exchange rate risk

It is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in exchange rates.

The Group has identified that the financial instruments affected by the exchange rate risk include:

- Cash and cash equivalents.
- Other financial assets.
- Financial liabilities measured at amortized cost-Credits and loans.
- Financial liabilities measured at fair value with changes in other comprehensive income-Derivative instruments.

During the current year, the Group has designated certain contracts on foreign currency as coverage, to cover up to 50% of the account receivable that EPM has the right to receive for the compensation that the insurer Mapfre will pay effectively on January 31, 2022, for a value of USD633,829,733, corresponding to consequential damages and lost profits.

On July 1, 2021, the group approved the application of hedge accounting for net investments in foreign businesses. The coverage seeks to reduce the volatility of other comprehensive income by the participation method of the effect of conversion of financial statements. The net investment hedge is applied to the investments that the company has in foreign currency, in this case, to investments in subsidiaries with the functional currency of the dollar, and has as a hedging instrument an equivalent amount of the debt denominated in dollars. The company designated as the hedged item the net investments in HET, PDG and MaxSeguros and as a hedging instrument an amount of debt denominated in USD equivalent to the value of the investment, in a total value of USD 374 million.

Sensitivity analysis to exchange rates

The following table indicates the sensitivity to a possible reasonable change in exchange rates of \$100 pesos in the currency against the US dollar without considering the effect of hedge accounting. The impact originates from the change in monetary and non-monetary assets. Keeping the other variables constant, the profit/loss before taxes and the Group's equity would be affected by changes in exchange rates as follows:

	Increase/decrease in weights	Exposed value	Financial impact	
			On the result before taxes	In Equity
2021				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	100	871,315	31,917	25,534
	(100)		(31,917)	(25,534)
Financial liabilities measured at amortized cost				
Credits and loans	100	14,605,189	(366,858)	(293,486)
	(100)		366,858	293,486
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	6,382,528	160,318	128,255
	(100)		(160,318)	(128,255)
2020				
Financial assets measured at fair value through profit or loss				
	100	2,132,948	151,441	121,153
	(100)		(151,441)	(121,153)
Financial liabilities measured at amortized cost				
Credits and loans	100	14,019,211	(408,426)	(326,741)
	(100)	14,019,211	408,426	326,741
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	4,827,351	140,637	112,509
	(100)	4,827,351	(140,637)	(112,509)

Amounts stated in millions of Colombian pesos

The Group considers that the sensitivity analysis is representative of the exchange rate risk exposure.

44.3 Credit risk

It is the risk that one of the counterparties does not comply with the obligations derived from a financial instrument or purchase contract, and this translates into a financial loss. The Group has identified that the financial instruments affected by credit risk include:

- Cash and cash equivalents.
- Other financial assets.
- Accounts receivable and other accounts receivable.

Cash and cash equivalents and investments at fair value through profit or loss

For credit risk management, in Grupo EPM quotas are assigned by issuer, by counterparty and intermediary, taking into account the financial, risk and fundamental analysis of the entities, emphasizing the equity support of the shareholders. The methodology considers the characteristics of the investment portfolio and the applicable regulations. The concentration of credit risk is limited since it obeys the provisions of the business rules manual for treasury operations. The description of the factors that define the concentration of risk is detailed below:

- The quotas are updated quarterly based on the latest available financial statements of the entities analyzed.
- When the value of the consolidated portfolio of temporary investments exceeds the equivalent of 10,000 current legal monthly minimum wages (SMMLV), no more than 20% of this value should be concentrated in the same issuer, counterparty, or intermediary, except for securities issued by governments that comply with current regulations.
- Stock market intermediaries, other than supervised banking establishments, may act as counterparties to carry out transactions, but cannot be considered eligible issuers.
- Stockbroker companies that act as the counterparty of treasury operations must have at least the second risk rating in strength or quality in portfolio management.
- Stockbrokerage companies backed by banks, that is, banked counterparties, must have a minimum equity of 30,000 SMLMV.

Finally, the steps to avoid risk concentration are aimed at establishing, analyzing, monitoring, and controlling the quotas, for which it controls the current quotas and their occupancy status. On the other hand, justifications related to the need to temporarily exceed quotas are submitted for approval.

Accounts receivable measured at amortized cost and other accounts receivable:

Grupo EPM is exposed to the risk that users or customers who use public services fall into default or do not pay those services. Accounts receivable from public service debtors are classified into two large groups: those originating from late-payments and the other group corresponds to financing or payment agreements with customers that are carried out as a portfolio recovery strategy or for linking new customers.

The EPM Group companies evaluate the behavior and value of accounts receivable at the end of each period to determine if there is objective evidence that the portfolio is impaired and to identify its possible impact on future cash flows. The criteria used to determine that there is objective evidence of an impairment loss are:

- Failure of customers to pay.
- It is known or there is evidence that the client enters into corporate restructuring processes or in economic insolvency or liquidation of the company.
- Social disturbances, public order, or natural disasters occur, which according to experience are directly correlated with the non-payment of collection accounts.

In order to avoid an excessive concentration of non-payment risk, the EPM Group companies have developed and put into operation various strategies that allow them to mitigate said risk, among which the following stand out:

- Persuasive collection by making phone calls and sending letters to customers with the support of specialized collection agencies.
- Customer segmentation that allows identifying those with the highest risk, due to their value, to carry out personalized collection activities with them.
- Possibility of making payment agreements or partial payments that lead to the recovery of the exposed capital.
- Offset of accounts receivable against accounts payable by Grupo EPM with supplier customers.
- When the previous strategies do not generate satisfactory results, coercive collection actions are carried out through the suspension and interruption of the service.

- If the previous strategies do not give satisfactory results, the collection of the portfolio is proceeded through the judicial process.

The Group considers that the value that best represents its exposure to credit risk at the end of the period, without considering any collateral is taken or other credit enhancements, is:

Concept	2021	2020
Cash and cash equivalents	4,090,062	4,097,964
Investments in debt instruments	871,895	2,468,330
Accounts receivable *	2,089,476	2,128,768
Other Accounts receivable*	376,676	277,487
Maximum exposure to credit risk	7,428,109	8,972,549

Amounts stated in millions of Colombian pesos-



* Corresponds to the value of the portfolio provision.



44.4 Liquidity risk

It refers to the possibility that there may be insufficient resources for the timely payment of the entity's obligations and commitments, and therefore the Group may be forced to obtain liquidity in the market or to liquidate investments in an onerous manner. It is also understood as the possibility of not finding buyers for the securities in the portfolio.

The Group has identified that the financial instruments affected by liquidity risk include:

- Non-derivative financial assets.
- Debt financial instruments with variable interest rate.
- Debt financial instruments with a fixed interest rate.

To control liquidity risk, temporary comparisons of figures, reference indicators, and liquidity levels are made over different time horizons. Based on this analysis, investment strategies are developed that do not affect the Group's liquidity, taking into account the cash budget and market risk analyzes to consider the diversification of sources of funds, the ability to sell assets, and the creation of contingency plans.

In general, the main aspects taken into account in the analysis are:

- **Securities liquidity:** the characteristics of the issuer, issue amount, and trading volume are analyzed.
- **Market liquidity:** the general behavior of the market is analyzed, and rate forecasts are made to infer its future behavior.
- **Portfolio liquidity:** cash flows are coordinated in order to determine investment strategies in accordance with future liquidity requirements, and diversification is sought to avoid the concentration of securities by issuer, rates, and/or terms.



The following table shows the remaining contractual maturity analysis for non-derivative financial assets and liabilities:

	Average effective interest rate	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021							
Non-derivative financial assets	5.37%	930,528	20,463	11,000			961,991
Variable interest rate debt financial instruments	5.59%	2,323,398	1,368,523	832,767	573,438	4,579,613	9,677,738
Fixed-interest debt financial instruments	5.69%	469,741	963,103	1,306,436	338,982	12,775,864	15,854,128
2020							
Non-derivative financial assets	2.90%	2,137,000	166,627	-	11,000		2,314,627
Variable interest rate debt financial instruments	4.32%	1,823,191	1,345,794	2,363,507	910,858	4,227,936	10,671,287
Fixed-interest debt financial instruments	6.22%	738,795	216,709	750,255	1,174,508	11,255,003	14,135,269

Amounts stated in millions of Colombian pesos-



The values included in the above tables for non-derivative financial assets and liabilities may change due to changes in the variable interest rate in relation to the estimated interest rate at the end of the reporting period. The Group considers that the cash flows cannot occur earlier than previously indicated.

The following table shows the remaining contractual maturity analysis for derivative financial liabilities:

	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021						
Swap Contracts	103,480	169,464	170,578	169,764	260,196	873,483
Total	103,480	169,464	170,578	169,764	260,196	873,483
2020						
Swap Contracts	157,138	61,100	90,966	91,581	766,656	1,167,440
Total	157,138	61,100	90,966	91,581	766,656	1,167,440

Amounts stated in millions of Colombian pesos



The main method for measuring and monitoring liquidity is the forecast of cash flow, which is carried out in the Group companies and is consolidated in the cash budget. Derived from this, a daily follow-up of its cash position is carried out and projections of it are continuously made, in order to:

- Monitor liquidity needs related to operating and investment activities associated with the acquisition and disposal of long-term assets.
- Pay, prepay, refinance, or obtain new loans, in accordance with the Group's cash flow generation capacity.

These projections take into account the Group's debt financing plans, compliance with ratios, compliance with organizational objectives, and applicable regulations.

Finally, and in addition to managing investments and forecasting cash flow as part of the prudent liquidity risk management strategy, to control the current and working capital ratio, Grupo EPM seeks to guarantee adequate liquidity through the availability of long-term financing with credit alternatives.

44.5 Insurance risk

The EPM Group has established a captive reinsurance company, domiciled in Bermuda, registered in REACOEX Colombia, and rated by AM Best with A-, and it is through the company that the reinsurance risk is transferred from the insurance company in Colombia (in currently Sura) to the reinsurance market, for the following policies: Material Damage + Loss of Profits, Sabotage and Terrorism, Directors and Administrators, Infidelity and Financial Risks ("Crime"), Errors and Omissions, Civil Liability and Coverage for cyber risks.

As mentioned, said risk management is done through Maxseguros EPM Ltd., which consolidates the risks assumed and assigns them through reinsurance operations.

In reference to the selection, assignment, and reinsurance management policies, these are carried out based on a strategy established jointly by the EPM Comprehensive Risk

Management Department and Maxseguros EPM Ltd., which may change from year to year. According to the fluctuations of the reinsurance market and the conditions of the insured risks, however, the solid support is sought and a minimum rating of A- or equivalent is required.

The reinsurance companies with which operations were carried out in 2021 were the following:

Reinsurer	Risk Rating
Liberty Mutual USA	S&P A
Insurance Chubb (Federal Insurance)	S&P AA
AIG (National Union Fire 78%)	AM Best A
Partner Re	S&P A+
ARK	S&P A+
Swiss Re Corporate Solutions	AM Best A+
Maxinsurances EPM Ltd.	AM Best A-
Hannover Re	S&P AA-

The main claims assumed by the Group are:

Claim Type	Value of claim settled	The value of the reservation	Value EPM Group	Value reinsurer
Cascade Plant (ESSA)	-	318	318	318
Jepirachi Generator AG7	-	315	315	315
Actual Mine S/E (ESSA)	-	517	517	517
Thermosaw (EPM)	-	69,670	69,670	69,670
Palmas Hydroelectric Power Station (ESSA)	-	1,712	1,712	1,712
S/E Bucaramanga transformer	-	921	921	921
Guacaica (CHEC) - Turbine	-	438	438	438
WWTP San Fernando	-	1,444	1,444	1,444
Ancon Sur - Transformer	-	1,541	1,541	1,541
S/E Bucaramanga transformer	-	2,349	2,349	2,349
D&O - Ituango	7,962	-	-	7,962
Total	7,962	79,224	79,224	87,186

Amounts stated in millions of Colombian pesos -

The value of the insured assets is as follows:

Subsidiary	2021	2020
EPM	27,077,344	28,541,551
CHEC	2,380,998	2,575,560
DELSUR	319,952	303,155
ESSA	780,030	757,591
HET	759,545	773,495
AGUAS NACIONALES	1,181,589	-
AFINIA	900,315	-
BODEGAS ITUANGO	1,096,759	1,275,329
Total	34,496,532	34,226,681

Amounts stated in millions of Colombian pesos -

Nota 45. Fair value measurement on a recurring and non-recurring basis

The methodology established in IFRS 13 Fair Value Measurement specifies a hierarchy in valuation techniques based on whether the variables used in determining fair value are observable or unobservable. The Group determines the fair value on a recurring and non-recurring basis, as well as for disclosure purposes:

- Based on quoted prices in active markets for identical assets or liabilities that the Group can access on the measurement date (level 1).
- Based on valuation techniques commonly used by market participants that use variables other than quoted prices that are directly or indirectly observable for assets or liabilities (level 2).
- Based on internal cash flow discount valuation techniques or other valuation models, using variables estimated by the Group that are unobservable for the asset or liability, in the absence of variables observed in the market (level 3).

During 2021 and 2020 in the Group, no transfers have been made between the levels of the fair value hierarchy, both for the entry and exit transfers of the levels, when.

Valuation techniques and variables used by the Group to measure fair value for recognition and disclosure:

Cash and cash equivalents: includes fixed income instruments and fiduciary charges. The latter reflects the balance of the Collective Investment Funds (FIC) owned by the EPM Group. These funds are used as a savings and investment mechanism and are managed by trust companies. Through these funds, resources are invested in a portfolio of assets that are updated at fair value. The EPM Group uses the market approach as a valuation technique for this item, these items are classified in level 1 of the fair value hierarchy.

Investments at fair value through results and through equity: corresponds to the investments made to optimize liquidity surpluses, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the companies. Additionally, it includes the resources delivered to a financial institution as collateral for the sale of the Los Cururos Wind Farm and EPM Transmission Chile. The EPM Group uses the market approach as a valuation technique, these items are classified in level 1 of the fair value hierarchy.

Equity investments: corresponds to the resources placed in equity securities of national or foreign entities, represented in shares or parts of social interest. The methodologies used are the market price for those listed on the stock exchange (level 1) and the discount of cash flows for the rest (level 3).

Fiduciary rights: corresponds to the rights originated by virtue of the execution of commercial fiduciary contracts. The EPM Group uses the market approach as a valuation technique, these items are classified at level 1.

Derivative instruments: The Group uses derivative financial instruments, such as forward contracts, futures contracts, financial swaps (swaps), and options, to hedge various financial risks, mainly the risk of interest rate, exchange rate, and price of basic products (commodities). Such derivative financial instruments are initially recognized at their fair value on the date the derivative contract is entered into, and are subsequently remeasured at their fair value. The Group uses discounted cash flow as a valuation technique for swaps, in an income approach. The variables used are Interest rate swap curve for rates denominated in dollars, to discount flows in dollars; and External Interest Rate Swap Curve for rates denominated in pesos, to discount flows in pesos. These items are classified in level 2 of the fair value

hierarchy. Regarding Zero Cost Collar options, the Black and Scholes model is used as a reference, which analyzes the value of options based on the price of the asset underlying the option and follows a continuous stochastic process of Gauss-Wiener evolution with mean and constant instantaneous variance.

These items are classified in level 2 of the fair value hierarchy. Additionally, for the put option of the climatic derivative, the Montecarlo method is used as a valuation technique, which simulates the non-financial variable (rainfall measured in two meteorological stations located in the basins of two of the most important rivers in EPM's area of influence: Río Abajo and Riogrande I) in a series of situations or possible scenarios for a given event, including the limits and present value of the flows defined in the contract. This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used.

Accounts receivable: made up of the account receivable originating from the business combination for the acquisition of the subsidiary Empresas Públicas de Rionegro, for its valuation the discount of the payment flows is considered, applying the weekly deposit rates for CDT at 360 days. published by the Banco de la República; and for the account receivable associated with the contract for the firm supply of liquid fuel (ACPM) for the La Sierra and Termodorada thermoelectric plants, which is updated according to the value of the fuel unit stipulated in the contract. Both items are classified in level 3 of the fair value hierarchy.

Investment properties: are properties (land or buildings, considered in whole or in part, or both) that are held (by the Group in its own name or through a financial lease) to obtain rents, capital gains, or both, in place of for:

- Its use in the production or supply of goods or services, or for administrative purpose.
- Their sale in the ordinary course of operations.

The Group uses two valuation techniques for these items. Within the market approach, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand, and appraisals of similar or comparable real estate, prior adjustments for time, composition, and location. Within the cost approach, the residual method is used, which is applied only to buildings and is based on the determination of the updated construction cost, less depreciation due to age, and state of conservation. Both items are classified in level 3 of the fair value hierarchy.

Contingent considerations: arising from the business combinations in the acquisitions of the subsidiaries Espíritu Santo Energy S. de RL and Empresas Varias de Medellín SA ESP – EMVARIAS, the discount of the payment flows is considered by applying the discount rates: Libor rate and TES rate, respectively. These items are classified in level 3 of the fair value hierarchy.

Other accounts payable: corresponds to the premium payable for a weather derivative whose valuation technique is the average of expected future flows, discounted at a risk-free rate plus a spread that considers the possibility of default (own credit risk). . This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used, such as own credit risk.

The following table shows, for each of the fair value hierarchy levels, the assets and liabilities of the Group measured at fair value regularly at the cut-off date:

Fair value measurement on a recurring basis 2021	Total book value	Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalent	1,014,391	1,014,391	-	-	1,014,391
Total negotiable or designated to fair value measurement	1,014,391	1,014,391	-	-	1,014,391
Fixed income securities	508,968	508,968	-	-	508,968
Variables securities at fair value	97,768	97,768	-	-	97,768
Investments pledged or delivered in guarantees	30,310	30,310	-	-	30,310
Total other Investments measured at fair value(See note 12)	637,046	637,046	-	-	637,046
Variable securities and other equity investments	2,236,758	2,228,715	-	8,043	2,236,758
Total Other Investments (See note 12)	2,236,758	2,228,715	-	8,043	2,236,758
Noodle in administration	401,504	401,504	-	-	401,504
Total Trust Rights (See note 12)	401,504	401,504	-	-	401,504
Put Options	102,210	-	-	102,210	102,210
Derivative swaps	132,634	-	132,634	-	132,634
Collar Options	3,673	-	3,673	-	3,673
Total Derivatives (See note 12)	238,517	-	136,307	102,210	238,517
Other Accounts receivables	23,187	-	-	23,187	23,187
Total debtors (See note 11)	23,187	-	-	23,187	23,187
Investment properties Urban and rural land	136,211	-	-	136,211	136,211
Investment properties Buildings and houses	31,119	-	-	31,119	31,119
Total investment properties	167,329	-	-	167,329	167,329
Liabilities					
Provision - Business Combination	165,214	-	-	155,378	155,378
Total Contingent compensation (See note 15)	165,214	-	-	155,378	155,378
Other Accounts payable	91,317	-	-	91,317	91,317
Total Accounts payable	91,317	-	-	91,317	91,317
Derivative swaps liabilities	164,277	-	164,277	-	419,132
Total Derivatives Liabilities	164,277	-	164,277	-	419,132
Total fair value on a recurring basis	4,297,923	4,281,655	(27,969)	44,238	4,297,923

Amounts stated in millions of Colombian pesos

Fair value measurement on a recurring basis 2020	Total book value	Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalent	624,500	624,500	-	-	624,500
Total negotiable or designated to fair value measurement	624,500	624,500	-	-	624,500
Fixed income securities	2,245,812	2,245,812	-	-	2,245,812
Variable securities at fair value	79,928	79,928	-	-	79,928
Investments pledged or delivered in guarantees	35,148	35,148	-	-	35,148
Total other Investments measured at fair value (See note 12)	2,360,888	2,360,888	-	-	2,360,888
Variable securities and other equity investments	2,559,131	2,551,207	-	7,924	2,559,131
Total Other Investments (See note 12)	2,559,131	2,551,207	-	7,924	2,559,131
Noodle in administration	449,679	449,679	-	-	449,679
Total Trust Rights (See note 12)	449,679	449,679	-	-	449,679
Put Options	128,204	-	-	128,204	128,204
Derivative swaps	62,385	-	62,385	-	62,385
Total Derivatives (See note 12)	190,589	-	62,385	128,204	190,589
Other Accounts receivable s.	23,237	-	-	23,237	23,237
Total debtors (See note 11)	23,237	-	-	23,237	23,237
Investment properties Urban and rural land	129,172	-	-	129,172	129,172
Investment properties Buildings and houses	35,947	-	-	35,947	35,947
Total investment properties	165,119	-	-	165,119	165,119
Liabilities					
Provision - Business Combination	155,378	-	-	155,378	155,378
Total Contingent compensation (See note 15)	155,378	-	-	155,378	155,378
Other Accounts payable	120,429	-	-	120,429	120,429
Total Accounts payable	120,429	-	-	120,429	120,429
Derivative swaps liabilities	419,132	-	419,132	-	419,132
Total Derivatives Liabilities	419,132	-	419,132	-	419,132
Total fair value on a recurring basis	5,678,204	5,986,274	(356,747)	48,677	5,678,204

Amounts stated in millions of Colombian pesos -

During 2021, no transfers between levels were made.

The following tables present a reconciliation of the Group's assets and liabilities measured at fair value on a recurring basis using unobservable variables (classified in level 3 of the fair value hierarchy) as of December 31, 2021, and 2020:



Changes to level 3 of fair value hierarchy 2021	Initial Balance	Recognized changes in results	Recognized changes to the other end result	Shopping	Sales and transfers	Settlements	Final Balance
Assets							
Equity securities Other equity investments	7,924	-	119	-	-	-	8,043
Total Other Investments (See note 12)	7,924	-	119	-	-	-	8,043
Options	128,204	(25,994)	-	-	-	-	102,210
Total Derivatives	128,204	(25,994)	-	-	-	-	102,210
Other Accounts receivable s.	23,237	(50)	-	-	-	-	23,187
Total debtors	23,237	(50)	-	-	-	-	23,187
Investment properties Urban and rural land	129,172	-	6,900	228	(89)	-	136,211
Investment properties Buildings and houses	35,947	-	(4,860)	52	(20)	-	31,119
Total investment properties	165,119	-	2,040	280	(109)	-	167,330
Liabilities							
Provision - Business Combination	155,378	9,836	-	-	-	-	165,214
Total Contingent compensation (See note 15)	155,378	9,836	-	-	-	-	165,214
Other Accounts payables	120,429	13,543	-	-	-	(42,655)	91,317
Total Td Accounts payable	120,429	13,543	-	-	-	(42,655)	91,317

Amounts stated in millions of Colombian pesos -

Changes to level 3 of fair value hierarchy 2020	Initial Balance	Recognized changes in results	Recognized changes to the other end result	Shopping	Sales and transfers	Settlements	Final Balance
Assets							
Equity securities Other equity investments	7,947	-	(23)	-	-	-	7,924
Total Other Investments (See note 12)	7,947	-	(23)	-	-	-	7,924
Options	-	(14,028)	-	142,232	-	-	128,204
Total Derivatives	-	(14,028)	-	142,232	-	-	128,204
Other Accounts receivable s.	51,638	(28,401)	-	-	-	-	23,237
Total debtors	51,638	(28,401)	-	-	-	-	23,237
Investment properties Urban and rural land	107,398	-	(7,123)	-	28,897	-	129,172
Investment properties Buildings and houses	32,956	-	(10,297)	-	13,288	-	35,947
Total investment properties (See Note 6)	140,354	-	(17,420)	-	42,185	-	165,119
Liabilities							
Provision - Business Combination	134,841	20,537	-	-	-	-	155,378
Total Contingent compensation (See note 28)	134,841	20,537	-	-	-	-	155,378
Other Accounts payables	-	(21,803)	-	142,232	-	-	120,429
Total Td Accounts payable	-	(21,803)	-	142,232	-	-	120,429

Amounts stated in millions of Colombian pesos -

The book value and estimated fair value of the group's assets and liabilities that are not recognized at fair value in the consolidated statement of financial position, but require disclosure at fair value, as of December 31, 2021 and 2020 is as follows:

2021	Book value	Level 2	Total
Assets			
Public services	5,006,747	5,010,873	5,010,873
Employees	194,306	200,128	200,128
Construction contracts	2,327	2,327	2,327
Other Accounts receivables	3,957,082	3,945,141	3,945,141
Total Assets	9,160,462	9,158,470	9,158,470
Liabilities			
Bank loans for development	1,869,922	1,869,922	1,869,922
Multilateral banking loans	1,326,950	1,326,950	1,326,950
Commercial banking loans	7,353,772	7,353,772	7,353,772
Bonds and securities issued	15,125,147	14,427,158	14,427,158
Other liabilities	90,000	86,084	86,084
Total liabilities	25,765,791	25,063,886	25,063,886
Total	(16,605,329)	(15,905,416)	(15,905,416)

Amounts stated in millions of Colombian pesos -

2020	Book value	Level 2	Total
Assets			
Public services	3,581,997	3,488,421	3,488,421
Employees	168,434	170,538	170,538
Construction contracts	598	482	482
Other Accounts receivables	1,699,415	1,499,545	1,499,545
Total Assets	5,450,444	5,158,986	5,158,986
Liabilities			
Bank loans for development	1,589,648	1,583,496	1,583,496
Multilateral banking loans	2,962,186	2,962,186	2,962,186
Commercial banking loans	6,006,780	6,539,779	6,539,779
Bonds and securities issued	13,691,688	14,392,309	14,392,309
Other liabilities	337,500	354,071	354,071
Total liabilities	24,587,802	25,831,841	25,831,841
Total	(19,137,358)	(20,672,855)	(20,672,855)

Amounts stated in millions of Colombian pesos -

As of December 31, 2021, and 2020, there were no concepts in levels 1 and 3.

Note 46. Service concession agreements

As of the cut-off date, the Group manages various concessions as operator that contain provisions for the construction, operation and maintenance of facilities, as well as the provision of public services such as water supply, collection and treatment of wastewater, in accordance with the regulations of application.

The remaining period of the concessions where the Group acts as operator is detailed below:

Company/Agreement	Activity	Country	Grant Period	Initial Remaining Period
Empresas Públicas de Medellín - Municipality of Itagui/1/DJ/-6199/10 - 2/DJ/-1190/33 - 1/DJ/-2079/58 - 2801799.	Construction of water and sewer networks for the provision of service in assigned neighborhoods. Collector construction parallel to the La Justa and Sewer ravine on the street 36 at the height of the Ditaires Park. Construction of the collector parallel to the cover of the La Munoz gorge. Transfer of Hydraulic Structures to provide the service of Sewer in the municipality and provide the sanitation to the Medellín River.	Colombia	30 years (extendable)	26 years
Empresas Públicas de Medellín - Municipality of Girardota/1/JD-591/2	Provision of aqueduct and sewerage service.	Colombia	20 years (extendable)	11 years
Empresas Públicas de Medellín - Municipality of Copacabana/1/DJ-9994/9	Execution of works for the supply of drinking water, sewerage and the provision of such services.	Colombia	20 years (extendable)	9 years
Empresas Públicas de Medellín - Municipality of Barbosa/1401287	The municipality undertakes to make available and facilitate the use of networks and other infrastructure for the provision of water and sewerage services.	Colombia	30 years (extendable)	6 years
Empresas Públicas de Medellín - Municipality of Envigado/1/DJ/-5991/30 - 1/DJ/-7982/5.	Provision of the aqueduct and sewerage service and construction of works for the provision of the Aqueduct and Sewer service.	Colombia	10 years (extendable)	6 years
Empresas Públicas de Medellín - Municipality of La Estrella/1/DJ/-7835/17	Execution of works and provision of potable water and sewerage services.	Colombia	10 years (extendable)	3 years
Empresas Públicas de Medellín - municipality of Sabaneta/1/DJ/-7885/19	The municipality undertakes to make available and facilitate the use of networks and other infrastructure for the provision of water and sewerage services.	Colombia	10 years (extendable)	3 years
Empresas Públicas de Medellín - Municipality of Bello/1/DJ/-6208/11	Execution of works and provision of the aqueduct and sewerage service.	Colombia	10 years (extendable)	2 years
Municipality of Apartado / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services	Colombia	30	15
Municipality of Carepa/ EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Olaya Municipality / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services	Colombia	30	15

Company/Agreement	Activity	Country	Grant Period	Initial Remaining Period
Municipality of San Jeronimo / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Municipality of Santa Fe / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Municipality of Sopetran / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Municipality of Chigorodo / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Municipality of Mutata / EPM Regional Waters	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Turbo Municipality / EPM Regional Waters.	The municipality undertakes to make available the movable and immovable property that make up the system for the provision of aqueduct and sewerage services.	Colombia	30	15
Oriente Waters - Municipality El Retiro	Operate and maintain networks and other infrastructure received during the concept of adequate service delivery.	Colombia	No explicit duration period	
ADASA - Econssa Chile S.A.	Operation of public services for the production and distribution of drinking water, collection and disposal of wastewater and other facilities related to such activities.	Antofagasta region	30	12
Colima wastewater treatment plant.	Municipal wastewater sanitation	Mexico	34 years	22 years
Atapaneo and Itzicuaros wastewater treatment plants in Morelia.	Municipal wastewater sanitation	Mexico	27/14 years	16/9 years
New processes contracted for the PEMEX project in Ciudad Madero Tamaulipas.	Municipal wastewater sanitation	Mexico	24 years	21 years
Sewage treatment plants in Morelos and Tierra Negra, Tamaulipas.	Municipal wastewater sanitation	Mexico	24 years	21 years
Wastewater treatment plant in Torreón, Coahuila.	Municipal wastewater sanitation	Mexico	20 years	2 years 7 months
Tuxtla and Paso El Limón wastewater treatment plants in Tuxtla Gutiérrez.	Municipal wastewater sanitation	Mexico	18 years	13 years
Celaya wastewater treatment plant, Guanajuato.	Municipal wastewater sanitation	Mexico	18 years	10 years 5 months



Service concession agreements for the provision of aqueduct and sewage services

In Colombia:

The concession agreements between companies of the Group domiciled in Colombia with the municipalities establish the conditions under which the aqueduct and sewage networks are managed, operated and maintained for the provision of drinking water and wastewater treatment services to its inhabitants, in the terms, conditions and rates established by the Commission for the Regulation of Potable Water and Basic Sanitation – CRA –.

The agreements indicate the following rights and obligations for the companies of the Group as operator in the service concession agreement:

- Right to receive from the municipality all of the aqueduct and sewage networks and to have exclusivity as system operator.
- Obligation to make exclusive use of the aqueduct and sewage networks for the purposes for which they are intended, maintain them and return them in the conditions of use in which they were received.
- Some concession agreements have the option of being automatically renewed for equal periods unless one of the parties expresses the intention not to continue with it.
- The concession agreements do not establish the obligation to build elements of property, plant and equipment.

At the end of the concession, the companies of the Group must return the aqueduct and sewage networks without any compensation to the municipalities. There have been no changes in the terms of the concession agreements during the period.

In Aguas de Oriente: Provide aqueduct and sewage services in the municipality of El Retiro, complying with Law 142 of 1994 and the Resolutions issued by the Commission for the Regulation of Potable Water and Basic Sanitation.

Obligations of the Municipality: Deliver to Aguas del Oriente as loan the aqueduct and sewage distribution networks.

Obligations of the agreement: The expansion of the networks will be carried out in accordance with the regulations on the matter and will be the responsibility of the parties, who may do so directly or through the municipality in projects with greater coverage.

In Chile:

Aguas de Antofagasta S.A. signed with Empresa de Servicios Sanitarios de Antofagasta SA (current Empresa Concesionaria de Servicios Sanitarios SA – Econssa SA) the "Contract for the Transfer of the Right to Exploit Sanitary Concessions", for a total term of 30 years from the date of its subscription.

As part of the contract that granted the Concession to the Company, it received real estate, furniture, installations, water use rights and easements, which are used in the exploitation of the sanitary concessions. The Company is prohibited from assigning, encumbering, leasing or constituting any right in favor of third parties over the assets received through the concession, which must be returned at the end of the Contract in the state in which it is found, ensuring its proper functioning in all moment.

In México:

For **TICSA**, as of December 31, 2021 and 2020, the Company manages various concessions as operator that contain provisions for the treatment of wastewater, during the concession period.

Nota 47. Operating segments

47.1 Segment information

For management purposes, the Group is organized into segments based on their products and services, and has the following eight operating segments on which information is presented:

- Electricity Generation Segment, whose activity consists of the production of energy and the commercialization of large blocks of electrical energy, based on the acquisition or development of a portfolio of energy proposals for the market.
- Electricity Distribution Segment, whose activity consists of transporting electricity through a set of lines and substations, with their associated equipment, which operate at voltages less than 220 KV, the sale of energy to the end user of the regulated market and the development of related and complementary activities. It includes the Regional Transmission System (STR), the Local Distribution System (SDL), the public lighting service and the provision of associated services.
- Electricity Transmission Segment, whose activity consists of the transport of energy in the National Transmission System -STN-, made up of the set of lines, with their corresponding connection equipment, that operate at voltages equal to or greater than 220 KV. The National Transmitter (TN) is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the development of said activity.
- Natural Gas Distribution and Marketing Segment, whose activity consists of transporting gas from the city gate to the end user, through medium and low-pressure pipes. It includes the sale of gas through different systems, including network distribution, vehicular natural gas, compressed natural gas and service stations.
- Water Supply Segment, whose activity consists of conceptualizing, structuring, developing and operating systems to provide water. It includes carrying out the commercial management of the portfolio of services related to the supply of water for different uses, in addition to the use of the productive chain, specifically in the production of energy, and the supply of raw water.
- Wastewater Management Segment includes the activities of conceptualizing, structuring, developing and operating wastewater systems and solid waste management, in addition to the use of the production chain, specifically in the production of energy and gas.

- Solid Waste Management Segment includes carrying out commercial management related to these services and the use of biosolids and other by-products of wastewater treatment, and solid waste management.
- Other segment, which corresponds to other activities that are not included in the segments listed above. Includes: Adapted Health Entity (EAS) and Medical and Dental Services Unit, billing and collection services for third parties, income received from investment properties (leases), social financing, EATIC Laboratory tests, provision of specialized transportation service and services associated with information and communication technologies, information services and complementary activities related or related to them.

The Group has not aggregated operating segments to make up these eight reportable segments; however, it carries out the activity of energy trading, which consists of the purchase of electricity in the wholesale market and its sale to other market agents or to regulated or non-regulated end users. Therefore, the Group includes its financial information in the corresponding segments that contain this activity.

Management supervises the operating results of the operating segments separately for the purpose of making decisions on the allocation of resources and evaluating their performance. Segment performance is evaluated based on profit or loss from operations before taxes and from discontinued operations, and is measured consistently with profit or loss from operations in the consolidated financial statements.

The transfer prices between the operating segments are agreed as between independent parties in a manner similar to that agreed with third parties.



2021	Generation	Transmission	Distribution	Gas	Water supply	Waste water management	Solid waste management	Other segments	Total Segments	Intersegment elimination	Consolidated
External customer revenue	3,984,547	284,419	17,090,683	1,052,820	1,494,765	876,855	263,658	209,182	25,256,929	-	25,256,929
Inter-segment revenue	1,371,909	112,092	638,207	265,065	60,071	25,400	1,896	125,878	2,600,518	(2,600,518)	-
Total Net Income	5,356,456	396,511	17,728,890	1,317,885	1,554,836	902,255	265,554	335,060	27,857,447	(2,600,518)	25,256,929
Costs and expenses without depreciations, amortizations, provisions and Depreciation stock of PP&E and intangibles	(2,754,621)	(84,393)	(13,961,262)	(1,134,223)	(735,412)	(466,821)	(195,931)	(312,644)	(19,645,307)	2,509,884	(17,135,423)
Depreciations, amortizations, provisions and Depreciation capital of PP&E and intangible	(630,804)	(59,714)	(702,209)	(21,179)	(248,257)	(117,727)	(44,353)	(36,475)	(1,860,718)	38,796	(1,821,922)
Impairment of accounts receivable	(7,885)	(1,481)	(302,123)	(401)	(1,466)	(65,835)	80	(15,189)	(394,300)	(6,745)	(401,045)
Other expenses	(24,020)	(1,542)	(122,518)	(1,114)	(12,278)	(10,342)	(1,196)	(14,858)	(187,868)	1,596	(186,272)
Interest income and income	39,897	936	74,795	2,759	14,435	46,105	1,488	2,323	182,738	(70,917)	111,821
Financial income (other than interest and income)	4,348	815	22,846	1,652	719	5,930	1,552	3,511	41,373	(8)	41,365
Total financial income	44,245	1,751	97,641	4,411	15,154	52,035	3,040	5,834	224,111	(70,925)	153,186
Interest expenses	(242,413)	(47,389)	(309,470)	(50,809)	(138,797)	(135,604)	(2,558)	(339,981)	(1,267,021)	77,634	(1,189,387)
Financial expenses (other than interest)	(81,096)	(229)	(30,271)	(1,310)	(102,056)	(16,886)	(7,204)	(3,779)	(242,831)	1,373	(241,458)
Total financial expenses	(323,509)	(47,618)	(339,741)	(52,119)	(240,853)	(152,490)	(9,762)	(343,760)	(1,509,852)	79,007	(1,430,845)
Difference in net change	(19,635)	9,069	(50,355)	7,672	27,249	6,173	(2)	(955)	(20,784)	(138)	(20,922)
Equity method in associates and joint ventures results	-	-	-	-	-	-	-	(269,896)	(269,896)	-	(269,896)
Effect on participation in equity investments	-	-	1,869	-	-	-	-	124,058	125,927	(1,877)	124,050
Result of the period before taxes	1,640,227	212,583	2,350,192	120,932	358,973	147,248	17,430	(528,825)	4,318,760	(50,920)	4,267,840
Income tax	(419,223)	(53,109)	(587,041)	(47,253)	(54,769)	(15,607)	(2,175)	77,441	(1,101,736)	27,109	(1,074,627)
Net movement of regulatory accounts related to the period result	-	-	88,433	-	-	-	-	-	88,433	-	88,433
Net result of the period	1,221,004	159,474	1,851,584	73,679	304,204	131,641	15,255	(451,384)	3,305,457	(23,811)	3,281,646
Total assets with no investments in associates and joint ventures, of deferred regulatory accounts debit balances	23,718,500	2,378,471	22,484,715	1,362,054	7,655,842	5,914,403	360,622	5,622,769	69,497,376	(3,275,157)	66,222,219
Investments in associates and joint ventures accounted for according to the equity method	-	-	-	-	-	-	-	1,417,969	1,417,969	-	1,417,969
Deferred assets related to regulatory accounts balances	-	-	136,282	-	-	-	-	-	136,282	-	136,282
Total assets and deferred regulatory accounts balances	23,718,500	2,378,471	22,620,997	1,362,054	7,655,842	5,914,403	360,622	7,040,738	71,051,627	(3,275,157)	67,776,470
Total Liability	13,760,897	1,264,875	12,626,165	855,391	4,136,445	2,532,518	299,947	5,708,212	41,184,450	(2,199,049)	38,985,401
Deferred liabilities related to regulatory accounts balances	-	-	40,884	-	-	-	-	-	40,884	-	40,884
Total liabilities and of deferred regulatory accounts credit balances	13,760,897	1,264,875	12,667,049	855,391	4,136,445	2,532,518	299,947	5,708,212	41,225,334	(2,199,049)	39,026,285
Additions of non-current assets	2,310,358	79,728	1,708,046	12,679	588,825	251,520	35,726	116,897	5,103,779	-	5,103,779

Amounts stated in millions of Colombian pesos

2020	Generation	Transmission	Distribution	Gas	Water supply	Management wastewater	Solid waste management	Other segments	Total segments	Intersegment elimination	Consolidated
External customer revenue	3,420,762	245,548	12,551,721	926,653	1,321,895	930,067	247,864	154,402	19,798,912	-	19,798,912
Inter-segment revenue	1,596,162	108,711	490,680	252,990	32,524	20,584	1,514	92,494	2,595,659	(2,595,659)	-
Total Net Income	5,016,924	354,259	13,042,401	1,179,643	1,354,419	950,651	249,378	246,896	22,394,571	(2,595,659)	19,798,912
Costs and expenses without depreciations, amortizations, provisions and Depreciation stock of PP&E and intangibles	(3,015,989)	(84,830)	(10,416,048)	(1,047,372)	(688,451)	(396,126)	(181,471)	(249,882)	(16,080,169)	2,526,436	(13,553,733)
Depreciations, amortizations, provisions and Depreciation capital of PP&E and intangible	(543,146)	(52,907)	(740,765)	(21,369)	(222,046)	(119,742)	(39,304)	(23,527)	(1,762,806)	34,914	(1,727,892)
Impairment of accounts receivable	150	388	(257,476)	18	(10,489)	(8,614)	(1,974)	(23,652)	(301,649)	6,178	(295,471)
Financial income (other than interest and income)	13,302	407	13,560	4,655	(12,871)	(5,938)	(106)	(23,137)	(93,834)	1,647	(92,187)
Interest income and income	23,011	784	84,431	2,349	17,488	57,738	3,319	32,001	221,121	(117,916)	103,205
Financial income (other than interest and income)	13,302	407	13,560	4,655	2,452	8,171	4,290	7,208	54,045	23	54,068
Total financial income	36,313	1,191	97,991	7,004	19,940	65,909	7,609	39,209	275,166	(117,893)	157,273
Interest expenses	(230,332)	(42,443)	(344,291)	(44,263)	(115,168)	(136,886)	(4,035)	(317,507)	(1,234,925)	125,960	(1,108,965)
Financial expenses (other than interest)	(73,313)	(483)	(24,668)	(3,023)	(42,073)	(8,055)	(4,966)	(3,447)	(160,028)	1,361	(158,667)
Total financial expenses	(303,645)	(42,926)	(368,959)	(47,286)	(157,241)	(144,941)	(9,001)	(320,954)	(1,394,953)	127,321	(1,267,632)
Difference in net change	(288,061)	(36,629)	(63,162)	(10,088)	(8,783)	(25,058)	2	57,278	(374,501)	241	(374,260)
Equity method in associates and joint ventures results	-	-	-	-	-	-	-	(91,970)	(91,970)	-	(91,970)
Effect on participation in equity investments	-	-	2,657	-	-	4	-	1,662,149	1,664,810	(15)	1,664,795
Result of the period before taxes	885,513	137,601	1,263,619	59,766	274,478	316,145	25,133	1,272,410	4,234,665	(16,830)	4,217,835
Income tax	(50,589)	(28,657)	(376,030)	(18,419)	(9,571)	(21,849)	(4,525)	(186)	(509,826)	10,798	(499,028)
Net movement of regulatory accounts related to the period result	-	-	22,111	-	-	-	-	-	22,111	-	22,111
Net result of the period	834,924	108,944	909,700	41,347	264,907	294,296	20,608	1,272,224	3,746,950	(6,032)	3,740,918
Total assets with no investments in associates and joint ventures, of deferred regulatory accounts debit balances	22,588,907	2,098,540	19,844,621	1,398,421	7,356,873	5,726,492	360,276	14,390,309	73,764,439	(11,661,919)	62,102,520
Investments in associates and joint ventures accounted for according to the equity method	-	-	-	-	-	-	-	1,675,500	1,675,500	-	1,675,500
Deferred assets related to regulatory accounts balances	-	-	767	-	-	-	-	-	767	-	767
Total assets and deferred regulatory accounts balances	22,588,907	2,098,540	19,845,388	1,398,421	7,356,873	5,726,492	360,276	16,065,809	75,440,706	(11,661,919)	63,778,787
Total Liability	13,299,839	1,200,295	11,525,504	924,461	3,866,868	2,391,988	300,677	5,197,020	38,706,652	(2,055,288)	36,651,364
Deferred liabilities related to regulatory accounts balances	-	-	230	-	-	-	-	-	230	-	230
Total liabilities and of deferred regulatory accounts credit balances	13,299,839	1,200,295	11,525,734	924,461	3,866,868	2,391,988	300,677	5,197,020	38,706,882	(2,055,288)	36,651,594
Additions of non-current assets	1,578,138	122,021	1,092,752	14,468	604,313	299,871	22,883	92,615	3,827,061	-	3,827,061

Amounts stated in millions of Colombian pesos

47.2 Information by geographic area

Income from external customers

Country	2021	2020
Colombia (EPM Home Country)	18,247,372	13,330,791
Guatemala	2,844,284	2,591,468
Panama	2,099,470	2,117,722
El Salvador	1,127,026	922,197
Chile	734,016	639,210
Mexico	169,005	159,325
Ecuador	5,929	10,095
Bermuda	36,346	32,073
International intersegment deletions	(6,519)	(3,969)
Total countries other than Colombia	7,009,557	6,468,121
Total Consolidated Revenue	25,256,929	19,798,912

Amounts stated in millions of Colombian pesos -

Income information is based on customer location.

In the Group there is no customer that generates more than 10% of its ordinary income.

Non-current assets

Country	2021	2020
Colombia (EPM Home Country)	35,460,720	34,737,721
Chile	3,530,519	3,573,899
Panama	2,861,449	2,419,912
Guatemala	3,030,659	2,531,817
El Salvador	429,786	359,724
Mexico	1,600	1,621
Total countries other than Colombia	9,854,013	8,886,973
Total non-current assets	45,314,732	43,624,694

Amounts stated in millions of Colombian pesos -

For these purposes, non-current assets include property, plant and equipment, intangible assets and investment properties, including assets from the acquisition of subsidiaries and goodwill.

Note 48. Events after the reporting period

Mapfre insurance payment for contingency coverage of the future Ituango hydroelectric plant:

On January 25, 2022, the company Mapfre Seguros Generales de Colombia, the insurer of the future Ituango hydroelectric plant, made a final, total, and definitive payment of USD 633.8 million for the contingency initiated in the project in April 2018, within of the coverage of the all-risk construction and assembly policy. This payment was made in compliance with the provisions of the transaction contract signed on December 10, 2021, between Mapfre and EPM, and in the second instance ruling of the Comptroller General of the Republic, notified on November 26, 2021. Said This fact does not represent an adjustment to the figures of the separate financial statements as of December 31, 2021, because it was recognized for the same amount as a lower value in the property, plant, and equipment category with the current exchange rate the day the transaction contract was signed, equivalent to \$2,471,853.

After receiving the payment, on that same date EPM withdrew the arbitration claim before the conciliation, arbitration, and amicable composition center of the Medellín Chamber of Commerce for Antioquia.

After the date of presentation of the consolidated financial statements and before the date of authorization of their publication, there were no other relevant events that imply adjustments to the figures.



Grupo EPM Certification

SUSTAINABLE



CERTIFICATION OF FINANCIAL STATEMENTS

Medellín, March 23, 2022

To the Board of Directors of Empresas Públicas de Medellín E.S.P.

We, the undersigned, in our capacity as the Legal Representative and Accountant of Empresas Públicas de Medellín E.S.P., hereby certify that the balances of the consolidated Financial Statements of Empresas Públicas de Medellín E.S.P. and its subsidiaries at December 31, 2021 and 2020, were faithfully taken from the accounting books, which are prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original) and adopted by the Colombian General Accounting Office through Resolution 037/2017 and its amendments. These accounting and financial reporting standards are based on the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the Interpretations Committee, adopted in Colombia through Decree 2420/2015 and its amendments.

We certify that the assertions contained in the consolidated Financial Statements were verified for accuracy in relation to:

- a) All economic events that have occurred during the reporting period have been properly recorded for their due recognition in the appropriate amounts and accounts, measured at fair value and adequately disclosed.
- b) That economic events are classified, presented and disclosed in accordance with accounting and financial reporting standards.
- c) All assets, liabilities and equity in the consolidated financial statements represent the existence of assets, rights and obligations and have been valued at the appropriate amounts.
- d) The disclosures or accounting notes are prepared clearly and in accordance with accounting and financial reporting standards.

The Consolidated Financial Statements do not contain any defects, inaccuracies or misstatements that would prevent the true financial position and financial performance of the Entity and its subsidiaries from being known.



Jorge Andrés Carrillo Cardoso
Legal Representative



John Jaime Rodríguez Sosa
Public Accountant
Professional License No. 144842-T



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
Empresas Públicas de Medellín E.S.P.:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Empresas Públicas de Medellín E.S.P., and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021, the consolidated statements of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, and the notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly in all material respects, the consolidated financial position of the Group as of December 31, 2021, its financial performance and its cash flows for the year ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia adopted by the Nation's General Accounting Office through resolution 037 of 2017, Resolution 056 of 2020, Resolution 035 and 0197 of 2021.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards accepted in Colombia. Our responsibilities under these standards are described below in the Auditor Responsibilities section. We are independent with respect to the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Colombia and we have fulfilled the other ethics ethical responsibilities in accordance with those requirements. We consider the audit evidence obtained to be sufficient and appropriate to provide a reasonable basis for expressing our opinion.

Emphasis of Matter

Without changing our opinion, We draw attention to the facts indicated in Note 4 to the consolidated financial statements, with reference to the contingency of the Ituango Hydroelectric Project and its impact on the financial statements. The Group continues to monitor the evolution of the project and to take all relevant measures and actions to identify and recognize the accounting effects caused by this contingency and the actions of the control agencies and environmental authorities. The final outcome of the impacts on the financial position, the results of the operation and the statement of cash flows is uncertain, and will depend on the subsequent evolution of these events until the completion of the project.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were covered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and accordingly, we do not express a separate opinion on these matters.

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I. Impairment Assessment of Long-Lived Assets – Cash Generating Unit (CGU) Power generation

As described in Notes 2.23 and 8.2 to the consolidated financial statements, as of 31 December 2021, the book value of the Groups related to the Cash Generating Unit (CGU), the power generation, was \$18,338,578 million.

The Management analyzes the recoverability of its non-financial long-lived assets periodically or when events or changes in circumstances indicate their recoverable amount, which are measured by comparing the book value of the asset or group of assets with their expected future cash flows before taxes, which may be lower than their carrying amount.

The Value in use is determined based on projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets considered.

The discount rate used to discount future net cash flows is the WACC, which was determined considering the industry and economic environment of the Entity.

Management's cash flow projections included assumptions and judgments related to: (i) the methodology used and calculations performed for the estimation of value in use and (ii) the relevant inputs and assumptions used in the model such as: (1) the historical behavior and growth rates of certain base variables for the projection; (2) the discount rates applied and macroeconomic variables used; (3) the projection period and (4) the perpetual gradient growth.

The main considerations for selecting as a key audit matter the impairment assessment of the Power Generation CGU are: 1) Use of significant judgments by Management to calculate the value in use of the CGU and 2) The progress of the Ituango hydroelectric project, included within the Power Generation CGU, where there is an impact on the projection of cash flows.

This, in turn, led to a high degree of auditor's judgment, subjectivity and effort in performing procedures to evaluate management's cash flow projections, complex assumptions and judgments, including, among others, revenue growth rates, discount rates, projection period and growth gradient in perpetuity.

In addition, the audit efforts, involved the use of professionals with specialized skills and knowledge to assist us in performing these procedures and evaluating the audit evidence obtained.

Procedures developed by the audit team

Our audit procedures related to the impairment assessment of the Power Generation CGU included the following, among others:

- Evaluation of the design and effectiveness of controls related to management's assessment of the value in use of the CGU. This included the control associated with the approvals of key operating assumptions included in the projections by the Vice President and Board of Directors.
- The evaluation of Management's assumptions involved assessing whether the assumptions used were reasonable, considering (i) the current and past performance of the Power Generation CGU, (ii) consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.
- Involvement of professionals with knowledge and experience in valuation who assisted us in: (i) the evaluation of the methodology used to estimate the value in use and the development of independent calculations, and (ii) the evaluation of the following relevant inputs and assumptions used in the model: (1) the historical behavior and growth rates of certain base variables for the projection; (2) the discount rates applied and macroeconomic variables used; (3) the projection period; and (4) the perpetual gradient growth.



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- Evaluation of the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting framework.

2. Determination of provisions and Contingent liabilities

As described in Note 28.1.2 and 28.3 to the consolidated financial statements, the Management registers liabilities for processes related to labor, civil matters, administrative and tax litigation in those instances in which it can reasonably estimate the amount of the loss and when the liability is probable.

The Group discloses contingencies in which management concludes that it is not probable, but possible, that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

As indicated in note 28, as of December 31, 2021, the Group recognized provisions for litigation of \$543,480 million, and disclosed contingent liabilities of \$2,226,071 million.

The main considerations for selecting provisions and contingent liabilities as a key audit matter are: 1). The judgment applied by management in determining the value and the probability of occurrence of provisions and contingencies for litigation and 2). The materiality of the contingent liabilities.

This led to a high degree of auditor judgment, subjectivity and audit efforts in assessing the judgments applied by management in the provisions and contingencies for litigation.

Procedures developed by the audit team

Our audit procedures related to the determination of provisions and contingent liabilities for litigation included the following, among others:

- Understanding of the processes established by the Group for the estimation of litigation provisions and determination of contingent liabilities including assessment of the design, implementation and effectiveness of relevant controls.
- Confirmation from a sample of the Group's internal and external lawyers regarding the probabilities of failure and the status of the current processes.
- Recalculation of the valuation of the provisions registered.
- Selection of a sample of the main litigation processes and contingencies to analyze supporting documentation, legal claims, probability of failure indicated by the Group and the estimated amount.
- Evaluation of the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting framework.

Other information

Management is responsible for the other information. The other information comprises the information included in the management report but does not comprise the consolidated financial statements or our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information contained therein is materially inconsistent with



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the consolidated financial statements or our knowledge obtained during the audit, or appears to contain a material misstatement. If based on the work we have performed, we conclude that there is a material misstatement of the other information, we would be required to report it. We have nothing to report on this matter.

Responsibility of management and Those Charged with Governance in relation to the consolidated financial statements

Management is responsible for the preparation and fair presentation of this consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia as adopted by the Nation's General Accounting Office through Resolution 037 of 2017, Resolution 056 of 2020, Resolution 035 and 0197 of 2021, and for such internal control as management determines is relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or there is no realistic alternative.

Those charged with corporate governance are responsible for overseeing the process for reporting the Group's financial information.

Auditor's responsibilities in relation to audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit performed in accordance with International Standards on Auditing accepted in Colombia will always detect a material error when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with International Standards on Auditing accepted in Colombia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, deliberate misstatements, intentional misrepresentations, or the circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. Our



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conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

- Evaluate the presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence about the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding of the Group, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Group with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where appropriate, related safeguards.

From the matters communicated with those charged with governance of the Group, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations impede public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The consolidated financial statements for the year ended 31 December 2020, are presented solely for comparative purposes, were audited by another External Auditor who expressed an unqualified opinion on 23 March 2021.


DELOITTE & TOUCHE LTDA

March 23, 2022.



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



Grupo·epm

Hidroituango



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



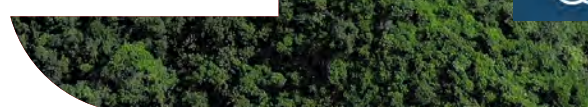
16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



SUSTAINABLE GOALS DEVELOPMENT



Introduction

Hidroituango: development for the country 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 reached that bring us closer to the peak of the project's entry into operation.

At the end of 2021, Hidroituango was 86.9% complete, as well as important actions in technical, environmental, and social management, with an accumulated cost of COP 11.6 trillion, which includes the payment of insurance as a reduction in the value of the assets.

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, it was certain that progress was on track in the search for a definitive technical milestone: to put into operation the first two generating units of the future Ituango hydroelectric power plant, which in its totality will provide **17% of Colombia's energy.**

In 2021, as in previous years, Hidroituango has been accompanied in a tireless struggle by each of the collaborators involved in these works, who feel an enormous commitment to Colombia to start operating one of the largest engineering works in the country.

Therefore, important milestones achieved include: **the recovery and stabilization of main caverns,** which house the generation units and their associated equipment; with the excavation works, pouring of new concrete, additional treatments, etc., and the construction of new caverns for rock stability reinforcement; and **the installation of instrumentation for monitoring the behavior of the mountain** and the structures in general.

Progress was also made in the **reconstruction of the tunnels and wells** belonging to the pipelines that carry water from the reservoir to the generating turbines; and **the installation of concrete and main**, support, and secondary **equipment** for the first-generation units.

In addition to the aforementioned works, EPM positioned itself as a pioneer in Colombia 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 power plant are accompanied by results in environmental and social management, aimed at preserving life and making viable the positive insertion of the mega project in the region's environment.

On the social front, recognition was made **for damages and the reestablishment of living conditions for families in Valdivia and Tarazá for COP 16 thousand million**, and agreements were reached with **94% of the merchants whose** economic activity was affected, who were compensated for COP 13 thousand million.

Also, **23,000 school kits** were delivered for the benefit of children and young people in rural and urban areas of the 12 municipalities in the area of influence of the future power plant and six municipalities of Bajo Cauca, adjacent to the dam site.

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

EPM invested in improving the rural connectivity of the municipality of Liborina and its road infrastructure while making important adjustments to the rural educational institution, which in turn allowed the promotion of culture and sports. Likewise, integration with the academic and cultural agendas of the area was achieved, and **more than 120 community development and infrastructure projects** were managed through social contracting.

In this way, we contributed to the strengthening of 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 most important hydroelectric power plant in Colombia.

From the environmental front, some activities aimed at protecting wildlife are highlighted, such as **the planting of more than 60 thousand individuals for the recovery of Hidroituango forests** and the rehabilitation, since 2018, of 90 hectares of forests.

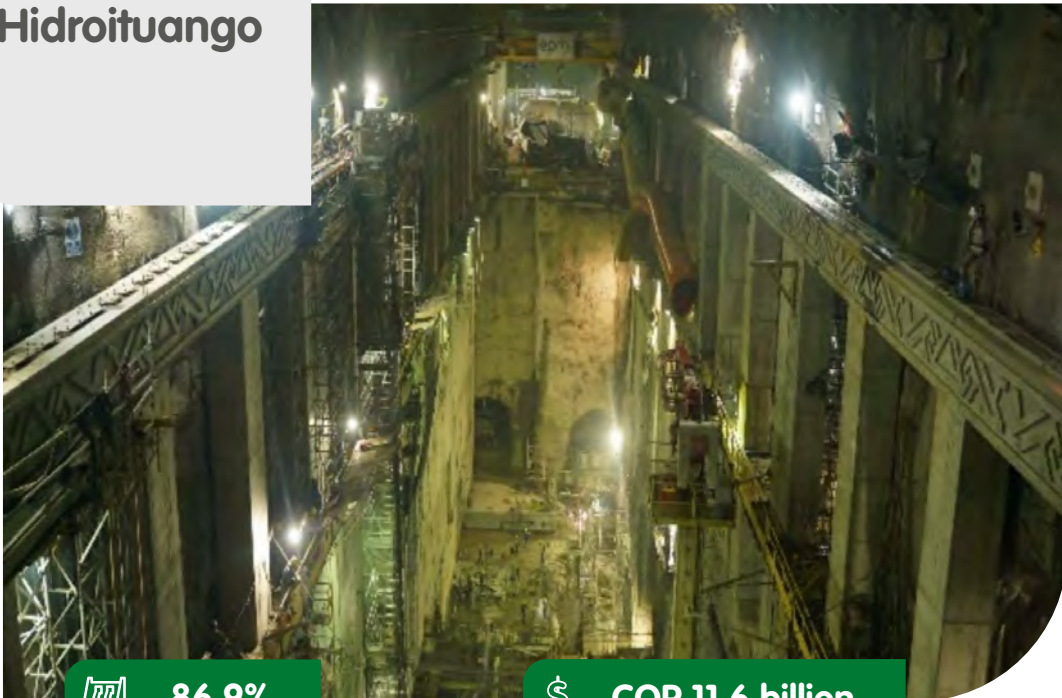
In terms of research and conservation of the Cauca River, in the last three years, **investments of more than COP 54 thousand million were made to research and conserve it**, making this the first experience in Colombia in which 11 institutions have joined forces to study the second most important river basin in the country.

Agreements were also reached with the **Cauca River Guardians** organization to support its 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 for work on other fronts, such as the **extension of the term of the contracts for auditing, consulting and main civil works, and the agreement between EPM and Mapfre Seguros Generales de Colombia** for indemnification under the All-Risk Construction and Erection policy, which allowed improving the risk condition of the future power generation plant.

Overcoming different challenges, both challenging and definitive, overcome with the rigor, tenacity, dedication, commitment, and discipline that characterizes EPM and its employees, the Company closed 2021 with a very positive balance that shows that Hidroituango is evolving to provide energy and development to Colombia.

Hidroituango



 **86.9%**

— **progress** of the project at the end of 2021.

 **COP 11.6 billion**

— **progress of costs** incurred (includes insurance payments as a reduction in the value of the assets).

 **7,904**

— **jobs** created.

 **More than 80**

— participating **contractor companies**.



EPM continues to make progress in the **development of the project** and in **reducing the risks** for the communities located downstream of the dam.





Technical Advances



1. Technical advances

1.1. Progress of civil works

By the end of 2021, **EPM presented overall progress in the physical work of 86.9%**, based on the Contingency, Recovery, and Commissioning program. The main work fronts of Hidroituango had the following progress:

Dam and related works:

- On the downstream embankment of the dam, construction continued on the drainage works and metering structures.
- The construction of some canals and ditches was completed.
- Deep curtain injections were completed on both banks of the river. Additional injections will be made in 2022 in galleries 250 on the left bank and 380 on the right bank.
- Progress was made with the mitigation treatments on the road that replaces the dam- Ituango, left bank, as well as the stabilization works on the road to Tenche, left bank; and the construction of the wharf was started, to carry out the underwater works in charge of the contractor DCN. This construction is located on the left bank of the embankment upstream of the dam.



With the entry into commercial operation of the new Ituango hydroelectric power plant, a renewable energy source, **the country's energy supply will increase by 17%** for the benefit of all Colombians.



Intermediate discharge: the activation of the bypass of the intermediate discharge was completed and the concrete filling of the manhole-type reservoirs of each of the gate wells was completed, as well as the concrete lining works in the access gallery 285 and the acceleration window 260, and the enlargement of plug 12 and plug A. The construction of the free flow channel in the intermediate discharge was also completed. The construction of the free-flow channel at the intermediate discharge was also completed.

Pre-stopper (tunnel plug) 2 Right Diversion Tunnel (TDD): the construction of the 63 micropiles and the respective grouting was completed; the grouting of the micropiles in the sediment zone, the primary, secondary and tertiary grouting, as well as the verification borings were also performed. In addition, the drilling of auger holes for the launching of gravel and sand (*Slurries*) was completed.

Inspection work began on the right deviation tunnel (TDD), to prioritize the launching of spheres of tunnel plug 2, and the nylon spheres were manufactured. Nylon sphere launching activity began.

Depressurization of the left detour tunnel - (LRT) and demolition of plug III were performed to access the tunnel and start drilling towards tunnel plug 1.

Installation of gates in adduction wells: the main gates in wells 1 to 8 are installed and operational. The assembly of the auxiliary floodgates is 87.2% complete.

Excavations and treatments were completed on the slope, in the upper part of the gate plaza at elevations 607 and 597, with an excavated volume of 392,438 m³. Treatments are being carried out in the unstable area of the upper part, with concrete casting, installation of electrowelded mesh, drilling and injection of bolts, and drainage.

Upper pipelines: the demolition of the upper elbows of pipelines 1 to 4, and the installation of additional support and gantry cranes to adapt the area where the armor lifting equipment will be positioned, were completed. In the upper conduction 1, once the hoisting equipment

was positioned, reinforcing steel was installed in the area where the armor was connected to the existing concrete.

For armor entry, support pedestals for the cross beams were adapted and built-in galleries A and D north for conduits 1 and 2 and in branches 3 and 4 for conduits 3 and 4, and the perforations and injections for the waterproofing curtain in upper conduits 1 to 4 were completed, and the treatments in galleries A, C, E and gallery D north were completed. In 2022, work will be carried out to expand the section in gallery D south, as well as treatments for its rehabilitation.

Lower pipelines: in lower elbows 1 to 4, demolition and cleaning were carried out in preparation for the installation of the armor. In the lower conduction elbows 1 and 2, the assembly of ferrules and the pouring of concrete for the armoring installation began. In lower elbows 3 and 4, the demolition of the concrete for the connection of the ferrules was completed.

Powerhouse: the access tunnel to the powerhouse was rehabilitated. Some work is being carried out intermittently because access is required for equipment entry. Consolidation treatments and injections were completed in the lower and upper south galleries.

In unit 1, the concrete pouring of the main slab up to level 217 was completed, as well as the pouring of the generator enclosure wall and the assembly of the rotor blades for unit 1 began, and the cylindrical valve for the same unit arrived at the site.

In unit 2, the vacuum tube was embedded and the massive concrete around the spiral chamber already released was completed. To date, the activities for the concrete of the generator enclosure continue.

In units 3 and 4, concrete demolition and equipment removal was completed, regularization concrete was poured, the massive concrete pouring of the suction pipe of unit 3 was completed, and the concrete pouring of the straight section of the suction tunnel of unit 4 was started.

In the north services building, the first part of the metallic structure arrived for installation, which started the assembly of metallic columns.

Completed assembly and testing of the 300-ton overhead cranes 1 and 2 at the powerhouse.

In suction tunnels 1 and 2, the concrete was poured for the lining of sections 2 and 3 and activities began for the assembly of the armored extension; at the same time, progress is being made with the assembly of the suction gate. The filling of the cavity of the suction tunnel 2, between the powerhouse and surge tank 1 up to elevation 245.4 was completed.

In suction tunnels 3 and 4, the installation of steel, formwork, and pouring of the gables continues, and at the same time, the assembly of the suction gate is in progress.

Transformer cavern: the construction of the portico and stairs in the south area was completed, as well as the treatments in the cells in the north sector, and progress was made in the cells in the south sector. The firewall and lintel wall in the south sector were demolished and rebuilt, and treatments were carried out on the upstream and downstream walls, as well as drilling for geophysical tests.

The civil works at the inclined cable shaft were completed, and the assembly of the elevator for the inclined power cable shaft was also completed.

Surge Tank 1: construction of the construction of both the gantry of Surge Tank 1 and the gantry of the floodgates was completed, as well as the installation and positioning of the guides on both sides of the suction floodgates of units 3 and 4. In 2022, the assembly of the plates and guides of the suction floodgates of units 1 and 2 will continue.

Discharges of the power plant: the concrete pouring of the structure of the exit portal of discharge tunnels 1 and 2 were completed, as well as the enhancement of the protection scaffold of the power plant's discharges. Progress was made with the cleaning and removal of materials from discharge tunnels 1, 2, and 3.

The removal of aggregate material from the bed on the left bank of the Cauca River, downstream of the discharges, began. In addition, shotcrete was applied to the lower part of the access road to the El Beso bridge.

Stationary ring and spiral chamber.



Rotors and stators of the generation units.

1.2. Electromechanical equipment assembly progress

Turbines and generators: the manufacture and supply of these elements affected by the contingency were 95% complete. Their assembly showed the following progress:

Turbine and generator assembly

Component	U1	U2	U3	U4
Suction tube	100%	100%	100%	91.39%
Spiral chamber	100%	100%		
Turbine assembly	7.3%	2.3%		
Generator assembly	10.8%	2.3%		
Isolated phase duct assembly	39.7%	18.7%		

Assembly of Unit 1: the assembly of the suction pipe and the spiral chamber was completed. The assembly of the stationary ring machining equipment and the assembly of the lower cover assembly and maintenance device continued.

Progress was made with the installation of anchors and insulated phase bar ducts, as well as with the assembly of the suction pipe shielding extensions.

Work continued on the rotor and stator in the assembly area, and the cylindrical valve of this unit was brought into the assembly room.

Assembly of Unit 2: the assembly of the suction pipe and the spiral chamber was completed, progress was made in the pressurization of the spiral chamber, the installation of anchors and the insulated phase bar ducts, and the assembly of the suction pipe shielding extensions.

On the other hand, work continued on the rotor and stator in the assembly area.

Suction tube assembly 3: completed the assembly of the suction tube, welding, dimensional control, and non-destructive testing of the stationary ring.

Assembly of suction pipe 4: the assembly of the 16-inch diameter pipe for the turbine balance line was completed, and progress was made with the concreting of the suction pipe.

Power transformers: 19 transformers and their associated equipment affected by the contingency were manufactured and delivered. The assembly of transformers corresponding to generation units 1, 2, 3, and 4 showed the following progress:



Power transformer assemblies

Component	U1	U2	U3	U4
Mechanical assembly	100%	100%	70%	52%
GIB installation	86%	88%	51%	0%
Neutral installation	93%	86%	55%	55%
Instrumentation and control	100%	100%	86%	69%
Special electrical tests	75%	75%	75%	0%
Total progress	93%	84%	69%	38%

Progress was made with the electromechanical assembly, control, and instrumentation tests, installation of the GIB modules, and connection to the 500 kV cable terminal (coupling duct between the transformer and the 500 kV power cable).

Manufacture and supply of armor for pressure shafts and lower conduction tunnels:
the manufacture of ferrules for pressure shafts 1 to 4 progressed as follows:

Manufacture of ferrules

Well No.	U1	U2
Well 1	70	70
Well 2	70	70
Well 3	70	46
Well 4	70	5
Total	280	191



There are 191 ferrules manufactured for the complete shielding in shafts 1 and 2 and part of shaft 3; progress was also made in the manufacture of the replacement ferrules for the shielding of lower tunnels 1 and 2.

Cable tray assemblies: in the powerhouse, progress was made with the assembly of cable trays for unit 1; in the transformer cavern, cable trays were installed in the transformer cells; in the busbar gallery, the power, and control system was installed, and progress was made with the assembly of cable trays in the upper north gallery and the access tunnel to the powerhouse.

500 kV power cables: 9 500 kV power cables corresponding to the first three circuits of the first stage were laid, and 10 high voltage cable terminals were made and connected, including those of the first circuit.

Firefighting system: installation of fire detection and alarm *conduit* piping, aeration tunnel, access tunnel, and transformer cavern, as well as installation of hydraulic piping in the transformer cavern.

1.3. Dam stability studies progress

Pöyry: this contract sought to obtain a clear, precise, detailed, and objective opinion on the current stability conditions (under the contingency scenario) and future stability conditions (under the operation scenario) of the future Ituango hydroelectric power plant. It started on October 1, 2018, with a completion date, according to AMB7, of March 31, 2021.

The contract was extended to meet the request of the National Environmental Licensing Authority (ANLA) to present the "Final Report - Resolution 820" to the advisors and/or officials of the environmental authority, as well as to EPM and/or Sociedad Hidroeléctrica Ituango S.A. E.S.P.

The expert opinion issued by Pöry was delivered to the National Environmental Licensing Authority (ANLA) on January 3, 2022, with two corrections that were requested by the environmental authority compared to its first version that was filed on December 29, 2021.

ANLA, will determine compliance with what was requested in Resolution 0820 of June 1, 2018, and based on its analysis will define if what was consigned in Pöry's document complies with what was requested for an eventual lifting of the preventive measure imposed on Hidroituango.

Hatch: the purpose of this contract was to obtain an analysis of the behavior of the dam with the inclusion of the plastic concrete (bentonite) screen in the priority filling. It started on May 28, 2019, and ended, according to the AMB6 (Bilateral Modification Act 6), on June 30, 2021.

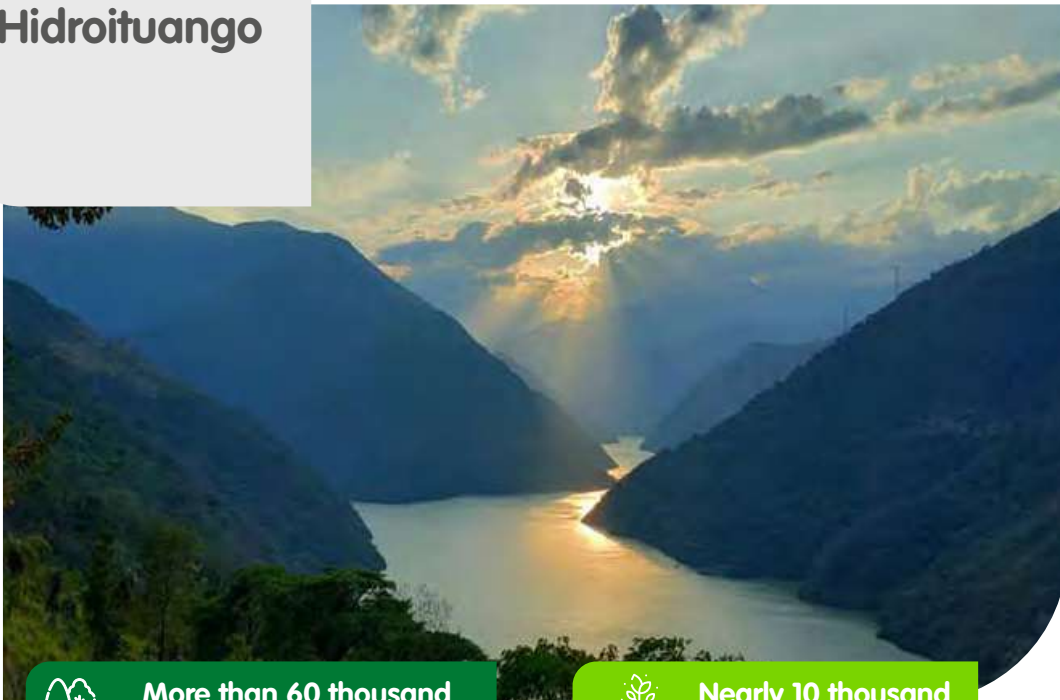
EPM received the static and dynamic analysis report subject to this contract in accordance with the provisions of the particular conditions.



EPM is a pioneer in Colombia in underwater mechanical works. To perform these maneuvers, expert divers submerged to a depth of 50 meters in the Hidroituango reservoir.



Hidroituango



More than 60 thousand individual trees

— planted between 2018 and 2019 rehabilitating **90 hectares** of forests, maintaining and monitoring them to date.



Nearly 10 thousand hectares

— of protected forest, in **addition to ecological restoration.**





Environmental Management Plan (EMP)



2. Environmental Management Plan (EMP)

2.1. Advances in the physical environment

The Environmental Management Plan (EMP) authorized by ANLA through Resolution 0155 of 2009 consists of 10 programs and two subprograms for the prevention, control, mitigation, and compensation of the impacts generated on the physical environment, as shown in the following diagram:

Physical environment management program	
Atmospheric quality management program.	Excavation materials handling program.
Surface water management program.	Domestic and industrial wastewater management program.
Integrated waste management program.	Program to manage impacts caused by vehicular traffic.
Materials source management program.	Instability and erosion management program.
Program for filling the reservoir and detour of the Cauca River.	Reservoir management program. <ul style="list-style-type: none"> • Reservoir operation subprogram. • Macrophytes and floating debris management subprogram.

The following are the main advances of each of the physical environment programs and sub-programs for 2021.

2.1.1. Air quality management program

With the execution of the activities of this program, we seek to minimize the impact on the air, with activities such as:

- Wetting of roads and exposed areas by means of tank cars and sprinklers.
- Cargo cover (tents) for dump trucks.
- Emission control systems in crushing, concrete, and asphalt plants.
- Tent storage and humidity control for stone construction materials stockpiles.

In relation to fixed sources, all crushing and concrete plants are monitored in order to define the generation of particulate matter. In 2021, preventive and corrective maintenance was performed on the bag and cartridge filters located in the cement and ash storage silos at the concrete plant of the future hydroelectric power plant.

Regarding mobile sources, Hidroituango continued with the maintenance of vehicles, the technical-mechanical review, and the optimal conditions of bodywork and operation of machinery. The 288 vehicles and equipment comply with the technical-mechanical and gas review certification, in accordance with current regulations in Colombia established in Resolution 0019 of 2012.

During 2021, 12 particulate matter samplings, 4 gas samplings, 9 particulate matter, and noise estimation samplings, 864 laboratory analyses for particulate matter, and 1,152 laboratory analyses for SO₂-NO₂-O₃ and CO gases were performed.

Cleaning of filters in cement storage silos.



Implementation of ventilation system for confined spaces.

2.1.2. Excavation material handling program

The activities of this program were carried out to avoid and minimize impacts on air, water, and soil during excavations for the construction of the required infrastructure and works. The activities were:

- Collection of excavated materials and disposal of these in deposit areas.
- Conformation and final compaction of the materials in the deposit areas.
- Construction and maintenance of drainage works.
- Final revegetation of the entire intervened area.

2.1.3. Surface water management program

This program contributed to reducing the impacts generated on water resources. The activities carried out were:

- Water source gauging.
- Follow-up on the use of the resource.
- Operation of water intakes.
- Construction of ditches and canals on roads and reservoir areas.

Likewise, the streams, reservoir, and Cauca river upstream and downstream of Hidroituango were permanently monitored. In 2021, 2,152 samples were taken and 31,805 laboratory analyses were performed.



The following photographic record shows some of the activities carried out:

Adequacy of water pumping system for industrial use.



Cleaning of hydraulic works for the drainage of rainwater and runoff.

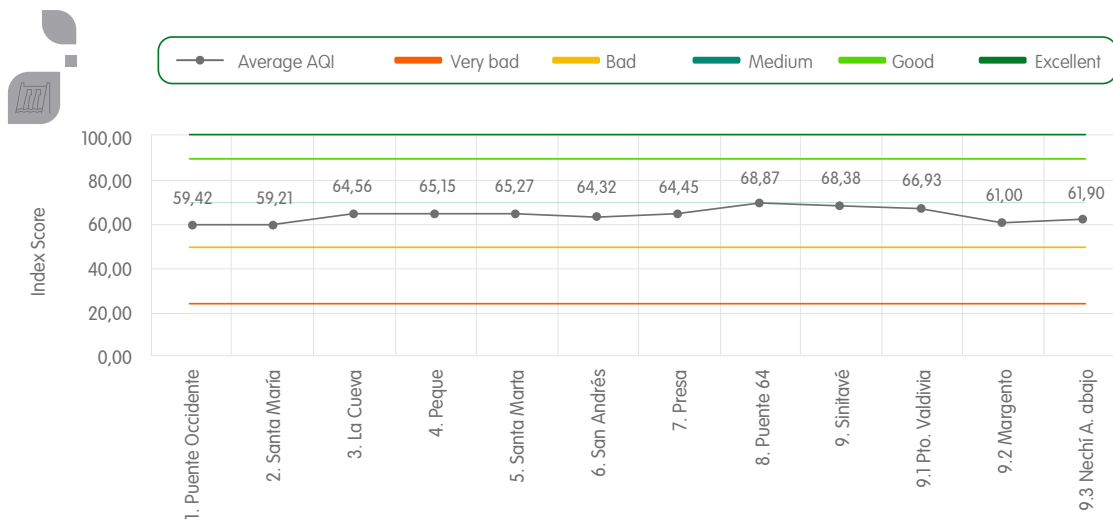
Water quality classification by Water Quality Index (WQI)

One of the major concerns of the environmental authority is to determine if there is any effect on water quality due to the formation of the reservoir. In order to determine such variation, different indexes have been implemented, among them the *Water Quality Index* (WQI), developed in 1970 by the *National Sanitation Foundation* (NSF) and widely used around the world.

This index adopts for optimum conditions a maximum value of 100, which decreases with increasing pollution of the watercourse under study.

During the year 2021 it was determined that the quality of the water arriving from the tail of the reservoir to Nechí has an average quality, however, it was observed that the quality values were improved by the reservoir, going from an average value of 59 units upstream to 69 units at the discharge of the project, as can be seen in the following graph:

Water Quality Index - AQI NFSWQI



The latest sampling results in the Cauca River and in the reservoir corroborated once again the **high degree of stability** that has been reached.

2.1.4. Domestic and industrial wastewater management program

It seeks to minimize the impact generated in the water by wastewater discharges generated in the different facilities of the Project, with the execution of activities such as:

- Treatment of domestic and industrial wastewater.
- Permanent monitoring of discharges and receiving water sources.
- Portable sanitation systems for construction sites.



During the year 2021, the strategies for the treatment of domestic and industrial wastewater continued, and it was ensured that there were no discharges of pollutants into water sources.



A total of 139 samplings and 2,637 laboratory analyses of **domestic wastewater (DwW)** and 77 samplings and 3,250 laboratory analyses of **non-domestic industrial water (NwIW)** were performed.

Preparation of anionic flocculant for the treatment of non-domestic wastewater.



Expansion of the capacity of the domestic wastewater treatment system.

2.1.5. Integrated waste management program

It seeks to minimize the impact generated on the soil, water, and air as a result of the generation of liquid and solid waste at the different construction sites. The most relevant activities were:

- Source separation.
- Harvesting.
- Storage.
- Final provision.
- Utilization.
- Treatment.

In 2021 the new color code was implemented according to Resolution 2184 of 2019. Environmental education campaigns, staff training, and educational material were conducted in all Hidroituango facilities. From EPM's Environmental Management team, training was scheduled for the environmental leaders of the different contractors of the project, the topics addressed were:

- New color code according to Resolution 2184 of 2019.
- Integral management of hazardous waste.
- Recycling culture.
- Contingency measures for chemical spills.

Likewise, the registration of hazardous waste storage facilities managed by EPM was carried out in compliance with Resolution 1362 of 2007, which establishes the requirements and procedure for the registration of hazardous waste generators.

Visits were made to waste managers in those places where waste generated by the project is used, treated or disposed of. An analysis of alternatives for the final disposal of non-usable waste was also carried out, taking into account that Bolivia's sanitary landfill has reached the limit of its authorized capacity.

2.1.6. Vehicle traffic impact management program

The measures implemented in this program focused on mitigating the impacts caused by vehicular traffic in the area of influence of the future hydroelectric power plant.

A total of 7,453 traffic signs were installed to minimize the risk of accidents on permanent and temporary roads, guaranteeing the physical integrity of users (pedestrians, drivers, workers) and wildlife that occasionally crosses the roads.

In addition to the above, the activities were also aimed at mitigating the impacts associated with air pollution from particulate matter and gases.

The activities carried out in 2021 were as follows:

- Moistening of the pathways.
- Installation of preventive and informative signage on speed restrictions, crosswalks, and wildlife protection.
- Preventive and corrective maintenance of vehicles, machinery, and equipment.
- Installation of speed reducers.

Verification of current technical-mechanical and gas vehicle inspection documents.



Maintenance workshop.

2.1.7. Construction materials source management program

It aims to minimize the impact on water, soil, air, and flora. The program focused on the proper environmental management of the areas where construction materials are extracted and exploited. In 2021, revegetation and surface water management activities in the material source areas will stand out.

Actions were also implemented, such as:

- **Air quality:** humidification of access roads and exposed areas, cargo truck covers for transporting materials.
- **Water quality:** rainwater and runoff water management through drainage works and their maintenance, as well as the construction of energy dissipation works.
- **Closure plan:** final shaping of the exposed areas and construction of drainage works to improve soil stability, avoid erosion processes and minimize the impact of landscape deterioration.

Construction of ditches for surface water treatment.



Repair of drainage works in revegetation areas.

2.1.8. Instability and erosion management program

Through the implementation of this program it was possible to prevent, avoid and minimize the impact generated on the soil and water by erosion or instability processes during the development of Hidroituango's activities, generated by natural phenomena that could affect the works.

In order to meet this objective, the following activities were carried out:

- Slope profiling and shaping treatment, drainage works for water control and revegetation of the slopes.
- Treatment of areas with erosive processes or instability through shaping, drainage works in polimez, and revegetation.
- Treatment with electrowelded mesh, shotcrete, subdrains, and bolting.

In addition, instability and erosion monitoring was carried out at 67 sites in the reservoir area and downstream of the Project, at the construction sites, and on the Puerto Valdivia - Dam road.



Periodic monitoring of the reservoir was carried out; this activity is necessary while the upper level is reached and the stabilization period of the reservoir is fulfilled.

Monitoring of unstable slopes in the reservoir.



Complementary treatments to revegetation.

2.1.9. Macrophytes and floating debris management subprogram

This subprogram is aimed at controlling macrophytes (water cichlid) and floating waste in the reservoir, and began in May 2018 as a result of the contingency in the Project. Activities such as: removal from the reservoir, separation, classification, final disposal, and treatment of the watermil foil and floating waste were carried out.

For the mechanical extraction operation, there are two ports in the municipality of Sabanalarga, called La Pista and Arenal, in addition to the ports of Algarrobo, Mameyes, and Bocas de Niquía as a backup.

Confinement and hauling of material to the extraction port.



Transfer of macrophytes.



The extraction of the material was carried out with the support of the associations of community action boards of the municipalities of Sabanalarga, Ituango and Mogotes, Angelina and Valle de Toledo, which were employed through Social Contracting.

In 2021, **74 jobs** were generated with this program.

Coverage of floating material in the reservoir

Coverage was monitored weekly with the PLANET tool, through the processing of satellite photographs and contrasted with the evidence recorded in the field. **The area with coverage in the reservoir is of the order of 4.9%, equivalent to 158.38 hectares, indicating that the objectives are being met.**





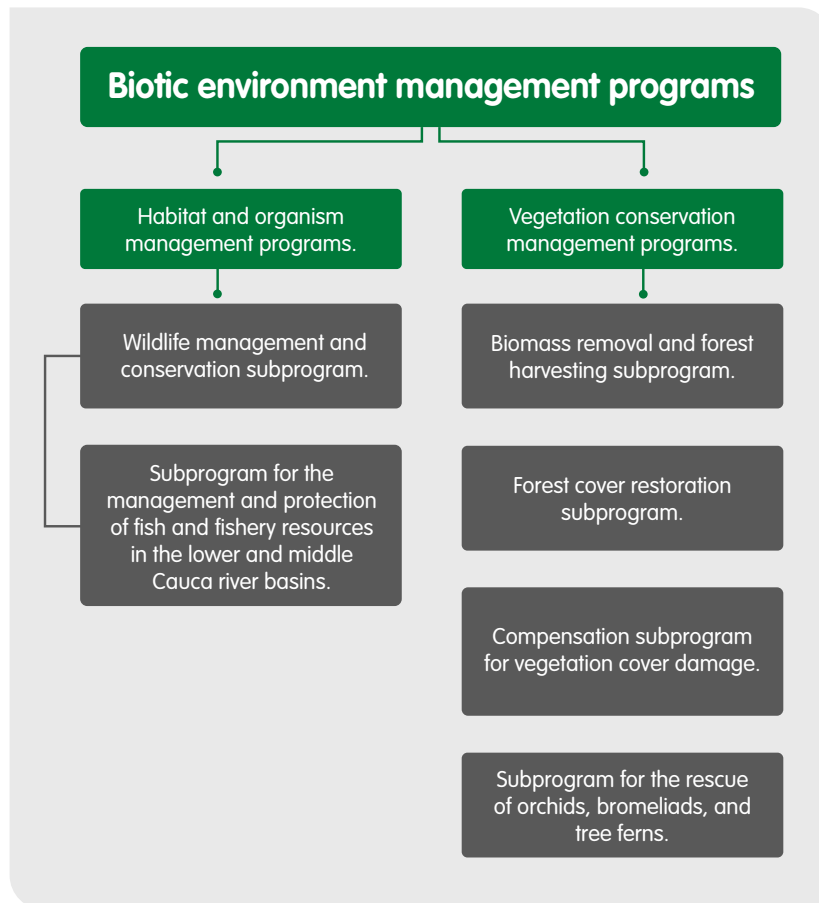
EPM supported the fishing management process in the Hidroituango reservoir.

The National Aquaculture and Fisheries Authority, the University of Córdoba and the Wetlands Foundation visited Hidroituango and verified the conditions of the reservoir.

This visit made it possible to ratify the measures that serve to promote **responsible fishing in the reservoir and ensure the safety of the communities and environmental protection.**



2.2. Advances in the biotic environment



2.2.1. Habitat and organism management program

It is divided into two subprograms:

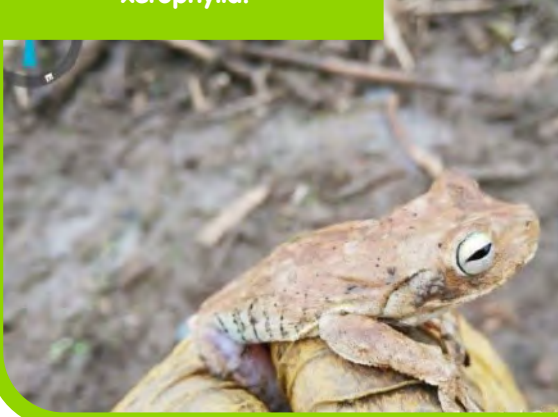
2.2.1.1. Wildlife management and conservation subprogram:

The activities carried out in this subprogram contributed to minimize the impacts caused by the construction and operation of Hidroituango on wildlife. In addition to monitoring and follow-up in the area of influence of populations and species with high conservation value.

During the year 2021, the activities of scaring, controlled dispersal, rescue, and release of wildlife continued at construction sites such as roads and main works. The Wildlife Care and Assessment Center (CAV) operated permanently to receive and manage individuals that were affected by the different activities and works. In 2021, 19 individuals received veterinary care.

In the compensation areas of the future Ituango hydroelectric power plant, wildlife was monitored in the areas designated for conservation and ecological restoration, in order to evaluate the no net loss of biodiversity and changes in the composition and structure of the different populations. Likewise, population studies of fauna species continued with significant progress in the design, implementation and socialization of strategies for monitoring, follow-up, management, protection and conservation of focal species of birds present in the area of direct influence of Hidroituango. In the case of other species of interest, such as felines and otters, contractual processes were advanced to continue monitoring them during 2022.



Rescue of frog boana
xerophylla.

Rescue of wild cats.

2.2.1.2. Sub-program for the management and protection of fish and fishery resources in the middle and lower Cauca river basins.

Within the fish and fishery component, there are programs for the management, monitoring, conservation and protection of fish and fishery resources in the lower and middle Cauca river basins, the latter associated with the Hidroituango operation phase. During 2021, the three main monitoring activities continued:

- Monitoring of the association of fish species located in the lower and middle Cauca river basins.
- Monitoring the reproductive activity of migratory species in the lower and middle Cauca river basins (spawning areas and migratory routes).
- Monitoring of fishing activities in the lower and middle Cauca river basins.

With the University of Cordoba, the spawning areas were evaluated in 34 stations, with weekly sampling and with greater intensity during the reproductive periods.

The tagging in 2021 was 2,496 individuals of 10 species, of which the largest number of fish tagged was bocachico *P. magdalenae*, which, according to the results, is one of the main fishery resources in Colombia.

Fish tagging activity to learn about migration routes.



In relation to the fishing dynamics carried out by the Fundación Humedales, activities continued to collect data on catches per unit of effort and trade, as well as size, weight and sexual maturity of the different fish species subject to fishing use in the area. In addition, the “Bagre Component” began, in which the National Aquaculture and Fisheries Authority (AUNAP) also participates and which seeks to develop socioeconomic alternatives to the striped catfish ban and strengthen the governance of fishing in the middle and lower Cauca.

2.2.2. Vegetation management and conservation program

2.2.2.1. Biomass removal and forestry harvesting subprogram

It manages the impact generated on the flora, landscape and wildlife, both in the area of works, roads and camps, as well as in the reservoir basin. The following activities were carried out as part of this subprogram:

- Adequacy of roads.
- Topographic alignment.
- Wildlife repelling or rescue.
- Rescue of epiphytes and other plant species.
- Clear-cutting, cutting, limbing, transportation and stockpiling of forest products or by-products.

Tree tapping near logging sites.



Removal of vegetation in the polygon.



At the end of 2021, **Hidroituango's forest harvesting** was 1,496 ha intervened. Includes reservoir and other works (roads, camps, industrial areas, dam wall and geotechnical stabilization works), with a **total volume of forest biomass removed equivalent to 146,912 m³.**



2.2.2.2. Subprogram restoration of vegetation cover

Reforestation work in the buffer strip has progressed in logistical and operational activities related to tree planting. The main activities focused on the adequacy and maintenance of roads (approximately 2,384 m), as well as on the layout and hole digging, which is carried out at a density of 500 trees per ha, and with distances of 4.5 m between each hole. Each hole was cleaned, including weeding, cutting of branches at ground level, removal of branches and vines, among others.

Growing areas in the El Palmar greenhouse.



Hoyado.

In total, the El Palmar greenhouse delivered 49,000 individuals, represented in 20 species, which were planted in the protection strip.

2.2.2.3. Subprogram for compensation for vegetation cover damage

The main objective is the no net loss of biodiversity and the recovery of the ecosystem services provided by the different ecosystems found within the compensation areas.

The environmental license and its subsequent modifications or permits with other authorities established an obligation to compensate 17,471 ha. To comply with this obligation, Hidroituango acquired areas along the Cauca River canyon and adjacent to the reservoir that comply with the ecological equivalence of the ecosystems affected during its construction.



As of December 2021, **the areas acquired by Hidroituango totaled 17,779 ha of forest.** 4,058 ha correspond to tropical rainforest (bh-T), 13,717 ha to **tropical dry forest (bs-T)** and 4 ha to **premontane rainforest.** This management exceeded the requirements established in **the different obligations.**



In addition to the aforementioned areas, 6,494 ha of areas located in the premontane rainforest life zone (bh-PM) were acquired voluntarily, which contributes to the connectivity between the areas of importance for Hidroituango, the mobilization of wildlife, the protection of water resources and the generation of ecosystem services provided by these forest coverages.

Ecological restoration tests following and monitoring.



The ecological restoration pilots, carried out in the areas of the future Ituango hydroelectric plant, were the main input to identify the most successful ecological restoration strategies and design the ecological restoration plan for all the compensation areas. These actions are expected to be developed in a period of less than 20 years and will begin in 2022 with a total of 5,500 ha that have a high priority to be restored due to their current conditions.

2.2.2.4. Subprogram for the rescue of orchids, bromeliads and tree ferns

Phenological monitoring
of relocated epiphytes.



Rescue of epiphytes.

The activities carried out in this subprogram are aimed at the protection and conservation of species of vascular epiphytes and tree ferns in the area of influence of Hidroituango that may be affected by the construction of works and adaptation of areas. These activities include the rescue, relocation, and maintenance of individuals.

The relocation of the rescued individuals was done in selected and previously characterized sites with optimal conditions for the adaptation of these organisms, maintaining similar physical-biotic conditions to those found at the rescue site.

Maintenance and monitoring of the phenological state of the relocated individuals were also carried out at these sites.

In 2021, rescue, maintenance, monitoring and follow-up activities were carried out on the individuals rescued during the execution of the main works and maintenance activities on Hidroituango's roads; in the reservoir area, no activities were carried out to remove vegetation cover, manage fauna or rescue orchids, bromeliads and tree ferns.

Hidroituango



141,620

— school packages delivered Hidroituango since 2011.



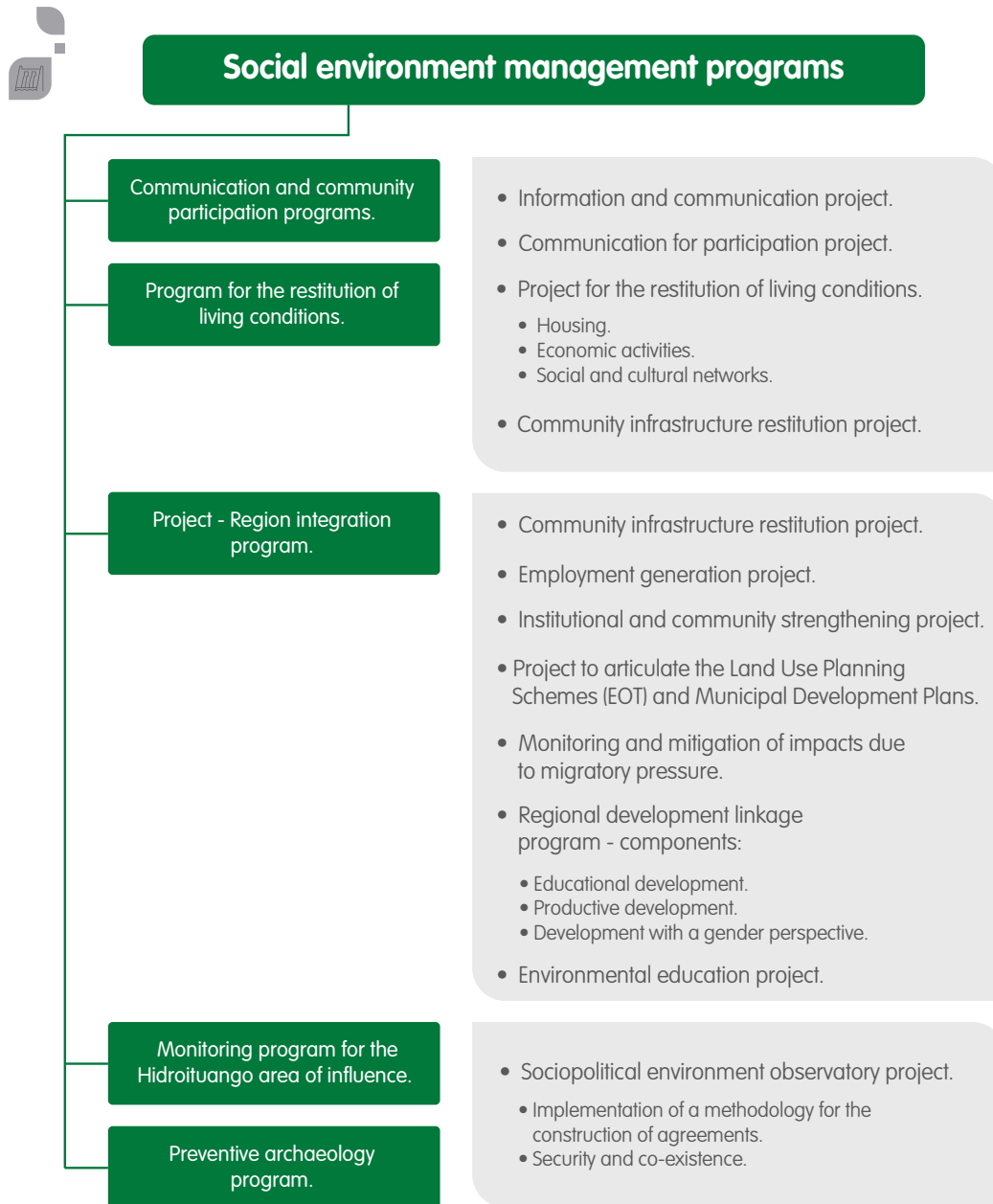
23,000

— school kits delivered in 2021 in the urban areas of the **12 municipalities** in the Project's **area of influence** and **6 municipalities of Bajo Cauca**.



2.3. Advances in the socioeconomic environment

The socioeconomic environment is made up of 5 programs and 11 projects:



The main advances in the implementation of the PMA for the social environment in 2021 were:

2.3.1. Communication and community participation program

In order to give continuity to the program and enhance the building of relationships of trust and mutual understanding between the stakeholders in the area of influence of Hidroituango and EPM, communication strategies were implemented based on the generation and delivery of accurate and timely information, as well as the promotion of spaces for dialogue and the strengthening of communication and leadership skills.

In 2021, the Hidroituango communication plan was executed with the objective of positioning the Project as the work that will provide energy security for Colombians, strengthening the confidence of the different stakeholders in EPM and in the Project itself, and evidencing the technical progress, social and environmental management and its contribution to the development of the territory.

The communication work was developed along three strategic lines:



Informative: it made visible the progress of the main works of the project, the social and environmental management and the facts of progress in the territory. As well as to show the respect that the Company has had for minorities, human rights in general and the responsible attention to social and environmental impacts.



Educational: generated spaces for dialogue and integration of the community so that, through different strategies, they can understand and take ownership of opportunities of the Project and thus build a joint vision of the future.



Participation and relationship building: strengthened and provided stakeholders with spaces for dialogue and tools for conscious and active participation in the Project's affairs and the benefits it will bring to the territory.

This program consists of two projects: communication for participation and information and communication.

2.3.1.1. Communication for participation project

This project has several focuses, including youth collectives, citizen oversight groups, neighborhood conversations, municipal and institutional conversations, and attention to requests, complaints, claims and requests from the community (PQRyS). During 2021, different meetings, workshops and dialogue spaces were held in order to inform about the progress of the future hydroelectric power plant and the activities of the Environmental Management Plan, share with the youth practical tools on content production, media analysis, as well as communication and leadership skills, among others.

Socialization of the beginning of activities.



2021/3/11 10



Community discussions.



2.3.1.2. Information and communication project

Radial strategy:

- **Radio for the people:** the radio strategy continued with two programs, **Sobre la Mesa and Con Vos**. During 2021, approximately 104 programs were broadcast, connecting communities to talk about topics of common interest: environment, development, biosafety protocols before COVID-19, opportunities and progress of the Project in the environmental and social media. The contents and radio dialogues with the community can be listened to at the following links:



See <https://www.epm.com.co/site/home/epm-radio/en-la-hidroelectrica-ituango/con-vos>



See <https://www.epm.com.co/site/home/epm-radio/en-la-hidroelectrica-ituango/sobre-la-mesa>

Printed media with periodical circulation:

- In order to continue providing timely information to the different stakeholders, the virtual edition of the newspaper "La Voz de Ituango" in its versions No. 86, 87, 88, 89, 90, was distributed through WhatsApp groups with authorities and community leaders, email, educational institutions, women's associations, productive associations, service providers, media, armed forces, environmental committees, youth groups and organizations of indigenous communities. The material can be consulted at:



See <https://www.epm.com.co/site/publicaciones>





Primers in the 12 municipalities

- During 2021, 4 brochures were distributed in the 12 municipalities of Hidroituango’s area of influence, especially in rural areas, in the Community Attention Offices and through different departments of the municipal administrations, community action boards and Asocomunales, with the following topics: COVID-19, leishmaniasis, socializing the content of the Project’s Environmental Management Plan and the regulatory commitments of environmental, social and occupational health and safety management, in accordance with the established Environmental Management Plan.

Press releases and newsletters:

- 12 press releases were issued to the local community on specific topics of interest: road information, ferry schedules and community mobilization, among others. Additionally, 6 bulletins were distributed by e-mail to the personnel working in the main Hidroituango works.

Radio spots or informational flyers:

- Nearly 1,000 flyers were distributed with information on the maintenance and improvement of road infrastructure, construction of the Palestina and El Turco pedestrian bridges, partial closures of the Project's roads, among other topics of interest.

2.3.2. Program for the restitution of living conditions

Aimed at restoring the living conditions of those affected in the components of: habitat, housing, social networks, economic base and community infrastructure.

It is important to highlight that there are 1,299 families affected by the construction of the project, 279 families with physical displacement, 1,020 families with economic displacement, including 849 mining families, 171 with other economic activities (gold buyers, muleteers, services, river transport, commerce, 59 who were compensated for the temporary loss of economic activity), and 2 companies compensated for providing river transport services in the town of Puerto Valdivia.

The population affected in their living conditions was identified by Hidroituango from the previous studies between 2006, 2008, 2009 and 2010, complying with the processes of participation, which included local authorities, presidents of community action boards, as well as families and individuals directly impacted in their habitat, economic base and/or social and

cultural networks. A total of 1,299 people were identified with whom processes have been carried out to agree on their management measures in accordance with the provisions of the Unit Values Manual. **As of December 2021, the agreement with 1,269 families has been closed and with the other 30, the entire legal procedure for agreement and payments is underway.**

Acquisition of land

As part of the process of restitution of living conditions, habitat and economic activity, work continued on the acquisition of land by the pending families.

During this period, the search, management and acquisition of a property for a family that still required it was carried out. As of December 2021, 237 of the total of 238 families with affected habitat had a restitution housing property.

Visit to the properties.



2.3.3. Project-Region integration program

Its purpose is the insertion of Hidroituango in the region through the interaction between EPM, the communities in the area of influence, public or private institutions and the political-administrative entities of the region.

The projects that make up the Project-Region integration program are as follows:

- **Institutional and community strengthening project:** through meetings and workshops with municipal administrations, the Organizational Capacity Index (ICO) instrument was applied to the 62 community organizations strengthened by Hidroituango.
- **Hidroituango articulation project with the Land Use Planning Schemes (LUPS) and Municipal Development Plans (MDP):** continued execution of the agreement with the National University for the study of threats, vulnerability and risks for the updating of the EOT and the articulation of the reservoir's management plan.
- **Monitoring and management of impacts due to migratory pressure:** measures to prevent, control or mitigate the impacts identified were agreed upon in a participatory manner in technical roundtables with municipal coordination bodies. In the municipalities of San Andrés de Cuerquia, Toledo, Ituango and Valdivia, where some impacts were identified, projects were carried out in the following areas: Primary Health Care (PHC), expansion of health coverage, development with a gender perspective, and development of promotion and strengthening of the Social Organization of Women.
- **Promotion and Strengthening of Women's Social Organization:** 29 municipal workshops were held with the participation of 14 women's associations.
- **Environmental education project:** educational activities for the use and appropriation of the educational infrastructure were carried out in more than 20 schools in the municipalities of the area of influence with a theme oriented to conservation, care and respect for the environmental ecosystem. ECOS environmental week was also held virtually in the 12 municipalities of the area of influence, with a program related to ecosystem restoration.



In the employment generation project, the Hidroituango policy was aligned with the national employment policy through the Comfenalco platform; 7,904 jobs were generated, **29% of which belong to the municipalities in the area of influence** of the future Ituango hydroelectric power plant.

2.3.4. Hidroituango area of influence monitoring program

The sociopolitical risk matrix was updated, emphasizing the risks in terms of collective social action, human rights, security and strategic litigation to which Hidroituango is exposed at the local, regional, national and international levels. This input was essential to give the necessary alerts and take preventive and corrective measures to avoid or mitigate the materialization of the risk.

2.3.5. Preventive archeology program

Preventive archeology actions were carried out mainly in the following works:

- **La Angelina Bridge, Macrophyte reservoir and deposito El Aro:** the general polygon of Hidroituango's socioeconomic influence area was registered with the Colombian Institute of Anthropology and History (ICANH) and the necessary information was gathered to include these works as specific polygons.
- **Vía Tabacal:** the company Arqueológicas was in charge of the archaeological work on this road. It delivered weekly and monthly reports and by the second half of 2021 completed the entire Archaeological Management Plan (rescue, monitoring and public archeology), which was supervised by EPM.

2.3.6. Indigenous communities

During the year 2021, all the activities programmed with the indigenous communities were executed. The main activities and progress were:

- Monthly follow-up (face-to-face) with the Nutabe de Orobajo indigenous community in the municipality of Ituango.
- Process with the Red Cross for the design of a certifiable training plan in risk management for the Indigenous Guard for the year 2022.
- Meeting with representatives of the UNESCO Chair in the city of Medellin, where they were given a general context of all the projects to be implemented with the Nutabe de Orobajo indigenous community.
- Proposal of the University of Antioquia - Epidemiological Surveillance System to address the activity of epidemiological health diagnosis of project No. 16.
- Meeting with the National Federation of Coffee Growers and the Nutabe de Orobajo indigenous community and EPM to evaluate the progress of the agreement and define the labor required for the year 2022.

2.4. Disaster Risk Management Plan (includes Contingency Plan)

Progress was made in the implementation of the Hidroituango Disaster Risk Management Plan with greater emphasis on activities related to risk awareness, risk reduction and disaster management processes. In May 2021 EPM delivered to the ANLA the updated version of the Disaster Risk Management Plan.



2.4.1. Risk awareness

Based on a coordinated work between EPM's reference areas and with the participation of all Hidroituango's current contractors, the review, adjustment, update, monitoring, and communication of the status of risks and controls was carried out on a permanent basis.

From the different areas that monitor hydrometric, seismological, interferometric, geodetic and geotechnical variables of the Technical Monitoring Center (CMT), the tracking, measurement, observation and constant monitoring of more than 3,000 variables continued in 2021, thus allowing a comprehensive interpretation of the behavior of all work fronts.

The monitoring was carried out from the Tacuí - Cuní Camp in the PHI and EPM Building, 24 hours a day, seven days a week, guaranteeing the continuous and real time follow-up of the variables in order to carry out a comprehensive analysis of the stability of Hidroituango and issue early warnings and/or activate protocols in case of any new developments.

Technical Monitoring Center
(CMT) EPM Building - Medellín.



Technical Monitoring Center
(CMT) Tacuí Camp Building
- Cuní - Hidroituango.

In the process of communication and risk monitoring, visits were made by entities, universities, representatives of the municipal administrations and communities of the region to the construction sites and the CMT.

Similarly, 37 workshops were held with the Departmental and Municipal Disaster Risk Management Councils (CDGRD - CMGRD) and 390 with population groups located in the area of direct and indirect influence and downstream of the dam.

2.4.2. Risk reduction

The risk reduction process, focused on acting on the existing risk conditions or those derived from the construction and operation of the future Ituango hydroelectric power plant, seeks to modify or reduce these conditions.

This reduction target was advanced in 2021 thanks to the milestones achieved in the Project that will allow to enter into generation in 2022 and reduce the level of risk associated with the continued use of the landfill.

As part of the prospective intervention activities at the territorial level, progress was made in the proposal to implement the Reservoir Management Plan with the competent entities and in supporting the municipalities in updating the Land Management Schemes.

Among the activities aimed at reducing the vulnerability of populations and increasing their capacity to respond to emergencies, 58 drills were carried out in 2021 with an equal number of communities in Antioquia, Bolivar, Córdoba and Sucre.



In 2021, 51 **basic emergency kits were delivered**; a complete emergency package in Briceño and **5 forest fire prevention and control kits**. We also reviewed, repaired, and replaced **the signage** installed on evacuation routes and meeting points downstream of the dam site.



Simulation in the sector of La India Puerto Valdivia.



Installation of evacuation route signs.

2.4.3. Disaster prevention

In the risk reduction process, focused on acting on risk conditions, with regard to the Early Warning Systems, visits were made to verify their operation and a detailed diagnosis of the current state of the systems, repair needs, maintenance, repowering and socialization with the communities, activities that will be executed in 2022. The ambulance service was maintained in the town of Puerto Valdivia thanks to the renewal of the agreement with the volunteer firefighters of the municipality of Valdivia.

Twenty-two workshops were held, 11 drills were conducted and 11 school disaster risk management plans were formulated.

The ambulance service was also maintained in the town of Puerto Valdivia, guaranteeing the provision of basic medical transport services, as well as pre-hospital care and transfers to or from the Valdivia Hospital or any other place indicated for humanitarian work.



Investment 1%



3. Investment 1%

According to Colombian regulations, any project that involves the use of water taken directly from natural sources and is subject to obtaining an environmental license must allocate at least 1% of the total investment for the recovery, conservation, preservation and monitoring of the river basin that feeds the respective water source. Therefore, in Hidroituango during 2021 important activities were carried out that responded to that guideline. **Here are the main actions carried out:**

3.1. General Lines of Action

Follow-up meetings were held with the municipalities in the area of influence where the investment must be made in order to know the state of progress of the commitments they are responsible for and to accompany them in the required procedures. Likewise, we took steps with government agencies and regional environmental authorities to make the financial closure of some projects feasible, in order to cover the indirect costs that are limited in the investment by provision of the ANLA.



3.2. Line of land purchases for the protection of micro-basins

A **title study was** conducted **for 22** of the **29 properties** to be purchased, and an **environmental characterization** was performed **for 11 properties**. The acquisition of 7 plots of land for lack of title and the application of new projects for approval by the environmental authority have yet to be defined with the administrations of Briceño and Toledo.

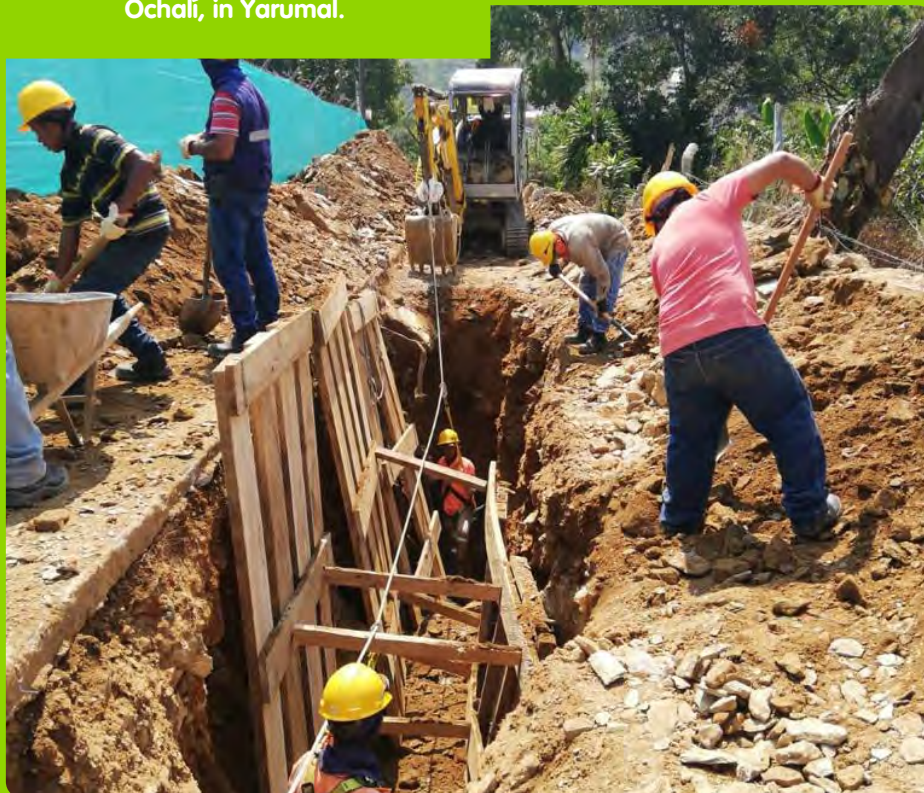
Technical visits were made to the properties being purchased to perform the biotic, abiotic and socioeconomic characterization, in order to validate that they comply with the purpose of the investment, which is the conservation of the basin supplying the local aqueduct, and to determine the current status of the properties in order to establish the recovery and conservation measures they require.

3.3. Basic sanitation line

Three types of projects were identified in this line of investment: domestic wastewater treatment plants in urban areas, septic tanks in rural areas and individual septic systems in rural areas in 11 of the 12 municipalities in the area of influence.

Due to the change in the Water and Basic Sanitation Regulation (RAS), Resolution 330 of 2017, the project designs of the municipalities of Ituango, Sabanalarga, Liborina and Buriticá were reviewed and adjusted; with this information, accompaniment was provided to the municipalities in the steps in their charge such as the purchase of the land where the works will be located and the discharge permits. At the same time, the market study to initiate the contracting process in the first half of 2022 for the WWTPs in the municipalities of Ituango and Sabanalarga.

Construction of collectors, WWTP and septic tank in Corregimiento Ochalí, in Yarumal.





Specific Action Plan - PAE



4. Specific Action Plan - PAE

The **Specific Action Plan for Recovery (PAE)** is framed in Article 61 of Law 1523 of 2012, which states that *“Once a disaster or public calamity situation has been declared and the response strategies have been activated, specific action plans will be prepared for the rehabilitation and reconstruction of the affected areas, which will be mandatory for all public or private entities that must contribute to its execution, under the terms set forth in the declaration and its amendments”*.

After the 2018 contingency, EPM has been implementing actions to attend the affected communities through 9 lines: environmental, social, accessibility and transportation, livelihood, health, education, housing, public services, communication and information; which contain 86 activities with a validity of 5 years counted from 2018 to 2022. EPM requested Dagrán to extend the PAE for one more year; such approval is being processed by the Departmental Council for Disaster Risk Management (CDGRD).



COP 231,849 million was the investment in contingency care and the implementation of the PAE, of which COP 35,000 million was executed in 2021.



The following are some of the actions carried out by each line of the PAE:

4.1. Social line

During 2021, and through a contract with Antioquia Presente, psychosocial support was provided to the community of Puerto Valdivia. In this process, the family group was analyzed

in terms of general characteristics of the members, livelihoods (before, during the contingency and its projection) and conditions related to risk management. As of December 2021, 1,596 families of the 2,490 reported in the Single Registry of Victims (RUD) of the municipality of Valdivia were assisted; of this intervention, 78 families were still active and 1,518 completed the process.

The process of returning the families that remained evacuated in the municipality of Valdivia was completed, as well as the strategy of delivering economic support for COP 713 million, which resulted in total accumulated support of COP 33,556 million.

With regard to institutional and community strengthening for the promotion of human rights and SDGs, progress was made in the management and support of 13 decentralized justice workshops (3 in Nechí, 4 in Cauca, 3 in Cáceres, and 3 in Tarazá), which were carried out in coordination with the Casa de Justicia, Personería, ART, Defensoría and the municipal administrations, with the participation of more than 1,700 people.

In the Environment for Life Program implemented in Valdivia, Tarazá, Cáceres, Cauca and Nechí, a closer relationship with the student community was achieved through the Cuidamundos educational strategy and the community strengthening strategy, which benefited more than 65,000 people, including students, community leaders and the community in general from educational institutions and rural organizations.

**Graduate Diploma in Leadership
Training - Cauca - 2021.**



4.2. Housing line

The construction of 18 indigenous housing units in the Carupia reservation in the municipality of Cáceres was completed in 2021. Urban development activities and handover to the community are projected for the first half of 2022.

In addition, we were able to close the process of integral accompaniment with 26 of the 29 families who lost their homes and applied for the program to restore their living conditions, which consisted of two years of accompaniment to guarantee the acquisition of their new living spaces, as well as the implementation of economic projects to recover their sources of livelihood and the reformulation of their family life projects.

A total of 294 transactions were carried out for some homes that had to be vacated as a result of the preventive evacuation order. A total of 98 families in Puerto Valdivia were paid COP 61 million for repairs.

Inventory and repair process of the properties located in the town of Puerto Valdivia:



2,029 diagnostics to identify the condition of the homes.



1,121 transaction contracts formalized for the recognition of housing maintenance.



1,415 payments for necessary housing repairs, amounting to COP 1,359 million.



1,483 paint packages including: 5-gallon bucket, brushes and paint roller with tray.

4.3. Accessibility and transportation line

The construction of the Palestina and Turcó pedestrian bridges over the Cauca River between the municipalities of Ituango and Briceño began.

On the other hand, the Simón Bolívar bridge in the town of Puerto Valdivia - municipality of Valdivia, began the construction phase and will be 97 meters long and 3.07 meters wide. This structure will be supported by a system of main cables anchored on both banks of the Cauca River, and will also have platforms at each access to the bridge and is expected to be completed in 2022. Likewise, the underwater inspection of the submerged infrastructure of the former Simón Bolívar Bridge was carried out, which is part of the activities defined for the extraction maneuver.

4.4. Health line

During 2021, technical procedures were carried out for the site defined for the construction of the health center and the community center in the town of Puerto Valdivia, which included the processing of the construction license, instrumentation and the delivery of the first geotechnical monitoring report.

Support continued for the San Juan de Dios de Valdivia Hospital to provide health services and a Basic Assistance Transfer Ambulance (TAB) with 24-hour attention in the town of Puerto Valdivia, and the capacity for attention was expanded with three more consulting rooms. This space will be available until the new health center comes into operation, whose construction is estimated for 2022, according to the previous validation by the ANLA.

4.5. Utilities line

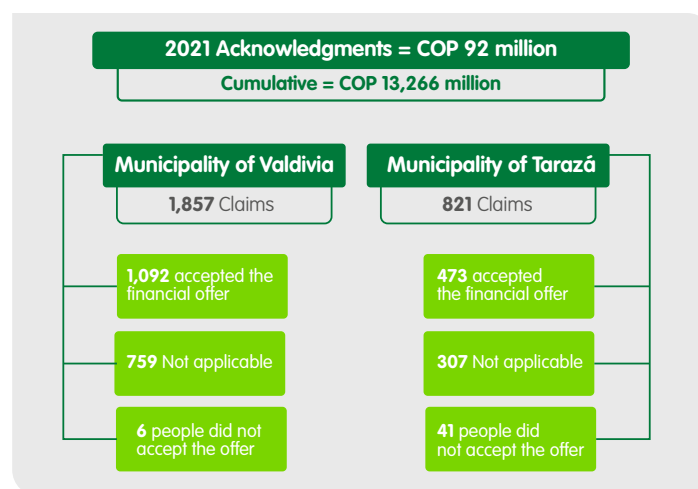
Under the agreement between the EPM Foundation and the Environment for Life program, 9 water purification plants were delivered to educational institutions in Valdivia, Tarazá, Cáceres and Nechí, benefiting 2,830 students.

4.6. Education line

In the district of Puerto Valdivia, the school transportation service continued to be provided to facilitate access to education for 77 students of the primary school of I.E.R. Marco A. Rojo. In addition, the construction license procedures were carried out, and the first geotechnical monitoring report of the land defined for the construction of the primary school of I.E.R. Marco A. Rojo in the township of Puerto Valdivia was implemented and delivered.

4.7. Livelihoods

With respect to the recognition of economic activities, in 2021 the payment process was finalized for those who accepted the economic offer.





With Hidroituango, EPM manages more than **120 community development** and infrastructure **projects** through social **contracting** with an investment of COP 35 billion (35,000 million).



4.8. Environmental line

Through an agreement with Corantioquia, a network of 120 bog rangers was formed in Bajo Cauca. The levels of the marshes were monitored and the physicochemical and microbiological quality of the water in the Cauca River and the 10 marshes prioritized from the 5 automatic stations for monitoring the flow of the Cauca River was monitored.

In the environmental agreements signed between universities, non-governmental organizations, environmental and fishing authorities in the middle and lower Cauca river basin, by 2021 we will have formulated medium and long-term restoration plans, completed the technological integration platform for the collection of environmental information, and finalized the analysis of livelihoods for the communities of the middle and lower Cauca.

Also, in less than two years, the company was able to reproduce five species of fishery resources of high commercial value, carry out clean-up activities, contribute to the restoration of more than 400 hectares in Bajo Cauca and recover 189 hectares of land in the municipalities of Cáceres and Tarazá.

4.9. Information and communication line

Thanks to the communication management in Bajo Cauca, it was possible to strengthen the relationships of trust with different stakeholders, to implement the communication and dissemination strategy of EPM's business management in this territory. The actions executed correspond to 16 press releases, 8 segmented press releases for Bajo Cauca, 36 bulletins of interruption of energy service for this area, progress and results of the actions carried out under the Specific Action Plan (PAE) and Hidroituango, among others.



EPM participated in the International Environmental Fair (FIMA) held in Bogotá, where it presented the paper "Protecting the true treasure of the Cauca River basin: a look at its biodiversity" and was also present at the BIOEXPO fair, which was attended by the Agricultural Association of Asturias (Agroasturias) of the municipality of Cáceres, a beekeeping organization that is linked to the comprehensive strengthening carried out with the Special Administrative Unit of Solidarity Organizations (UAEOS).

Territorial Integration Model (TIM)



5. Territorial Integration Model (TIM)

The Territorial Integration Model (TIM) was built to systemically manage the territory and guide business management with a territorial perspective as a provider of public services and as a convergent actor in territorial development, in line with the SDGs and the Development Plans with a Territorial Approach (PDET).

MIT Bajo Cauca aims to strengthen institutional capacities, contribute to environmental sustainability, increase economic competitiveness and contribute to improving the living conditions of the population of the municipalities of Bajo Cauca.

Hidroituango



MIT Location:

— Valdivia, Tarazá, Cúcuta, Caucaasia, Nechí, El Bagre and Zaragoza..

Management period:

— 2019 - 2023.

Implementation progress:

— 57%

The most significant results during 2021 of the seven initiatives that make up the MIT were:

5.1. Initiative: cooperate in relevant inter-institutional spaces and promote partnerships and collaborative networks

Progress was made in strengthening relations and managing territorial integration alliances through participation in the University, Business, State and Society Committee (CUEES Bajo Cauca), a space that brings together approximately **70 institutions working for sustainable territorial development in Bajo Cauca**.

EPM leads the Management and Environment Roundtable and participates in the Cáceres Integral and Participative Action Roundtable, which are part of CUEES. As a result of these roundtables, progress was made in the construction of the proposal for comprehensive action that allows significant progress in improving the quality of life, good living and stability of the territory, and its implementation began in the township of Jardín - Tamaná (Cáceres).

It also participated in the roundtables to promote the PDET pillars on drinking water and sanitation, social management of rural property and education. Maintained the rapprochement, articulation and constant communication with the municipal mayors' offices.



5.2. Initiative: advancing the universalization of energy service

With the development of electrical interconnection works, **more than 1,800 families** will be **connected to the energy service** between 2020 and 2021. Additionally, progress was made in the planning and management of a project that will allow the provision of service through isolated solutions, such as the solar photovoltaic individual solution (SISFV) to achieve **access to energy service** in the territory for **279 new families** living in dispersed areas; this project is the result of an alliance with the Government of Antioquia and the Territorial Renewal Agency (ART).

5.3. Initiative: Strengthening the capacities of community organizations

In the PAE and through the Environment for Life program, progress was made in training on social, environmental and administrative issues in a collaborative effort with 60 educational institutions, where **38,556 people were served** in door-to-door visits and **366 leaders were trained**. *Alliances with Desmarginalizar, Fundación EPM, Antioquia Presente, Fundación Ideas para la Paz (FIP) and the United Nations Development Program (UNDP) continued to promote the strengthening of community capacities in the territory.*



5.4. Initiative: training and opportunities for income generation in line with the territory's potential.

A diagnosis was made of the productive capacities of the Bajo Cauca territory and the needs for social contracting by EPM were identified. As part of the PAE and with the agreement between EPM, the Special Administrative Unit for Solidarity Organizations (UAEOS) and the National Learning Academy (ANDAP), the associative solidarity enterprises of 50 producer organizations were boosted, **farmers' markets were promoted and a virtual market platform was launched** where the organizations market their products online (latiendaribereña.com).

5.5. Initiative: population access to drinking water and basic sanitation

Several actions were developed for this initiative, such as identifying the personnel of the municipal administrations responsible for water and sanitation issues in the rural areas of Valdivia, Tarazá, Cáceres, Nechí and Caucasia. In addition, the technical roundtable for the presentation of projects and the water roundtable of the municipality of Nechí were formed. In this locality, a socio-environmental survey was conducted in three villages, where a document was consolidated with data analysis for the management of the Correntoso and Caño Pescado aqueducts.



5.6. Initiative: water resources and biodiversity

Thanks to **11 agreements with institutions with expertise in environmental issues**, in 2021 progress was made in knowledge and action on the great richness and diversity of the Bajo Cauca territory. Based on these results, an adaptive restoration plan for the prioritized sites was formulated with the Universidad Javeriana. With the Government of Antioquia, Fondo Paz and Corantioquia, **progress was made in the restoration of more than 180 hectares in the municipalities of Cáceres, Caucasia and Nechí.**

5.7. Initiative: updating and implementing land use and planning instruments

Progress was made in the diagnosis of the state of land-use planning in the municipalities of Bajo Cauca. In partnership with the Universidad Nacional, environmental determinants associated with the Cauca River were developed and the guidelines for updating the land-use planning instruments were structured.

Environmental determinants associated with the Cauca River.





Other relevant topics



6. Other relevant topics

6.1. Insurance management

6.1.1. All-Risk Construction Insurance policy claim

The loss caused by the clogging of the GAD detour tunnel of the future Ituango hydroelectric power plant was covered under the All-Risk Construction and Erection policy contracted with the insurance company Mapfre Seguros Generales de Colombia for the period from April 15, 2011 to March 24, 2021.

The insurer made a third advance payment of USD 100 million, which added to the previous advance payments totaled a **recognized value up to that moment of USD 350 million**. The three advance payments without assignment to any particular coverage of the policy correspond to the amounts that were recommended by the adjuster, according to the expenses and investments made by EPM in the recovery of the future hydroelectric power plant, but which in no way corresponded to the total indemnity or to an adjusted figure of the damages caused by the contingency as the process of technical adjustment of the loss was still in progress.

In November 2021 the Comptroller General of the Republic, in a second instance ruling in the Fiscal Responsibility process, bound and declared Mapfre as a third party civilly liable for the All-Risk Construction and Erection policy. **In December 2021 EPM and MAPFRE signed an agreement for the total and definitive payment of the indemnity under the All-Risk Construction and Erection policy in force at the time of the occurrence of the April 2018 contingency, for a total amount of USD 983.8 million**, of which, as previously stated, USD 350 million had already been received. The remaining payment for USD 633.8 million will be received at the beginning of 2022, in accordance with the payment commitment made by MAPFRE.

With the settlement agreement entered into as part of the insurance contract, the adjustment of the loss was definitively closed, a process that was carried out from the beginning of the contingency, so that EPM withdrew the arbitration claim that was suspended in the Medellín Chamber of Commerce while waiting to finish the technical adjustment of the loss. As a result of the fiscal responsibility ruling issued by the Comptroller General's Office for the Hidroituango contingency, the civil liability insurers, directors and administrators Seguros Generales Suramericana S.A, AXA Colpatria Seguros S.A and SBS Seguros Colombia S.A were also bound and declared as civilly liable, who **in December 2021 paid indemnities to EPM for COP 402,454 million, COP 21,500 million and COP 2,000 million, respectively.**

6.1.2. Extracontractual Liability Policy Claim

The loss covered by the Civil Liability policy on the occasion of the contingency is limited to the damage caused to third parties and community infrastructure on May 12, 2018, when a natural unclogging in the right tunnel of Hidroituango increased the level of the Cauca River, which affected some riverside sectors of the township of Puerto Valdivia and caused material damage to some real estate, furniture and crops, as well as to community infrastructure.

The Extracontractual Civil Liability insurance contracted with the insurance company Mapfre, for the period **from April 15, 2011 to March 15, 2020, has disbursed a total of COP 17,134 million**, broken down as follows: for damages to third parties COP 15,920 million and for damages to community infrastructure on the El Doce bridge COP 1,214 million. The adjustment process has not concluded, since the reconstruction and/or repair of the Palestina, El Turcó and Simón Bolívar bridges has not been completed, and some cases of affected parties who did not agree to conciliate with EPM are pending legal proceedings.

6.2. Comprehensive risk management

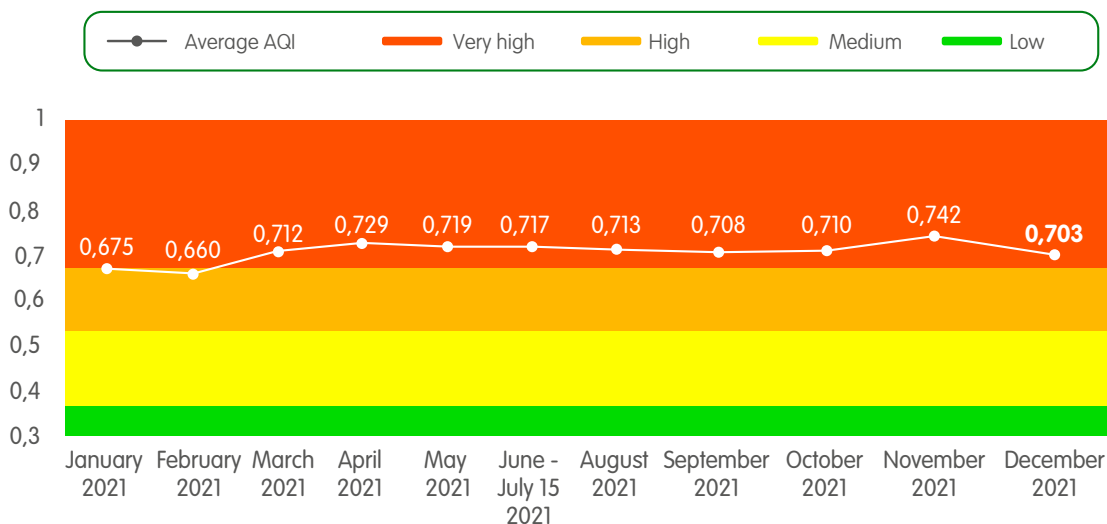
Integrated Risk Management (IRM) exists to facilitate the achievement of strategic direction and decision-making. For the future Ituango hydroelectric power plant, risk management offers benefits such as: identification of possible events that may affect the achievement of Hidroituango’s particular objectives, support and document decision making, minimizing and preventing losses, as well as generating trust with stakeholders.

This chapter shows the behavior of the risk index, in addition to the main results obtained during the year 2021 in the aspects related to the most critical risks and integral risk management.

6.2.1. Hidroituango risk index

As evidenced in the following graph, the **risk index closed in December 2021 at 0.703**.

Regarding November’s behavior (0.742), **a decrease is evidenced** given that some events occurred that improved Hidroituango’s risk condition and the indicator is below its average for the year 2021.



6.2.2. Favorable developments in Hidroituango

The main favorable events that occurred in 2021 that had an impact on the improvement of the risk condition are listed:

- Progress in stabilization, rehabilitation, construction and assembly activities, always acting under the fundamental premises of: 1) safeguarding the lives of the communities, 2) protecting the environment and 3) recovering Hidroituango.
- Agreement between EPM and Mapfre Seguros Generales de Colombia for indemnification under the All-Risk Construction and Erection (TRCM) policy.
- Authorization from the General Comptroller's Office of the Republic to Suramericana, AXA Colpatría and SBS (convicted as civilly liable third parties for D&O policies) to make payments to EPM.
- Extension of the term of the auditing, consulting and main civil works contracts, allowing for continuity in the execution of activities of the future Ituango hydroelectric power plant and reducing risks.
- Award and start of underwater activities with the Dutch company DCN Diving, who mobilized an unmanned team to Hidroituango to begin inspections of catchments 1 and 2.
- There were no serious accidents that caused death or disability to employees, contractors, visitors, or members of the community.
- Eviction proceedings were carried out in the Tesalia de Ituango and Capitanes de Briceño properties, in which, through an interdisciplinary work of the Government of Antioquia and EPM, the properties required for the normal execution of the works were recovered.
- There were no COVID-19 outbreaks due to high vaccination rates and the maintenance of biosecurity measures for risk prevention and mitigation.

6.2.3. Improvements associated with integrated risk management

The following is a list of some of the improvements associated with the integrated risk management process implemented in 2021:

- Assignment of personnel from EPM's Risk Engineering Department on a full-time basis and at the site of the future Ituango hydroelectric power plant.
- Execution of risk analysis for strategic, tactical and operational issues, with the participation of Hidroituango's senior management and operational personnel.
- Articulation of the different Hidroituango participants (Consultancy, Interventoría, Constructor and Ituango Project Development Management, CMT, Risk Engineering Management, among others) for the execution of integral risk analysis for those maneuvers defined as critical.
- Start of the business continuity strategy for the future Ituango hydroelectric power plant, with the aim of having response instruments in the event of different events.
- Execution of other studies such as: specialized analysis of risks and alternatives for decision making, contingency plans, risk retention modeling, probable maximum loss, inspection reports, among others.
- Support in meeting the requirements of control entities and external entities (Hidroituango Company, reinsurers, investors, National Government, among others).

6.3. Integral Continuity Program of the Ituango Project (ICPIP)

Since 2020, EPM has been working on the contractor replacement plan, or plan B, in the event of the possible inability of current contractors. This plan consisted in having one or several contractors that could replace the current contractors if they were unable to continue. This involved a prior process of identifying potential engineering firms that met the technical and financial requirements, among others, and that could submit a bid for the completion of the missing works.

In a responsible manner, and as a mitigation plan for the possible impacts of the materialization of the risk identified by the process carried out by the Comptroller General of the Republic, where the current Hidroituango contractors are involved, EPM carried out activities with the purpose of preparing itself in case one or more of said contractors could not continue with their responsibilities.

In that sense, EPM established since 2020 an action plan where it fundamentally sought to face a scenario that, although not desired by EPM, may occur and means that some contractors may not be able or do not want to continue with the execution of the work.

This work plan included, among other activities, the exploration of the market to identify possible contractors that could continue with the different functions, in the event that both the precautionary measures and the rulings arising from the process prevented the continuity of one or more contractors, or that such contractors had operational incapacities that prevented them from continuing with the execution of their contracts.

In addition, a work structure with different fronts was built, which covers the phases of a contracting process and seeks to guarantee the availability of one or several contractors for the different fronts (designer, supervision and construction of main works).

However, at the end of 2021, given the fiscal responsibility ruling issued by the Office of the Comptroller General of the Republic, an extension of the term of the contracts for auditing, consulting and main civil works was signed with the current contractors, allowing the continuity of the works of the future Ituango hydroelectric power plant.

From the Hidroituango continuity program, whose purpose is to start operating the Project according to the established schedule, different alternatives continue to be analyzed based on the environmental signals that are identified.



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