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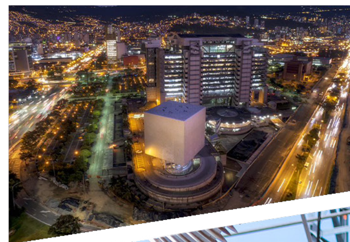
Sustainability Report 2022

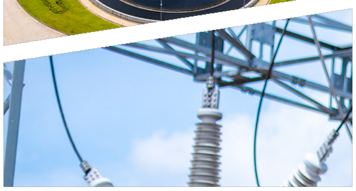
SUSTAINABLE DEVELOPMENT GOALS

Generating solutions that bring well-being,
we contribute to the achievement of the SDGs.

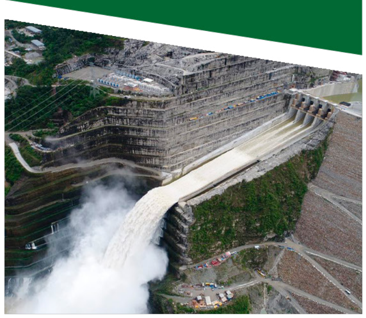
Grupo·epm

SUSTAINABLE DEVELOPMENT GOALS





Financial management



Sustainability Report 2022

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SUSTAINABLE DEVELOPMENT GOALS

About this report

Sustainability Report 2022

Grupo·epm

Annual separate financial statements

Under Accounting Standards and Financial Information Accepted in Colombia (NCIF)

December 31, 2022 and 2021

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.
SEPARATE STATEMENT OF FINANCIAL POSITION
As of December 31, 2022 and 2021
Figures expressed in millions of Colombian pesos

	Notes	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment, net	5	31,439,635	28,136,522
Investment property	6	169,288	152,339
Goodwill	7	260,950	260,950
Other intangible assets	7	617,800	589,244
Right-of-use assets	14	2,320,213	2,236,680
Investments in subsidiaries	8	12,264,415	10,312,202
Investments in associates	9	1,373,449	2,434,417
Investments in joint ventures	10	99	99
Deferred tax asset		-	-
Trade and other receivables	12	1,462,492	1,364,067
Other financial assets	13	2,990,535	2,795,255
Other assets	16	108,525	93,250
Cash and cash equivalents (restricted)	18	56,615	21,588
Total non-current assets		**53,064,016**	**48,396,613**
Current assets			
Inventories	17	195,617	172,709
Trade and other receivables	12	3,300,166	4,869,342
Current tax assets	39	340,687	322,496
Other financial assets	13	382,396	303,863
Other assets	16	158,486	145,782
Cash and cash equivalents	18	2,027,834	1,776,499
Total current assets		**6,405,186**	**7,590,691**
Total assets		**59,469,202**	**55,987,304**
Equity			
Issued capital		67	67
Reserves	19	1,459,906	1,552,992
Accumulated other comprehensive income	20	3,851,230	3,863,005
Retained earnings	19	20,814,391	19,211,783
Net profit for the period	19	3,035,956	3,365,046
Other components of equity		64,305	64,341
Total equity		**29,225,855**	**28,057,234**
Liabilities			
Non-current liabilities			
Loans and borrowings	21 and 41	19,120,702	16,783,568
Trade and other payables	22	9,148	13,253
Other financial liabilities	23	2,808,878	2,869,128
Employee benefits	25	285,502	374,626
Income tax payable	39	29,980	29,980
Deferred tax liabilities	39	1,982,785	2,001,194
Provisions	27	712,137	708,498
Other liabilities	28	30,686	31,049
Total non-current liabilities		**24,979,818**	**22,811,296**
Current liabilities			
Loans and borrowings	21 and 41	1,324,693	2,049,528
Trade and other payables	22	1,582,400	1,451,427
Other financial liabilities	23	536,815	488,484
Employee benefits	25	209,035	164,730
Income tax payable	39	26,047	26,047
Taxes contributions and rates payable	26	259,252	253,656
Provisions	27	439,283	417,034
Other liabilities	28	886,004	267,868
Total current liabilities		**5,263,529**	**5,118,774**
Total liabilities		**30,243,347**	**27,930,070**
Total liabilities and equity		**59,469,202**	**55,987,304**

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 Rodriguez Sosa
Director of Accounting and Costs
Professional Card N° 144842-T
Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
Figures expressed in millions of Colombian pesos

	Notes	2022	2021
Rendering of services	30	13,121,382	11,031,048
Leases	30	80,063	51,558
Sale of goods	30	9,043	5,557
Ordinary activities revenue		**13,210,488**	**11,088,163**
Income from sale of assets	32	613	1,174
Other income	31	253,346	177,913
Total revenue		**13,464,447**	**11,267,250**
Costs of services rendered	33	(7,098,482)	(6,188,883)
Administrative expenses	34	(1,219,985)	(1,315,542)
net impairment loss on accounts receivable	12	(215,877)	(145,851)
Other expenses	35	(40,666)	(55,067)
Finance income	36.1	267,633	146,000
Finance expenses	36.2	(1,777,638)	(1,232,865)
Net foreign exchange difference	37	(90,580)	(28,325)
Equity method in subsidiaries	8	1,600,935	1,606,936
Result of participation in equity investments	38	(975,812)	134,353
Profit for the period before taxes		**3,913,975**	**4,188,006**
Income tax	39	(878,019)	(822,960)
Profit for the period after taxes		**3,035,956**	**3,365,046**
Net result for the period		**3,035,956**	**3,365,046**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	20 and 39	52,230	65,962
Equity investments measured at fair value through equity	20 and 39	(136,838)	(322,482)
Equity method in subsidiaries - NRRP	20 and 39	(67,399)	(28,012)
Income tax related to components that will not be reclassified	20 and 39	(290,514)	(23,739)
		(442,521)	**(308,271)**
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges:	20 and 39	**(596,324)**	**(517,550)**
Reclassified to profit or loss for the period		328,945	371,739
Reclassification Adjustment		(925,269)	(889,289)
Equity method in subsidiaries	20 and 39	**1,010,644**	**358,945**
Result recognized in the period		1,010,644	358,945
Hedges of net investments in foreign operations		**(216,145)**	**(61,509)**
Result recognized in the period		(216,145)	(61,509)
Income tax related to the components that may be reclassified	20 and 39	**288,328**	**210,364**
Result recognized in the period		(91,580)	(77,431)
Reclassification adjustment		379,908	287,795
		486,504	**(9,750)**
Other comprehensive income for the period, net of taxes	39	**43,982**	**(318,021)**
Total comprehensive income for the period		**3,079,938**	**3,047,025**

The accompanying notes are an integral part of the Financial Statements

Jorge Andrés Carrillo Cardoso
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Certification Attached

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and Investments

John Jaime Rodriguez Sosa
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Professional Card N° 144842-T
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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2022 and 2021

Figures expressed in millions of Colombian pesos

	Issued capital	Reserves (note 19)	Retained earnings (note 19)	Other equity components	Other comprehensive income: Equity investments (note 20)	Defined benefit plans (note 20)	Cash flow hedges (note 20)	Hedges of net investments in foreign operations (note 20)	Reclassification of properties, plant and equipment to investment property (note 20)	Accumulated participation in other comprehensive income of associates and joint ventures business (note 20)
Balance at January 1, 2021	**67**	**1,609,297**	**20,555,215**	**64,455**	**3,360,435**	**(40,079)**	**(35,849)**	**-**	**12,079**	**883,569**
Net result of the period	-	-	3,365,046	-	-	-	-	-	-	-
Other comprehensive income of the period, net of income tax	-	-	-	-	(322,482)	42,223	(307,185)	(61,509)	-	330,933
Comprehensive income for the period	**-**	**-**	**3,365,046**	**-**	**(322,482)**	**42,223**	**(307,185)**	**(61,509)**	**-**	**330,933**
Surpluses or dividends decreed	-	-	(1,396,953)	-	-	-	-	-	-	-
Movement of reserves	-	(56,305)	56,305	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(2,784)	(114)	-	-	-	-	-	870
Balance at December 31, 2021	**67**	**1,552,992**	**22,576,829**	**64,341**	**3,037,953**	**2,144**	**(343,034)**	**(61,509)**	**12,079**	**1,215,372**
Saldo al 1 de enero de 2022	**67**	**1,552,992**	**22,576,829**	**64,341**	**3,037,953**	**2,144**	**(343,034)**	**(61,509)**	**12,079**	**1,215,372**
Net result of the period	-	-	3,035,956	-	-	-	-	-	-	-
Other comprehensive income of the period, net of income tax	-	-	-	-	(407,312)	32,191	(307,996)	(216,145)	-	943,244
Comprehensive income for the period	**-**	**-**	**3,035,956**	**-**	**(407,312)**	**32,191**	**(307,996)**	**(216,145)**	**-**	**943,244**
Surpluses or dividends decreed	-	-	(1,850,776)	-	-	-	-	-	-	-
Movement of reserves	-	(93,086)	93,086	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(4,748)	(35)	-	-	-	-	-	(55,757)
Balance at December 31, 2022	**67**	**1,459,906**	**23,850,347**	**64,305**	**2,630,641**	**34,335**	**(651,030)**	**(277,654)**	**12,079**	**2,102,859**

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
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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

SEPARATE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
Figures expressed in millions of Colombian pesos

	Notes	2022	2021
Cash flows from operating activities:			
Net result for the period		3,035,956	3,365,046
Adjustments to reconcile the net profit for the period to the net cash flows used in operating activities:		**2,902,928**	**1,366,957**
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	33 and 34	706,841	657,982
Net impairment loss on accounts receivable	12	215,877	145,851
Impairment of investments in associates and joint ventures	11	1,060,968	-
Write-down of inventories, net	35	115	18
Result due to exchange difference	37	90,580	28,325
Result due to valuation of investment property	6	(17,122)	226
Result for valuation of financial instruments and hedge accounting	36	13,254	75,654
Provisions, post-employment and long-term defined benefit plans	34	233,281	431,777
Provisions for tax, insurance and reinsurance obligations and financial updating	36.2	79,211	18,137
Applied Government subventions	31	(78)	-
Deferred income tax	39.3	(20,595)	328,309
Current income tax	39.3	898,614	494,651
Share of loss of equity-accounted investees	8	(1,600,935)	(1,606,936)
Interest and yield income	36.1	(181,419)	(119,048)
Interest and commission expenses	36.2	1,598,960	1,112,122
Result due to disposal of properties, plant and equipment, right-of-use assets, intangibles and investment property	32 and 35	(439)	(715)
Result from withdrawal of property, plant and equipment, right of use assets, intangible assets and investments	32 and 35	10,292	13,125
Non-cash recoveries	31	(99,321)	(78,168)
Result from business combinations	38	-	8,533
Dividend income from investments	10 and 13	(85,156)	(142,886)
		5,938,884	4,732,003
Net changes in operating assets and liabilities:			
Change in inventories		(12,778)	(19,509)
Change in trade and other receivables		(1,019,299)	(308,899)
Change in other assets		(420,467)	(243,200)
Change in creditors and other accounts payable		75,833	475,918
Change in labor obligations		11,525	19,233
Change in provisions		(353,605)	(155,639)
Change in other liabilities		1,016,586	322,575
Cash generated from operating activities		5,236,679	4,822,482
Interest paid		(1,651,703)	(1,378,967)
Income tax paid		(917,495)	(700,009)
Income tax refund		690	52,997
Net cash provided by operating activities		2,668,171	2,796,503
Cash flows from investing activities:			
Acquisition and capitalization of subsidiaries or businesses	8	(4,757)	(2,000)
Disposal of subsidiaries or businesses	8	-	10,000
Purchase of property, plant and equipment	5	(3,425,307)	(2,849,341)
Disposal of property, plant and equipment	5 and 32	840	826
Purchase of intangible assets	7	(79,834)	(71,976)
Acquisition of investment properties	6	-	(200)
Disposal of investment properties	6	175	-
Purchase of investments in financial assets	13	(160,088)	(417,055)
Disposal of investments in financial assets	13	351,682	2,523,443
Dividends received from associates and joint business	8 and 9	502,839	633,893
Other dividends received	13	76,973	134,081
Loans to related parties		223,022	278,281
Compensation received	5	2,521,064	694,919
Other cash flows from investment activities		(2,894)	(4,943)
Net cash flow used in investing activities		3,716	929,928
Cash from financing activities:			
Obtaining of borrowings and loans	21	1,706,272	2,426,610
Payments of borrowings and loans	21	(2,079,859)	(3,809,887)
Transaction costs due to issuance of debt instruments	21	(26,657)	(37,492)
Payments of liabilities for financial leasing	23	(14,252)	(12,746)
Surpluses paid	19	(1,850,775)	(1,396,953)
Capital subventions	31	78	-
Payments of capital of derivatives designated as cash flow hedges	13	37,239	25,604
Payment of pension bonds	23	(57,329)	(40,660)
Other cash from financing activities		1,504	5,046
Net cash flows used in financing activities		(2,283,779)	(2,840,478)
Net increase in cash and cash equivalents		388,108	885,953
Effects of variations in exchange rates in the cash and cash equivalents		(101,746)	47,503
Cash and cash equivalents at beginning of the period		1,798,087	864,631
Cash and cash equivalents at end of the year	18	2,084,449	1,798,087
Restricted cash	18		

The accompanying notes are an integral part of these Financial Statements.

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Notes to the separate financial statements of Empresas Públicas de Medellín E.S.P.

for the periods ended December 31, 2022 and 2021.

(In millions of Colombian pesos, except when otherwise indicated)

Note 01.

Reporting entity

Empresas Públicas de Medellín E.S.P. (hereinafter "EPM") is the parent company of a multi-Latin business group established of 44 companies and 6 structured entities ; with presence in the provision of public services in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

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 the municipal order, by Agreement 069 of December 10, 1997 of the Council of Medellín. Due to its legal nature, EPM is endowed with administrative, financial autonomy and its own equity, in accordance with Article 85 of Law 489 of 1998. The capital with which it was constituted and operates, as well as its equity, is public nature, its sole owner being 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 services of cleaning, treatment, and

1. Autonomous Social Financing Patrimony of EPM, CHEC, EDEQ, ESSA, CENS and Credieegsa S.A. Under International Financial Reporting Standards – IFRS adopted in Colombia, they are considered structured entities that are part of the consolidation perimeter of the financial statements of Grupo EPM.

use of garbage, as well as the complementary activities of one of these public services.

The company offers its services through the following 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 the participation in the telecommunications business, through the associate UNE EPM Telecomunicaciones S.A. and its subsidiaries: Edatel S.A. E.S.P., Orbitel Servicios Internacionales S.A. - OSI, Cinco Telecom Corporation - CTC and Colombia Móvil S.A.; and the associate Inversiones Telco S.A.S. and its subsidiary Emtelco S.A.; offering voice, data, Internet, professional services, data center, among others.

EPM's separate financial statements for the year ended December 31, 2022, were authorized by the Board of Directors for their publication on March 27, 2023.

1.1. Legal and regulatory framework

The provision of residential public services in Colombia is mainly regulated by Law 142 of 1994, Public Services Law, and Law 143 of 1994, Electricity Law.

- The functions of control, inspection and surveillance of the entities that provide residential public services are exercised by the Superintendence of Residential Public Services (SSPD).

- Because it is an issuer of Bonds, the Company is subject to the control of the Financial Superintendence of Colombia under Decree 2555 of 2015, by which the regulations regarding the financial, insurance and stock market sectors are collected and reissued, and other provisions are issued, it establishes 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 supply of information to the market. Among these tools is the National Registry of Securities and Issuers - RNVE, whose purpose is to keep a record of issuers of securities and the issues they make. When issuing bonds, EPM is subject to the control of this Superintendency and to the regulations that are requested for financial information purposes for its issuance, especially External Circular 038 of 2015 whose reference is: Modification of 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 its 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 Medellin, the fiscal control of the Medellin General Comptroller's Office, and the disciplinary control of the Office of the Attorney General of the Nation.

1.2. Regulation commissions

Law 142 of 1994, in its articles 68 and 69, delegates to the regulation commissions the presidential function of establishing general policies for administration and control of efficiency in residential public services.

These entities are the following:

- The Energy and Gas Regulation Commission (CREG), 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 in general, with the provision of electricity, gas and liquid fuel services.
- The Commission for the Regulation of Drinking Water and Basic Sanitation (CRA) regulates the rates of aqueduct, sewerage and cleaning and their conditions of provision 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 cleaning sector

Law 142 of 1994, Public Services Law, defined the aqueduct, sewerage 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.

Sewage: 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.

1.2.1.2. 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 companies. The legal framework is intended to supply the demand for electricity under economic and financial viability criteria 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.

1.2.1.3. Activities of the natural gas sector

Law 142 of 1994 defined the legal framework for the provision of residential public services, an area in which natural gas is defined as a public service.

Gas: is the 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 02. Significant accounting policies

2.1. Basis for the preparation of financial statements

The separate financial statements of the company are prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF) and adopted by the General Accounting Office of the Nation through Resolution 037 of 2017, Resolution 056 of 2020 resolution 035 and 0197 of 2021 and Resolution CGN 267 of 2022 (hereinafter, IFRS 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 (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 that period or in the review period and future periods. The estimates made by the Administration 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 presents separate financial statements, for compliance with control entities and for the purpose of internal administrative monitoring and providing information to investors. Similarly, EPM as the main parent 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 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 profit or loss, 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 separate financial statements are presented in Colombian pesos and their figures are expressed in millions of Colombian pesos.

2.2. Classification of assets and liabilities as current or non-current

An asset is classified as a current asset when it is held mainly 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 on their use in settling a liability at least one year after the reporting period. Other assets are classified as non-current assets.

A liability is classified as a current liability when it is held mainly 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 company does not have an unconditional right to defer its settlement for at least one year after the reporting period. Other liabilities are classified as non-current liabilities.

Derivative instruments not covered by hedge accounting are classified as current or non-current, or separated into current and non-current portions, based on an assessment of facts and circumstances (i.e., the underlying contractual cash flows):

- When the company maintains a derivative, to which hedge accounting is not applied, for a period of more than twelve (12) months from the reporting 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 consistently 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.

2.3. 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 determined amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition. Callable bank overdrafts that are an integral part of the company's cash management represent a component of cash and cash equivalents in the statement of cash flows.

2.4. Investments in subsidiaries, associates and joint ventures

UA subsidiary is an entity controlled by EPM. Control is obtained when EPM controls the relevant activities of the subsidiary and is exposed, or has the right, to its variable returns and has the ability to influence said returns.

An associate is an entity over which EPM has significant influence over financial and operating policy decisions, without actually having control or joint control.

A joint venture is an arrangement in which EPM has joint control, under which the company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

At 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 by the subsidiary is recognized as goodwill. Goodwill is included in the carrying amount of the investment and is not individually amortized or tested for impairment.

Investments in subsidiaries are measured in the separate 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 subsequently adjusted based on changes experienced, after the acquisition, the portion of the net assets of the entity that corresponds to the investor. The result of the period of EPM includes its participation in the result of the period of the investee and the other comprehensive income includes its participation in the other comprehensive income of the investee. When there are variations in the ownership percentages in the subsidiary that do not imply a loss of control, the effect of these changes is recognized directly in equity. When the company's share of the losses of a subsidiary exceeds the company's share of them (which includes any long-term interest that, in substance, forms part of the company's net investment in the subsidiary), the company ceases to recognize its share of future losses. Additional losses are recognized as long as the company has entered into any legal or implicit obligation or has made payments on behalf of the subsidiary. When the subsidiary subsequently presents profits, the company resumes the recognition of its share in them only after its share in said gains equals the share in unrecognized losses.

Investments in subsidiaries are accounted for using the equity method from the date the investee becomes a subsidiary.

Investments in associates and joint ventures are maintained in the separate financial statements at cost.

Dividends received from the subsidiary are recognized as a reduction in the value of the investment, and those received from the associate or joint venture are recognized directly in profit or loss for the period when the company's right to receive payment is established.

The company periodically analyzes the existence of indicators of value impairment and, if necessary, recognizes losses due to impairment in the investment in the subsidiary, associate or joint venture. Impairment losses are recognized in the result of the period and are calculated as the difference between the recoverable value of the subsidiary, associate or joint venture, this being the higher of the value-in-use and its fair value less the necessary costs for its sale and its carrying amount.

When control of the subsidiary is lost or significant influence over the associate or joint control over the joint venture is lost, the company measures and recognizes any residual investment that it retains in it at its fair value. The difference between the carrying amount of the subsidiary, associate or joint venture and the fair value of the residual investment retained, with the value from its sale, is recognized in the result of the period.

The company discontinues the use of the equity method from the date the investment ceases to be a subsidiary, or when the investment is classified as held for sale. Additionally, the company records all amounts previously recognized in other comprehensive income with respect to that subsidiary on the same basis that would have been required if said subsidiary sold the financial assets or liabilities directly. Therefore, if a gain or loss previously accounted for in other comprehensive income by the subsidiary had been reclassified to profit or loss on the sale of the related assets or liabilities, the company would reclassify the gain or loss from equity to gains or losses (as a reclassification adjustment) at the time the use of the equity method is discontinued.

2.5. 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 Company 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 revenue 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. EPM recognize the assets, liabilities, revenue from ordinary activities and expenses related to its participation in a joint operation in accordance with the guidelines applicable to assets, liabilities, revenue from ordinary activities and expenses.

2.6. Functional currency and foreign currency

The functional currency of the company is the Colombian peso, which is the currency of the main economic environment in which it operates, that is, in which it generates and uses cash.

Transactions in foreign currency are initially recorded at the exchange rates of the functional currency in effect on the date of the transaction. Subsequently, monetary assets and liabilities in foreign currency are converted at the exchange rate of the functional currency, in force at the closing date of the period, non-monetary items that are measured at their fair value are converted using the exchange rates at the date on which their fair value is determined and non-monetary items that are measured at historical cost are converted using the exchange rates prevailing 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 adjustments originating from interest costs that are capitalizable and those from loans in foreign currency to the extent that they are considered as adjustments of interest costs and the exchange difference originating from the conversion of the financial statements of foreign subsidiaries for the application of the equity method, which is recognized in other comprehensive income.

2.7. Revenue from ordinary activities

Revenue from ordinary activities corresponds basically to the development of the main activity of the company, which is the provision of residential public services of aqueduct, sewerage, energy and fuel gas distribution, and are recognized when the service is provided or at the time of the delivery of the goods, to the extent that the performance obligations on the part of the company are satisfied. Income is measured at the value of the consideration received or to be received, excluding taxes or other obligations. Discounts, customer offsetting 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 clients lasts more than one year.

The most representative revenues from the energy business 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: energy purchase and sale contract entered into between trading agents and generators that are settled on the energy exchange, under this type of energy contract, generators and traders freely agree on amounts and prices for the purchase and sale of electrical energy for periods 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 the generators negotiate a support contract with each other to guarantee, during a determined 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 hora by 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 on the same property or on contiguous 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 customers whose monthly consumption is less than a predetermined value and is not empowered to negotiate the price they pay 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 marketing activities.

Automatic generation regulation - AGC: 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 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 operating planning models used in the national interconnected system.

Gas revenues come from the distribution and sale of natural gas to the regulated and non-regulated market.

In the water business, income comes from the provision of aqueduct and sewerage services.

At the time of revenue recognition, the company evaluates based on specific criteria to identify when it acts as principal or commission agent and thus determine whether revenue should be recognized gross or net for marketing activities.

2.8. Contracts with customers

When the results of the contract can be measured reliably, the Company recognizes the revenue 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.

Incurred cost comprises costs, including borrowing costs, directly related to the contract, until the work has been completed. Administrative costs are recognized in the result of 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 under other assets and are amortized on a straight-line basis over the term of the contract, as long as the term of the contract is greater than one year. Otherwise, the company 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 revenue recognized in profit or loss for the period and the invoicing is presented as an asset in the statement of financial position called Trade and other receivable, or as a liability called other liabilities.

In the initial recognition of an account receivable from a contract with a customer, the difference that occurs 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.

2.9. 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 related subsequent costs, are recognized in profit or loss for the period in which they become payable. When the grant is related to an asset, it is recorded as deferred income and is recognized in the result of the period on a systematic basis throughout the estimated useful life of the corresponding asset. The benefit of a government loan at a below-market interest rate is treated as a government subsidy, measured as the difference between the amounts received and the fair value of the loan based on the market interest rate.

2.10. Taxes

The country's tax structure, the regulatory framework and the plurality of operations make the company a passive subject of taxes, rates and contributions of the national and territorial order. They are obligations that originate to the Nation, departments, municipal entities and other active subjects, once the conditions provided in the corresponding regulations issued are met.

Among the most relevant taxes are the income tax and the sales 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 expense for income tax is recognized in the current tax according to the depuration 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 such values are those that are enacted or substantially approved at the end of the reporting period, in the country in which the company operates and generates taxable profits.

Taxable profit differs from the profit reported in profit or loss due to items of income and expenses that are taxable or deductible in other years, and items that will 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 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 the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are 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 imputed. 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 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 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 such differences will not reverse 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 temporary differences will reverse in the near future and it is probable that future taxable income will be available against which those 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 income 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 taxable income will allow their recovery.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the period in which the asset is realized or the liability is settled based on the tax rates and regulations that were approved on the reporting 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 result 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 must 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 the result of the period, except that related to items recognized outside the result; in this case it will be presented in 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, at unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is maintained 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 investment property portfolio of the company and concluded that none of the investment properties of the company 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 the sale. Therefore, the directors have determined that the presumption of "sale" established in the amendments to IAS 12 Income Tax.

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 company is responsible for the common regime since it makes sales of personal property and provides taxed services and obtains exempt income from exports. Currently in Colombia, energy, aqueduct, sewerage and home gas services are excluded from this tax.

In Colombia the general rate is 19% and there is a differential rate of 5%.

In Colombia, the generation of income excluded in the particular case of residential public services, the VAT paid on purchases is part of a higher cost value. Likewise, when taxable income is generated, that is, when taxed goods or services are sold, the VAT paid on the purchase or acquisition of inputs for these sales will be deductible from the value to be paid for the tax. When the company generates income that is excluded from VAT, but at the same time generates income that is exempt and taxed, in this case, a pro-rata of the VAT paid must be made to determine the percentage of VAT to be discounted.

The tax generated is recognized as a value payable to the tax administration from which the tax paid is deducted. Revenues are recognized without considering the value of the tax.

2.11. 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 way foreseen by the company, 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 qualified assets, borrowing costs are capitalized. Such construction in progress is classified to the appropriate categories of property, plant and equipment at the time of its completion and when it is ready for use. Depreciation of these assets begins when they are ready for use on the same basis as in the case of other items of property, plant and equipment.

The company capitalizes as a higher value of the assets, the additions or improvements made to them, provided that they meet any of the following conditions: a) they increase their useful life, b) they expand their productive capacity and operating efficiency, and c)) reduce costs to the company. All other repair and maintenance costs are recognized in the statement of comprehensive income as they are incurred.

Inventories of spare parts for specific projects, which are expected to have no turnover in one year and which 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	50	to	100	years
Equipment	10	to	100	years
Networks, lines and cables				
Electric transmission network	30	to	40	years
Power distribution network	30	to	40	years
Aqueduct network	40	to	80	years
Network Wastewater	30	to	80	years
Gas network	60	to	80	years
Buildings	50	to	100	years
Communication and computer equipment	5	to	40	years
Machinery and equipment	7	to	40	years
Furniture, fixtures and office equipment	10	to	15	years
Grounds[1]	10	to	20	years

The 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 company 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 that is calculated for the assets is not part of the depreciable amount.

A component of property, plant and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected to be obtained from its use or disposal. The gain or loss at the time of writing off the asset, calculated as the difference between the net value of the disposal and the carrying amount of the asset, is included in the statement of comprehensive income.

Assets temporarily classified out of service continue to be depreciated 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.

2.12. Leases

The determination of whether an arrangement constitutes or contains a lease is based on the substance of the arrangement at its inception 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 for a period of time in exchange for consideration.

On the start date of the lease, the company acting as lessee recognizes a right-of-use asset and a lease liability, except for leases with a duration of less than 12 months or those whose new value of the underlying asset is less than 15 (fifteen) current legal minimum wages (SMMLV).

The company that acts as lessor classifies the lease as operating or financial. A lease is classified as financial when the risks and rewards inherent in ownership of the leased asset are substantially transferred to the lessee; otherwise, it is classified as an operating lease.

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 that includes the value of the lease liability, initial direct costs, payments made in advance, incentives, estimated costs decommissioning, among others. The corresponding liability is included in the statement of financial position as a lease liability, which is measured as the present value of future lease payments discounted using the interest rate implicit in the contract, if it can be easily determined, otherwise, you will use the company's incremental borrowing rate. Future lease payments comprise fixed payments, variable payments, incentives to collect, residual value guarantees expected to be paid, the price of the purchase option and the payment of penalties for early termination of the contract.

Right-of-use assets are amortized over the asset's useful life using the straight-line method, if ownership of the underlying asset is transferred at the end of the contract or a purchase option is exercised. If ownership of the underlying asset is not transferred by the end of the lease term or if the option to purchase the asset is not exercised, the asset is amortized only through the end of the useful life or the 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 Company'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.

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 Company 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.

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.

When the lease is classified as an operating lease, lease payments are recognized as revenue on a straight-line basis or on another systematic basis, provided that it is more representative of the structure by which the benefit from the use of the underlying asset is diminished.

2.13. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes 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 is ready for its intended use. The income received from the temporary investment in specific loans pending to be consumed in qualified assets is deducted from the costs for loans suitable for their capitalization. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the business incurs 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 said 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, and
- Activities necessary to prepare the asset for its intended use or sale are carried out.

The capitalization of borrowing costs is suspended during the periods in which the development of activities of a qualified asset is interrupted for periods of more than one year. However, the capitalization of borrowing costs is not interrupted during a period if important technical or administrative actions are being carried out. Nor is the capitalization of borrowing costs suspended when a temporary delay is necessary as part of the process of preparing a qualifying asset for use or sale.

The capitalization of borrowing costs is completed when substantially all the 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 those components is stopped.

When the Company completes construction of a qualifying asset in parts, and each part can be used separately while construction continues on the rest, capitalization of borrowing costs will cease when substantially all activities necessary to prepare that asset is completed. part for its intended use or sale.

2.14. Investment properties

Investment property is land or buildings or part of a building or both, held for rentals or capital appreciation (including investment property under construction for such purposes). Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing or replacing 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.

Subsequent to initial recognition, investment properties are measured at fair value that reflects 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 result of 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 value obtained net of the disposal and the carrying amount of the asset is recognized in the statement of comprehensive income in the section result of the period in the period in which it was derecognized.

Transfers are made to or from investment properties 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 its subsequent accounting is the fair value at the date of the change of 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 carrying amount will be recorded as a revaluation applying IAS 16 Property, plant and equipment.

2.15. 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 impairment losses. Internally generated intangible assets are capitalized as long as they meet the criteria for recognition as an asset and the generation of the asset must be classified into: 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 on a straight-line basis and are evaluated to determine whether they had any impairment, provided 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 period. Changes in the expected useful life or in the expected pattern of consumption of the asset's future economic benefits 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 result of 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 are subjected to annual tests to determine whether they suffered impairment, either individually or by cash-generating unit - CGU. The indefinite life assessment is reviewed annually to determine if said indefinite life is still valid. If it is not, the change in useful life from indefinite to finite is carried out 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	to	5	years
Licenses	Indefinite/ finite	3	to	5	years
Rights	Depending on the term of the contract				
Other intangible assets	Indefinite/ finite	7	to	15	years

An intangible asset is derecognized when it is disposed of, 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 carrying amount of the asset, and is recognized in the statement of comprehensive income, section result of the period.

Research and development costs

Research costs are expensed as incurred. Expenditures for development in an individual project are recognized as an intangible asset when the company can demonstrate:

- The technical feasibility of completing 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 utility 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 development disbursements is recognized from the moment the element meets the conditions for its recognition established above, and they are recorded at cost less accumulated amortization and accumulated losses due to value impairment.

When the development of an intangible asset related to a power generation project begins, the costs are accumulated as construction in progress.

The amortization of the asset begins when the development has been completed and it is available for use. It is amortized over the period of the expected future economic benefit. During the development period, the asset is tested annually to determine if there is impairment of its value.

Research costs and development costs that do not qualify for capitalization are recorded as expenses in the statement of comprehensive income, section result for the period.

Goodwill

Goodwill represents the difference between the cost of a group of assets that constitutes 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, is measured at cost less any accumulated impairment loss, and is subject to impairment testing annually or more frequently when there are indicators of impairment. Value impairment losses are recognized in the statement of comprehensive income in the section result for the period.

For CGUs that have goodwill assigned, impairment is assessed annually, which implies calculating 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.

2.16. 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 in accordance with the contractual conditions of the instrument.

2.16.1. Financial assets

The company initially recognizes its financial assets at fair value. Transaction costs directly attributable to the financial asset are added to or deducted from its fair value if these 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 results) depending on the business model of the company to manage 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 company 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 excess liquidity 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 in 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 Finance income or expenses, in the period in which the aforementioned 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 designate a financial asset as measured at fair value through profit or loss.

- **Financial assets at fair value through other comprehensive income**

  Debt instruments that are maintained under a business model whose objective is obtained by obtaining the contractual cash flows and selling the instruments are classified as assets measured at fair value through other comprehensive income and, in addition, the instrument grants, on specific dates, cash flows that correspond only to payments of principal and interest on the outstanding principal value.

  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 that are recognized in the results of the period.

  The company 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 profit or loss for the period when the right to receive payment is established.

  When equity investments are disposed of 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 profit or loss for the period.

- **Financial assets at amortized cost**

  A financial asset is subsequently measured at amortized cost using the effective interest 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 thereof that grant, on specific dates, cash flows that are solely payments of principal and interest on the outstanding principal value.

Impairment of financial instruments

On each reporting date, the company recognizes value adjustments for expected credit losses on financial assets that are measured at amortized cost or at fair value through 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 due to bad 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 company assesses the credit risk of accounts receivable on a monthly basis in order to determine the value adjustment for expected credit losses on financial assets.

The company 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, the accounts receivable are grouped by similar credit risk characteristics, which make it possible to identify the debtor's ability to pay, in accordance with the contractual terms of negotiation of the account receivable.

The company determines that a customer's credit risk increases significantly when there is a breach of financial agreements by the counterparty, or when internal information or information obtained from external sources indicate that the debtor's payment is unlikely, without taking into account the guarantees maintained.

Non-compliance with agreements is generally measured when there are 2 overdue accounts, however, there are individual agreements or contracts that indicate non-compliance immediately, the obligation is no longer met.

The company determines that a financial asset presents credit deterioration when:

- There is evidence of customer default in the payment of two (2) or more collection accounts.

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 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) through the expected life of the instrument, or if appropriate, a shorter period, to its carrying amount on initial recognition.

- It is known or there is evidence that the client is undergoing business restructuring processes or insolvency or liquidation.

- Social disturbances, public order or natural disasters occur, which according to experience are directly correlated with non-payment of collection accounts.

Credit risk is affected when there are changes in financial assets. The company's policy to reassess the recognition of credit losses is basically based on the payment behavior of the client or counterparty. When there is evidence of an improvement in the customer's historical payment behavior, a decrease in risk is recorded, and in the event of an increase in the portfolio's default age, an increase in asset impairment is recorded.

Impaired financial assets may continue to be subject to collection enforcement activities under the company's recovery procedures, taking into account legal collection where appropriate. The recoveries made are recognized in the result of 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 company loses control over the contractual rights or cash flows of the instrument.

The company 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.

- The counterparty has been placed in liquidation or has initiated bankruptcy proceedings or, in the case of accounts receivable.

- The amounts exceed two years past due, whichever occurs earlier.

If the company does not transfer or retain substantially all the risks and rewards of ownership and continues to retain control of the transferred asset, the company recognizes its interest in the asset and the associated obligation for the amounts it would have to pay, likewise, if the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized loan for proceeds 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 receivable is recognized in the result of 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 Company recalculates the value gross carrying amount 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.

2.16.2. Financial liabilities

At initial recognition, the company measures financial liabilities at their 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 from liabilities held for trading are recognized in profit or loss for the period. On initial recognition, the company 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 the result of 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

Financial guarantee contracts issued by the company are those that require a specific payment to be made to reimburse the holder for the loss incurred when a specified debtor defaults on its payment obligation, in accordance with the terms of a security instrument. debt. 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 initially recognized value less the accumulated value of the recognized income.

Derecognition of financial liabilities

A financial liability or a 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 derecognition of the original liability and recognition of a new one. liabilities and the difference in the respective carrying amounts are recognized in the result of the period.

The conditions will be materially different if the present value of the cash flows under the new conditions, including any commission paid net of any commission received, discounted at the original effective interest rate, differs by at least 10% from the present value of the cash flows that still remain from the original financial liability.

In determining commissions paid net of commissions received, Company includes only commissions paid or received between Company and the lender, including those paid or received by one on behalf of the other or vice versa.

If the changes are not substantial, the company recalculates the gross carrying amount of the financial liability and recognizes a gain or loss due to changes in the result of 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.

2.16.3. Equity Instruments

An equity instrument consists of any contract that evidences a residual interest in the assets of an entity, after deducting all its liabilities. Equity instruments issued by the company are recognized by income received, net of direct issuance costs.

The repurchase of the company's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in the results 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, a credit rating or index. This instrument does not require an initial investment or is lower than 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, such as forward contracts, futures contracts, swaps, and options to hedge various financial risks, mainly interest rate, exchange rate, and commodity price risks). Such derivative financial instruments are initially recognized at their fair values on the date the derivative contract is entered into, and are subsequently remeasured at their fair value. Derivatives are accounted for 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 company's expected purchase requirements, are recognized in profit or loss for the period as cost of sales.

Any gain or loss arising from changes in the fair value of derivatives is recognized directly in the result of the period, except those that are under hedge accounting.

In general, derivatives embedded in host contracts are treated as separate derivatives if they meet the definition of a derivative and when their risks and characteristics are not closely related to those host contracts and the contracts are not measured at fair value through profit or loss. However, 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 evaluated for the classification of financial assets.

Hedge accounting

At the inception of a hedging relationship, the company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting, and the risk management objective and strategy for undertaking 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 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 compensating for changes in fair value or cash flows, and for this purpose they are permanently 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 cover 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 fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognized in profit or loss for the period as finance cost or income.

  For fair value hedges that relate to items carried at amortized cost, carrying amount adjustments are amortized through profit or loss for the period remaining to maturity. Amortization of the effective interest rate may begin as soon as there is an adjustment to the carrying amount 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 covering. Amortization of carrying amount 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 a 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 to a highly probable forecast transaction, or to the exchange rate risk in a commitment unrecognized sign.

  The purpose of cash flow hedge accounting is to recognize changes in the fair value of the hedging instrument in other comprehensive income in order to apply them to the income statements when and at the rate that the hedged item affects them.

  The part of the gain or loss of 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 at the start 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 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 at the start date of the hedging instrument; and

  - The effective part of the hedge.

  The measurement of the effectiveness of the hedges is carried out on a monthly basis.

  Values recognized in other comprehensive income are reclassified to profit or loss 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 carrying amount 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 for the period.

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 in Other comprehensive income remains in other comprehensive income until the planned operation or firm commitment affects the result.

- **Hedges of net investments in foreign businesses,** when they cover the exposure to variations in the conversion of foreign businesses to the company's presentation currency associated with exchange rate risk.

  The objective of the hedge of net investment in foreign currency is to cover the exchange rate risks that a Main or Intermediate Parent that has business abroad may have on the impact on the conversion of financial statements from functional currency to currency of presentation. The net foreign currency investment hedge is a hedge of foreign currency exposure, not a fair value hedge of changes in the value of the investment.

  Effectiveness and ineffectiveness are accounted for similarly to cash flow hedges.

  The gains or losses of the hedging instrument that relate 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 for the period. Upon disposal of the business abroad, the accumulated value of the gains or losses recorded in the other comprehensive income is reclassified to the result of the period.

2.16.5. Offset of financial instruments

Financial assets and liabilities are offset in such a way that the net value is reported in the statement of financial position, only if (i) there is, at present, a legally enforceable right to offset the recognized values, and (ii) there is an intention to liquidate them for net value, or to realize the assets and cancel the liabilities simultaneously.

2.17. 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 sales price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to effect the sale.

Inventories include goods in stock that do not require transformation, such as energy, gas and water meters and supply goods. They include materials such as minor spare parts and accessories for the provision of services and 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 condition and location.

2.18. Impairment of non-financial assets

At each reporting date, the company assesses whether there is any indication that a tangible or intangible asset may be impaired in value. The company estimates the recoverable value of the asset or CGU, at the moment 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 an indefinite useful life and those that are not yet in use.

The recoverable value of an asset is the higher of the fair value less costs to sell, either of an asset or of 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 from those of other assets or groups of assets, in this case the asset must be grouped into a CGU. When a reasonable and consistent allocation base is identified, common/corporate assets are also allocated to individual CGUs, or allocated to the smallest group of CGUs for which a reasonable and consistent allocation base can be identified. When the carrying amount of an asset or a CGU exceeds its recoverable value, the asset is considered impaired, and the value is reduced to its recoverable amount.

In calculating value-in-use, estimated cash flows, whether from an asset or from a CGU, are discounted to their present value using a pre-tax discount rate that reflects market considerations of the time value of cash and the asset-specific risks. An appropriate valuation model is used to determine fair value less costs to sell.

Impairment losses from continuing operations are recognized in the statement of comprehensive income in the section result for the period in those categories of expenses that correspond to the function of the impaired asset. Impairment losses attributable to a CGU are assigned proportionally based on the carrying amount 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 the cash flows derived from other assets or groups of assets. In the company, the 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) the way in which they are managed and monitored. the operations. For the purpose of evaluating losses due to value impairment, the assets are grouped into the following CGUs: Generation, Distribution, Sanitation, Water Supply, Gas and Transmission.

The value impairment for goodwill is determined by evaluating the recoverable value of each CGU (or group of CGUs) to which the goodwill relates. Impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses no longer exist or have diminished.

If such an indication exists, the company makes an estimate of the recoverable value of the asset or of the CGU. A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the recoverable amount of an asset since the last impairment loss was recognized. The reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, if an impairment loss had not been recognized for the asset. in the previous years. Such reversal is recognized in the statement of comprehensive income in the section result of the period.

2.19. Provisions

Provisions are recorded when the company has a present obligation, legal or implicit, as a result of a past event. It is likely that the company will have to part with 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 company expects the provision to be repaid in whole or in part, the repayment is recognized as a separate asset, but only in cases where such repayment is practically certain and the amount of the asset can be measured with reliability. In the company each provision is used only to face 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, taking into account 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. 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 result of the period net of any reimbursement. The increase in the provision due to the passage of time is recognized as a financial expense.

Dismantling provision

The company recognizes as part of the cost of a particular fixed asset, whenever there is a legal or implicit obligation to dismantle or restore, the estimate of future costs that the company expects to incur to carry out the dismantling or restoration and its counterpart the recognized as a provision for dismantling or restoration costs. The dismantling cost 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 taking as reference the market yields of bonds issued by the National Government. In Colombia, in terms of risk-free rates, the yield of the TES Bonds (Public debt securities issued by the General Treasury of the Nation) must be used.

Estimated future costs for decommissioning or restoration are reviewed annually. Changes in estimated future costs, estimated disbursement dates, or the discount rate applied are added to or deducted from the cost of the asset, not to exceed the asset's carrying amount. Any excess is recognized immediately in the result of the period. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the statement of comprehensive income in the section result of the period.

Onerous contracts

The company recognizes the present obligations that derive from an onerous contract, as provisions and their counterpart is in the statement of comprehensive income in the section result of 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. The unavoidable costs are those that reflect the lower net costs of fulfilling the contract, that is, the lower value between the net cost of complying with its clauses and the value of the offset or fines derived from its non-compliance.

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 Company 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 Company, 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. 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 result of the period at the time the employee has rendered the service that grants him the right to make the contributions.

Defined benefit plans

Post-employment benefit plans are those in which the company has the legal or implicit obligation to respond for the benefit payments that were left under its responsibility.

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 values included in net interest on the net defined benefit liability (asset), are recognized in other comprehensive income. 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 from plan assets, interest costs from the defined benefit obligation and interest from the effect of the asset ceiling and are recognized in profit or loss. of the period.

The current service cost, the past service cost, any settlement or reduction of the plan are recognized immediately in the statement of comprehensive income in the section result of the period in the period in which they arise.

2.20.2. Short-term benefits

The company classifies as short-term employee benefits those obligations with employees, which it expects to settle within twelve months following the end of the accounting period in which the obligation was generated or the service provided. Some of these benefits are generated by current labor regulations, by collective agreements or by informal practices that generate implicit obligations.

The company recognizes the short-term benefits at the time the employee has rendered his services as:

A liability, for the value that will be remunerated to the employee, deducting the values already paid previously, and its counterpart as an expense of the period, unless another chapter requires or allows including the payments in the cost of an asset or inventory, for For example, if the payment corresponds to employees whose services are directly related to the construction of a work, they will be capitalized to that asset.

The amounts already paid in advance correspond, for example, to salary advances and advance travel expenses, among others, which in the event that they exceed the corresponding liability, the company must recognize the difference as an asset in the account of expenses paid by in advance, to the extent that the advance payment results in a reduction in future payments or 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 company has entrusted the provision of certain services.

2.20.3. Long-term benefits

The company 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.

Post-employment defined 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:

- Post-employment benefits, both for the estimation of the obligation and for the assets of the plan..
- The company must determine the value of the net long-term employee benefits (liability or asset) by finding the deficit or surplus of the obligation and comparing the asset ceiling.

The benefits that employees receive year after year throughout their working lives should not be considered "long-term" if at the end of the accounting year of each year the company has delivered them in full.

2.20.4. Termination benefits

The company recognizes as termination benefits, the considerations granted to employees, payable as a result of the company's decision to terminate the employment contract of an employee before the normal retirement date or the decision of an employee to accept the voluntary resignation in exchange for those benefits.

2.21. Service concession arrangements

The company recognizes service concession arrangement in accordance with the requirements of IFRIC 12 Service Concession Arrangement.

This interpretation is applicable to 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 agreement term.

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 their fair value, as an intangible asset to the extent that the company 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 company 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 from service concession agreements are recognized in the separate statement of financial position as operating financial assets and are subsequently measured at amortized cost, using the effective interest rate. The evaluation of the impairment of value of these financial assets is carried out in accordance with the policy of impairment of value of financial assets.

Intangible assets from service concession agreements are recognized in the separate 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 ordinary income and services related to construction or improvement services in accordance with the accounting policy for construction contracts. The contractual obligations assumed by the company for the maintenance of the infrastructure during its operation, or for its return to the assignor 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.

2.22. 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 fair value, the company considers the characteristics of the asset or liability in the same way that market participants would take them 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 some similarity 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 company can access on the measurement date (level 1).

- Based on inputs applied on valuation methodologies commonly used by market participants, which are different from the quoted prices that are observable for the assets or liabilities, directly or indirectly (level 2).

- Based on internal discounted cash flow valuation techniques or other valuation models, using unobservable variables estimated by the company 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 on their measurement.

2.23. Surplus cash distributed to owner of the Company

The business recognizes a liability to make distributions to the owner of the company in cash when the distribution is authorized and is no longer at the discretion of the business. The corresponding amount is recognized directly in equity.

2.24. Changes in estimates, accounting policies and errors

2.24.1. New and revised standards applied

2.24.1.1. Changes in accounting policies

As of December 31, 2022, the accounting practices applied in the company's separate Financial Statements are consistent with the year 2021, except for the following changes:

New standard implemented

During 2021, the company implemented the changes accepted through 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 Standards Council of Accounting (IASB), which are mandatory for the annual period beginning on or after January 1, 2021.

IFRS 9 IAS 39 IFRS 7 – IBOR - Reform of the Reference Interest Rate – Phase 1. This amendment, issued in September 2019, is intended to provide relief from the highly probable and forward-looking 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 hindsight under IAS 39. The exceptions described in the amendments apply only to those hedging relationships directly affected by IBOR reform uncertainties, 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, the entity shall disclose:

a. The significant benchmark interest rates to which the entity's hedging relationships are exposed;

b. The measure of exposure to risk 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 that the entity made in applying these paragraphs (for example, assumptions or judgments about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and amount of cash flows based on the reference interest rate); and

e. The nominal 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 - Reform of the Reference Interest Rate – 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 carrying amount of financial instruments but will update the interest rate effective to reflect the change to the alternative reference rate.

- Exemption to avoid having to discontinue certain hedging relationships: even if the company makes the changes required 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 benchmark has been implemented, hedged items and hedging instruments must be valued using the new index, and any potential hedge ineffectiveness that may exist will be recognized in profit or loss.

- Disclosures: the company must disclose information about:

  a. How the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks it is exposed to 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 the 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, and derivatives) that are related to 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 term of this practical application by changing the year of reduction of lease payments from 2021 to 2022.

The company is not affected by this modification because it does not apply and will not apply lease concessions.

The 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.

2.24.1.2. Application of new and revised standards

The changes to the IFRS (new standards, modifications and interpretations), which have been published in the period, but which have not yet been implemented by the company, are detailed below:

Standard	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	Amendment
IAS 1 - Presentation of financial statements and Modification, classification of liabilities as current or non-current	January 1, 2023	Amendment
IFRS 3 - Reference to the Conceptual Framework	January 1, 2022	Amendment
IAS 37 - Onerous contract - Costs of fulfilling a contract	January 1, 2022	Amendment
IAS 16 - Property, plant, and equipment - Proceeds before Intended Use	January 1, 2022	Amendment
IFRS 1 - Annual cycle 2018-2020 - Adoption for the first time.	January 1, 2022	Amendment
IFRS 9 - Annual cycle 2018-2020 - Rates of financial instruments in the "10 percent" test for derecognition in financial liability accounts.	January 1, 2022	Amendment
IAS 1 - Disclosure of Accounting Policies and Practice Statement 2 of IFRS	January 1, 2023	Amendment
IAS 8 - Definition of accounting estimates	January 1, 2023	Amendment
IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023	Amendment

IFRS 3 - Reference to the Conceptual Framework

This amendment, issued in May 2020, updates the reference to the Conceptual Framework for Financial Information, given that 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 require applying the criteria of IFRIC 21 or IAS 37 respectively to determine if there is a present obligation on the acquisition date, additionally, it prohibits the recognition of contingent assets acquired in a business combination.

The company is evaluating the impacts that the application of this new standard could generate; it is estimated that 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 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 the contract; the incremental cost approach - the one contemplated in 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 will be analyzed considering 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 - Proceed 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 commissioning process of the asset (such as samples produced while the equipment was being tested)" and including that the income and costs associated with the product produced during said installation and commissioning process are recognized directly in the results of the period in accordance with the 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 company is evaluating the effects that the application of this amendment could cause in 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 a first-time adopter of IFRS after its parent.

The company is evaluating the impacts that the application of this new standard could generate; it is estimated that 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 - Financial instrument rates in the "10 percent" test for derecognition of financial liabilities

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 then defines 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 company is evaluating the effects that the application of this amendment could cause in 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 a prior period, it shall disclose that fact.

IAS 1 - Disclosure of Accounting Policies and IFRS Practice Statement 2

This amendment, issued in February 2021, requires companies to disclose significant information about accounting policy instead of describing 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 Disclosures of Financial Instruments, specifying the disclosure of significant accounting policies.

The company is evaluating the impacts that the application of this new standard could generate; it is estimated that 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 so, 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 company is evaluating the impacts that the application of this new standard could generate; it is estimated that 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 brought by IAS 12 of not applying deferred tax when an asset or liability is recognized initially and simultaneously, which generates equal temporary differences, would not apply in the case of leases. (IFRS 16) and dismantling (IAS 37 and IAS 16), cases in which, if IAS 12 for deferred tax should be applied. Paragraph 22A, which has been added, provides 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 assets and liabilities.

The company is not affected by this modification because it has been applying the deferred tax in this way in said transactions.

This amendment will be mandatory for annual reporting periods beginning on or after January 1, 2023. Early application is permitted.

NIIF 17 Insurance Contracts

Issued in May 2017, replacing IFRS 4, which was addressed as a provisional standard, which was being developed in phases.

IFRS 17 solves the inconveniences of comparison generated by the application of IFRS 4, since 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 approach to presentation and measurement for all insurance contracts.

The company is evaluating the impacts that the application of this new standard could generate.

The modifications will be mandatory for annual periods beginning on 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. Its application is allowed. early application if IFRS 9 and IFRS 15 are applied.

IFRS 17 – Insurance Contracts - 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 to the entity IFRS 9, the overlapping of the classification of the financial asset is allowed, 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 from 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 being 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 measured fair value on that date. Applying paragraph 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 overlap, would be recognized in opening retained earnings.

This amendment adds paragraphs C28A through C28E and C33A; and will enter into force 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 liabilities is not affected by the 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 agreements were complied with; 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 company is evaluating the effects that the application of this amendment could cause in 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 03.

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 company's management used in applying the accounting policies under IFRS adopted in Colombia, and that have a significant effect on the values recognized in the financial statements. separated.

The estimates are based on historical experience and based on the best information available on the facts analyzed as of the cut-off date. These estimates are used to determine the value of assets and liabilities in the separate financial statements, when it is not possible to obtain such value from other sources. The company evaluates its estimates regularly. Actual results may differ from these estimates.

The significant estimates and judgments made by the company are described below:

- **Evaluation of the existence of impairment indicators for assets, goodwill and asset valuation to determine the existence of impairment losses.**

  On each reporting date, the status of the assets is reviewed to determine if there are indications that any have suffered an impairment loss. If there is a loss due to impairment, the recoverable amount of the asset is affected; if the estimated recoverable amount is lower, it is reduced to its recoverable value and the loss due to impairment is recognized immediately in the result of the period.

  The evaluation of the existence of indicators of value impairment 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 is expected to be used and evidence of the obsolescence or physical deterioration of an asset or CGU, among others.

  Determining whether goodwill has suffered impairment involves calculating the value-in-use of the CGUs to which it has been assigned. The calculation of 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 11 Impairment of assets.

- **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 former employees, they are related to the mortality rate and turnover rates among employees, the latter they are related to the discount rate, future salary increases, and changes in future benefits.

See note 25 Employee benefits.

- **The useful life and residual values of property, plant and equipment and intangibles assets.**

  In the assumptions and hypotheses used to determine useful lives, technical aspects are considered such as: periodic maintenance and inspections carried out on assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, factors of obsolescence, manufacturers' recommendations, weather and geographic conditions, and the experience of 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 company discloses the fair value corresponding to each class of financial instrument in the way the comparison with carrying amounts is allowed. The macroeconomic projections calculated within the company are used. The investment portfolio is valued at market price. When there is an absence of this, a similar one is sought in the market and if the following assumptions are not used:

  - Derivatives are estimated at fair value.

See note 24 Derivatives and hedges.

  - Accounts receivable are estimated at the prevailing market rate for similar loans.

See note 12 Trade and other receivables

- Accounts receivable from employees are valued similarly to mass debtors, except for housing loans.

See note 12 Trade and other receivable.

- For equity investments, the methodology is cash flow; It is estimated at market price for those listed on the stock market.

See note 13 Other financial assets.

- **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 professionals in the areas, the type of contingent liability, possible legislative changes and the existence of jurisprudence of high courts that apply to the specific case, the existence within the company of similar cases, the study and analysis of the merits of the matter, the existing guarantees at the time of the occurrence of the facts. The company 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 27 Provisions, contingent assets and liabilities.

- **Future disbursements for decommissioning and asset removal obligations.**

  In the assumptions and hypotheses that are used to determine future disbursements for dismantling and asset removal obligations, aspects such as: estimate of future expenditures that the company must incur for the execution of activities associated with dismantling of the assets for which legal or constructive obligations have been identified, the initial date of dismantling or restoration, the estimated date of completion and the discount rates.

See note 27 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 to determine 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 a lease is evaluated. 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 use period without any changes to the operating instructions.

  See note 14 Leases.

- **The recoverability of deferred tax assets.**

  The deferred tax asset has been generated by the temporary differences, which generate future tax consequences in the financial situation of the company. 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 pension liability components, amortized cost of bonds, finance leases and other miscellaneous provisions and for contingencies.

  The deferred tax asset of the company is recovered in the liquid income taxed on the current income tax generated.

  See note 39 Income tax.

- **Determination of impairment of trade receivables**

  To calculate the expected credit loss, each obligation is assigned an individual probability of non-payment that is calculated from a probability model that includes sociodemographic, product, and behavioral variables.

  The model will be applied based on the table of scores (Scorecard) developed taking into account the information of the company. 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 account, such as: written-off accounts; self-consumption; contributions; public lighting and third party collections in general. For its calculation, the moment from which it is considered that an obligation was breached and will not be recovered is previously defined.

To calculate the credit loss of trade and other receivables (except accounts receivable between related parties) the following formula is used:

PE = SE x PI x PDI, where:

Where, Exposed Balance of the Asset (SE): corresponds to the principal 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 smooth out 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 (PDI): it is defined as the economic deterioration that the entity would incur in the event that any of the default situations materialize. It is a percentage obtained as a result of 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 receivable.

- **Revenue estimate**

The company recognizes the income originated by the sale of goods and the provision of services to the extent that the performance obligations are satisfied by the company, regardless of the date on which the corresponding invoice is prepared. To make this estimate, It takes the information from the contracts or agreements with the clients and thus the value to be recognized in the income is established.

When there is uncertainty about the moment in which the income must be recognized, the company recognizes the income 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 home public services, the company 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 recorded, its value is adjusted by the difference between the value of the real income already known against the estimated income.

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 count with the coverage of protection 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. It also serves to protect exposure to risk from purchasing energy on the stock market in said periods, which consequently also increases.

It is important to highlight 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 04.

Significant transactions carried out and other relevant aspects that occurred during the period

As of December 31, 2022, significant transactions and other relevant aspects that occurred during the period, other than those of EPM's normal course of business, are related to:

4.1. Expenses and others related to the contingency of the Ituango hydroelectric plant:

- On November 26 and 29, respectively, the synchronization of Generating Units 1 and 2 was carried out, to register them to the National Power System, complying with all the guidelines required by the XM (electricity market administrators) and CON (National Council of Operation of the Electricity Sector) and remaining available for commercial generation. On December 14, 2022, the load rejection tests at maximum power in generation units 1 and 2 of Hidroituango were completed satisfactorily, thus bringing these two units into commercial operation.

See note 7.

- Once the availability is declared in the system for commercial generation, the accounting transfer of the assets that came into operation for a value of $5,716,113 is made.

See note 7.

- Hidroituango presents a physical progress of 90.35% (December 31, 2021: 86.9%).

- On November 30, the contract of the CCCI Consortium, in charge of the execution of the main civil works of the project, ended. On December 1, 2022, the firm Schrader Camargo SAS began to continue the civil works required for the entry into commercial operation of units 3 and 4.

Regarding the contingency, EPM has recognized the following items in its separate financial statements as of December 31, 2022:

- Cost and progress of the construction of the future Ituango hydroelectric plant for $6,853,978.

  See note 5.

- Provision balance for $34,140 for the care of those affected in Puerto Valdivia, for compensation for consequential damage, loss of earnings and non-pecuniary 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 2022, the provision was adjusted by $10,358 as a provision expense and financial expense, and payments for $5,261 have been made.

  See note 27.1.6.

- Provision balance of $0 for contingency care, humanitarian aid and financial support for people who had to evacuate as a result of said event. During 2022, the provision was adjusted by $1,194 provision expense and financial expense, and payments for $1,893 have been made.

  See note 27.1.6.

- Provision balance for $56,197 for environmental and social contingency, established by the specific action plan for the recovery of the parties affected by the events of the clogging 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 2022, the provision was adjusted by $20,168 as recovery income and $5,944 for financial expense, and payments for $33,213 have been made.

See note 27.1.1.

- Provision balance of $106,053 for non-compliance from November 2021 to October 2023, to the Intercolombia transporter for the months after the connection infrastructure of the future Ituango hydroelectric plant came into operation. During 2022 the provision has been adjusted by $100,854 as a provision expense and financial expense and payments for $196,719 have been made.

- Litigation provision balance for $366,072 corresponding to group actions of downstream communities affected by the contingency. During 2022 the provision has been adjusted by $68,220 as a provision expense and financial expense, no payments have been made.

- Additionally, in the statement of comprehensive income, other expenses for $7,518 have been recognized during 2022 for the care of the community affected by the contingency.

4.2. Impairment of assets.

- An impairment of $1,044,022 was recognized for the investment in UNE, as a result of the global macroeconomic outlook and risks, which are reflected in the discount rate.

- An impairment of $16,946 was recognized for the investment in Hidroituango, due to the fact that the financial projection of the EPM Generation CGU does not include any disbursement in favor of the HI Company for remuneration.

4.3. Cybersecurity incident

On December 12, 2022, a cybersecurity incident occurred that affected some components of the organization's technological platform. However, after carrying out the verification procedures, it was concluded that it had no effect on the accounting information for the year ended December 31, 2022.

Note 05.
Property, plant and equipment, net

The following is the detail of the carrying amount of property, plant and equipment:

Property, plant and equipment	2022	2021
Cost	37,145,450	33,320,617
Accumulated depreciation and impairment loss	(5,705,815)	(5,184,095)
Total	**31,439,635**	**28,136,522**

-Amounts stated in millions of Colombian pesos-

The following is the detail of the carrying amount of property, plant and equipment that is temporarily out of service:

Property, plant and equipment temporarily out of service	2022	2021
Networks, lines and cables	1,285	572
Plants, ducts and tunnels	44,774	53,859
Land and buildings	17,524	15,378
Machinery and equipment	160	180
Communication and computer equipment	5	-
Other properties, plant and equipment	1	1
Total property, plant and equipment temporarily out of service	**63,749**	**69,990**

-Amounts stated in millions of Colombian pesos-

The company owns property, plant and equipment withdrawn from use and that have not been classified as non-current assets held for sale, corresponding to the Caracolí power plant, which is undergoing modernization and will start operating in March 2023, the Sonson power plant1 and Sonson2, are projected to come into operation on February 27, 2025, the Rio Piedras plant that went from Generation to Water Supply, which has as a business strategy to recover the mini plant that comes into operation in March 2023, the cockroach pumping Los Naranjos, which is expected to be modernized, and the land of the Porce IV project and the Espíritu Santo project, which has not yet started up.

The carrying amount of these assets is as follows: for 2022 the cost amounts to $117,233 (2021: $130,925), the accumulated depreciation is $53,469 (2021: $60,196) and the accumulated impairment is $23 (2021: $893), the depreciation of the impairment is $8 (2021:154).

The movement of cost, depreciation and impairment of property, plant and equipment is detailed below:

2022	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 cost	7,075,105	8,294,893	12,048,255	5,029,689	240,592	236,368	98,544	297,171	33,320,617
Additions[3]	29,976	31,034	3,736,447	5,039	8,600	32,633	1,972	68,665	3,914,366
Advances delivered (amortized) to third parties	-	-	(10,494)	-	-	-	-	-	(10,494)
Transfers (-/+)[4]	624,068	2,556,401	(6,814,507)	3,617,059	22,667	782	8,270	(32,679)	(17,939)
Disposals (-) (sales)	-	-	-	(227)	-	-	-	(1,257)	(1,484)
Derecognition	(13,649)	(14,214)	(34)	(1,707)	(5,511)	(10,548)	(466)	(1,954)	(48,083)
Other changes	7,892	20,207	2,152	(18,334)	(18,777)	290	9,330	(14,293)	(11,533)
Final balance cost	**7,723,392**	**10,888,321**	**8,961,819**	**8,631,519**	**247,571**	**259,525**	**117,650**	**315,653**	**37,145,450**
Initial balance, accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	
Initial balance, accumulated depreciation and impairment loss	(1,955,494)	(2,124,808)	-	(704,372)	(119,335)	(140,281)	(60,539)	(79,266)	(5,184,095)
Charge depreciation for the period	(220,318)	(224,411)	-	(54,872)	(17,884)	(30,118)	(2,705)	(6,363)	(556,671)
Disposals (-) (sales)	-	-	-	-	-	-	-	1,083	1,083
Derecognition	8,955	9,355	-	887	5,290	10,349	368	1,468	36,672
Other changes	(630)	285	-	(1,910)	529	(182)	(38)	(858)	(2,804)
Final balance, accumulated depreciation and impairment loss	**(2,167,487)**	**(2,339,579)**	**-**	**(760,267)**	**(131,400)**	**(160,232)**	**(62,914)**	**(83,936)**	**(5,705,815)**
Total final balance property, plant and equipment, net	**5,555,905**	**8,548,742**	**8,961,819**	**7,871,252**	**116,171**	**99,293**	**54,736**	**231,717**	**31,439,635**
Advances delivered to third parties									-
Initial balance	-	-	58,887	-	-	-	-	497	59,384
Movement (+)	-	-	26,185	-	-	-	-	-	26,185
Movement (-)	-	-	(36,679)	-	-	-	-	-	(36,679)
Final balance	**-**	**-**	**48,393**	**-**	**-**	**-**	**-**	**497**	**48,890**

-Amounts stated in millions of Colombian pesos-

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 properties, plant and equipment [2]	Total
Initial balance cost	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 (-/+)[4]	470,047	286,412	(894,751)	75,753	45,987	9,006	-	(2,110)	(9,656)
Disposals (-) (sales)	-	-	-	(26)	-		-	(645)	(671)
Derecognition	(10,594)	(29,911)	(15,537)	(804)	(2,101)	(22,827)	(502)	(1,096)	(83,372)
Other changes	(20,675)	61,058	(2,870,706)	(101,197)	(85,787)	(21,631)	757	(5,501)	(3,043,682)
Final balance cost	**7,075,105**	**8,294,893**	**12,048,255**	**5,029,689**	**240,592**	**236,368**	**98,544**	**297,171**	**33,320,617**
Initial balance, accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	
Initial balance, accumulated depreciation and impairment loss	(1,764,719)	(1,928,133)	-	(675,544)	(118,636)	(150,225)	(52,112)	(71,973)	(4,761,342)
Charge depreciation for the period	(198,018)	(207,907)	-	(55,358)	(15,856)	(32,370)	(8,764)	(6,297)	(524,570)
Disposals (-) (sales)	-	-	-	-	-	-	-	560	560
Derecognition	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, accumulated 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 balance property, plant and equipment, net	**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-

1. Includes capitalization of loan costs for $380,066 (2021: $608,351), of which $4,961 (2021: $177,206) corresponds to capitalizable debt exchange difference. The weighted average rate used to determine the amount of loan costs was 10.72% (2021: 8.68%) in pesos and the rate in dollars was 4.50% (2021: 4.53%). Additionally, it includes right-of-use assets associated with construction in progress amounting to $3,889 (2021: $577).

The main projects under construction are the following:

Proyecto	2022	2021
Future Ituango Hydroelectric Power Plant 1.1	6,853,978	10,334,272
Goods for distribution projects	227,013	118,670
Western Chain	132,868	82,434
Replacement of poles and trafos	120,119	65,430
Expansion. Refu. Con. Oriental Ma	96,797	18,418
Adequacy of Drinking Water Plant	88,867	52,506
Updating of Miraflores Dam	78,177	48,127
Connection Suestación Uraba Nueva Colina Apartado	67,733	40,338
Expansion Envigado sector Capiro	58,925	44,926
Ayura Plant Modernization	42,928	72,068
Caracolí Mini-Power Plant	42,676	23,075
South Interceptor	40,296	24,908
Manantial Plant Modernization	38,578	19,430
Medium Voltage Quality Improvement	37,159	15,665
Caldas - La Estrella Interconnection	36,677	93,970
TEPU Photovoltaic Solar Park	33,939	-
Expansion of Yulimar Manantiales Circuit	31,493	71,437
Rodeo Substation Training Expansion	30,814	3,574
Santo Domingo Project	27,635	27,635
Pipelines-Infrastructure	26,717	15,797
Measurement code	23,888	29,706
Modeling of network system to residences	23,837	10,426
Guatape Modernization	23,806	9,511
Coverage Expansion Plans	22,642	22,539
El Buey Piedra-Panta Catchment Modernization	22,150	19,387
SDL Coverage Expansion E.R	20,323	44,430
Connection of customers	18,716	-
La Garcia Basin	18,124	10,903
Replacement of Secondary Networks Asbest Cement	17,775	4,207
Change of lighting fixtures to LED	15,260	1,303
Gap Closure Sewer	14,400	86
Waste management	12,985	16,784
Girardota WWTP	12,827	2
Piedras Blancas - El Toldo Tunnel	12,731	5,477
Quebradona Mine Connection (MCQ)	12,493	8,489
Acc Red Dis Prov Ag Difi Gesti	12,063	5,448
cc Network Dis Ges Ag Resi Di Ges	11,738	4,862
Trafos projects	11,186	9,261
Construction Valle SN Nicolas Rionegro	10,969	2,972
Castilla Bello Circuit	10,522	9,978
Interventions Quality Services	10,183	-
Cuatro Esquinas Tank	9,953	9,953
North Iguaná watershed basin	9,895	37,314
Modernization of Tasajera transmission system	9,850	49
Elimination of PSMV discharges	9,813	1,109
Modernization of Chig substation	8,994	1,075
FACTS assembly Envigado substation	8,984	4,433
Biogas technology San Fernando WWTP	8,676	2,974
Other projects 1.2	443,647	602,897
	8,961,819	**12,048,255**

-Amounts stated in millions of Colombian pesos-

1.1. As of December 31, 2022, the Hidroituango plant had a physical progress of 90.35% (December 31, 2021: 86.9%), the physical progress that occurs at the date of the period on which the financial statements are reported. separated corresponds to the version of the schedule of October 13, 2022, which includes the effects suffered by the Project caused by the health emergency caused by COVID-19, in addition, to the extent that inspections were carried out on the fronts of missing works and after the contingency, the additional work requirements are defined to guarantee the stability of the Project, a situation that forced to reconfigure longer terms and include additional work activities in the schedule.

On January 25, 2022, the company Mapfre Seguros Generales de Colombia, insurer of the Ituango hydroelectric plant, made a final, total and final payment of USD 633.8 million for the contingency that began 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 in the second instance ruling of the Comptroller General of the Republic, notified on November 26, 2021.

In January 2022, the concrete pouring for the floor of the drainage gallery at elevation 508 of the landfill began, the additional consolidation injections of the 380 MD gallery were completed, the entry to the auxiliary diversion gallery - GAD was made at through the area of plug 11 and the formation of the road to the plugs of the GAD began, the cleaning activities of tertiary drilling slurries and reinjection drilling for scanning of the right diversion tunnel - TDD were completed, a test was carried out technique for the insertion of spheres in El Palmar, finished the pouring of concrete for the second stage of the elbow of the vacuum cleaner of unit 3, finished the pouring of concrete for the generating area of unit 2, unloading, verification and delivery to General Electric - GE of a quarter of the stator of the generation unit 2, the arrival of four quarters of the lower cover of the generator of unit 2 was recorded, the emptying of the wall of the U-shaped enclosure of unit 3, up to elevation 203.5, the massive emptying of the elbow of the unit 4 vacuum cleaner was completed, Stage 1, elevation 199.00, the arrival of the stairs for the metal structure of the North Services Building was recorded, The protective filling began in the auxiliary window of the unloading tunnel 4, the emptying of the lateral guides and the adjustment of the lower beam in the exit structures No.1 and No.2 finished, unloading of four stop logs in the stockpile of the download platform.

In February 2022, the emptying of the filling of the cavity between beacon 1 and discharge No.2 began, the construction of the screed in the drainage gallery 508 of the landfill was completed, the concrete pouring began in the plugs of both the left and right branch of the auxiliary diversion gallery - GAD, verification and delivery to the GE Contractor of the third quarter of the stator for UG2 and the Francis type runner for UG1 was completed, the assembly of the armored extension in the tunnels of suction 1 and 2, the pouring of the main slab level 217.45 of the generation unit 2 finished, the concrete pouring of the vacuum cleaner of unit 4 finished, the pouring of concrete begins on the support slab of the crane, on the platform of the jetty.

In March 2022, the additional consolidation injections were completed in gallery 250 Left Bank, the slab and concrete for pedestals were poured, level 204.1 of the generation unit 3, the construction of the final plugs of the GAD in the right and left branches, in addition, the concrete pouring of the bottom discharge plug of the GAD began, the shielding assembly began in the lower conduit No.3, the concrete was finished in the lower elbows of the conduits No.1 and No.2, the concrete pouring of the suction tunnel 2 was completed, the verification and delivery to the GE Contractor of the support cone for UG1, the upper cover for UG2, as well as the operation ring for UG1 were carried out. , the concrete pouring of the U-shaped enclosure of unit 4, at elevation 203.5, finished, the secondary concrete pouring of the beacon suction gate guides finished.

In April 2022, the additional deep curtain injections were completed in gallery 380, right bank, the concrete pouring of the final plug of the bottom discharge tunnel of the GA was completed, the concrete pouring of the slab 204.1 masl was completed in unit 4 of the power house, the emptying of the support pedestals of the spiral chamber in Unit No. 4 was completed, the transfer and positioning of the stationary ring of the generation unit 4 to the final assembly site was completed, the concrete pouring was completed of the North powerhouse drainage gallery - Unit No. 4, the slab level 211.90 masl of the North service building was poured, the concrete was poured in suction tunnel 3, the embedment concrete was poured (6 ferrules) in the pressure well No.1, the casting of the slab in the discharge tunnel No. 1 was completed.

In May 2022, the installation of the 15 t gantry crane began in the upper conduction bend 4, the concrete pouring for the embedment of ferrules 45 to 41 of pressure well 2 finished, the concrete pouring for lining of ferrules 23 and 24 of the lower pipe 1 and its connection with the spiral chamber, the concrete pouring of the mezzanine slab in EL was completed. 193 of the north service building, the concrete pouring of the beams and perimeter slab of the side building B was finished, between levels 216.60 to 217.45, the concrete pouring of the passage gallery between beacon 1 and the powerhouse was finished, the concrete pouring finished of the definitive plug of gallery K, of lower North communication, finished pouring of concrete on the slab in unloading tunnel 2, finished pouring of concrete of the type 1 watertight door plug, level 192.20 of beacon 1 with the lower north construction gallery , the installation and connection of force and control of six flow transmitters for the pumping system of the bowl plug in the TDI was carried out, the verification and delivery to the GE Contractor of the Ferrule 262F for the assembly of the spiral chamber of unit 4 and the shaft for the rotor/stator transport device of generation units 1 to 4.

In June 2022, the unit 1 rotor ¬was lifted , moved, and positioned from the assembly room to the final installation site, heating of the unit 1 rotor magnetic ring began, the unit 1 stator was moved unit 1 from the assembly room to the final site, finished the pouring of concrete to join the lower conduit 2 with the spiral chamber of unit 2, finished the construction of the plugs in branches 1 and 2 of the north lower construction gallery , finished emptying of embedment of ferrules 26 to 21 in pressure well 1, finished emptying of embedment of ferrules 29 to 25 in pressure well 2, finished pouring of concrete for construction of the watertight door wall of the operation and control chamber of beacon 1, concrete pouring of the temporary plug of discharge tunnel 4 finished, emptying of plug 46 finished, auxiliary construction window towards discharge tunnel 2, assembly began of the fire doors for enclosures in the galleries of bars 1 and 2, began the installation of air supply ducts in the cable exit shaft, began the assembly of the piping of the fire-fighting system of the north services building.

In July 2022, the stator of unit 1 was moved to the final assembly site, lifting and moving the rotor of unit 2 to the final assembly site, total release of the spiral chamber of unit 3 to continue civil works, start of filling of the beacon 1, for the execution of tests of the suction gates, the straight section of the pressure well 1 was completed and the installation of the ferrule 1 of the upper elbow 1 began, the concrete pouring of the straight section of the pressure well was finished 2, between ferrules 19 to 15, finished pouring the massive concrete of the spiral chamber of unit 3, between EL 204.10 to 205.50, began pouring concrete to regrow the concrete plug of the bottom discharge access gallery.

In August, the concrete pouring of the embedment of ferrules 1 to 4 of the pressure well 1 was completed, the filling of beacon 1 to El. 226 was completed, with water from the Cauca river, for the tests, concrete was poured in the elbow lower conduit 4, the installation of metallic elements for the façade in the north services building began, the launching of nylon spheres was restarted towards the area of pre-cap 2, the casting of restitution concrete in cavity 2 between beacon 1 finished and unloading 2, the concrete pouring of unit 3 was completed up to EL: 210.9 masl, the by-pass of the auxiliary diversion gallery - GAD was closed.

In September, the assembly of the metal structure of the North Services Building was completed, the concrete pouring of the spiral chamber of unit 3 to El. 211.9 was completed, the hydrostatic test plug of the spiral chamber of the unit 3, the concrete of the wall of the generator enclosure section 2 of unit 3 until 216.65 was emptied, a hydrostatic test was carried out on the spiral chamber of Unit 4, the spider of the rotor of unit 4 was moved to the assembly room, finished pouring concrete in unit 4 in El. 204.10/205.50, casting of lining for ferrules 1 to 4 of upper elbow 2, finished installation of tensioning and testing of priority anchors for barge anchoring removal of debris, in the underwater works, the high-voltage tests on the power cables for units 1 to 4 were completed, the rod was blasted from discharges 1 and 2.

In October, the mechanical and electrical assembly of Generating Unit 1 was completed, all the activities in pipeline No.1 were completed, including repairs and cleaning inside it, the assembly of the turbine of unit 2 was completed, the emptying was completed of concrete of the spiral chamber of unit 3 up to 211.9, finished the emptying of massive concrete of unit 4 between 210.90 to 211.85 meters above sea level. the Preplug 1 - PT1 consolidation injections were completed, in the right diversion tunnel from the Left diversion tunnel, the concrete pouring for the embedment of the ferrules and the upper plug in elbow 1 was completed, the tendon injections in beacon 1 were completed, the removal of six (6) stop-logs from shock 1 and seven (7) stop-logs from shock 2 estimated in the first stage.

On November 26, Generating Unit 1 was synchronized to register it to the National power system. On November 29, Generating Unit 2 was synchronized to register it to the National power system, complying with all the guidelines required by XM (electricity market administrators) and the CON (national operation council of the electric sector) and remaining available for the commercial generation.

On November 30, the contract of the CCCI Consortium, in charge of the execution of the main civil works of the project, ended. In November, the massive concrete pouring of unit 4 was completed between 210.90 to 211.85 masl. The concrete pouring of the generator enclosure wall of unit 4 at point 216.85 was also completed, the concrete pouring of the intermediate discharge preventive plug was completed. The emptying of the concrete plug in the communication gallery between Almenaras 1 and 2 was completed, the arrival at Work of the second segment of the stator of the generation unit 3 was recorded, the filling of the annular space of the micropiles of the pre-plug 2 finished.

On December 1, 2022, the firm Schrader Camargo SAS began, to continue the civil works required for the entry into commercial operation of units 3 and 4; On December 14, 2022, the load rejection tests at maximum power were successfully completed in generation units 1 and 2 of the project (starting commercial operation). To carry out these tests, the following milestones were previously met: ¬Preventive evacuation of approximately 5,220 citizens, requested by the National Risk Management Unit (UNGRD) for the downstream communities, carrying out dry tests of the units 1 and 2, completion of the secondary concrete up to level 217, units 1 and 2, assembly of the power transformers of transformer banks 1 to 4, assembly of the generator and the rotor of units 1 and 2, completion of the shielding of the pipes 1 and 2 (lower bend, pressure well and upper bend).

Due to the entry into commercial operation of the Hidroituango power plant, the accounting transfer of the assets that came into operation was made for $5,716,113.

The additions of property, plant and equipment for $ 3,914,369 (2021:

1.2. Other projects: due to the other projects that the company has, of which the most significant are merchandise for projects for $15,769, pumping construction optimization for $7,896.74, among others.

2 Includes equipment and vehicles from the automotive fleet, medical and scientific equipment, properties, plant and equipment in assembly, properties, plant and equipment in transit and replacement assets, transport, traction and lifting equipment, dining room equipment, kitchen, pantry and hotel.

3 Includes purchases, capitalized disbursements that meet the recognition criteria, goods received from third parties, and costs for dismantling and removing items of property, plant, and equipment. At the end of December 2022 and December 2022, no government subsidies were received.

4 Corresponds to the transfers to operation among which the most representative is due to the Ituango project for a value of $5,716,113.45.

$3,420,786) less the movement of advances for -$10,494 (2021: -$3,709), capitalized interest for debt $380,066 (2021: $608,351), less the environmental and dismantling provisions for $102,333 (2021: $25,283) and $57 of provision for the purchase of easements from the statement of cash flows.

The assets subject to operating leases are the following: networks, lines and cables, electrical infrastructure for the installation of networks by telecommunications operators, specifically poles. Plants, pipelines, tunnels, contract for the connection of Ecopetrol to the STN (Medio Magdalena Substation) with a net carrying amount of $71,400.

At the end of the period, an impairment test was carried out on the assets that are linked to the Generation, Distribution, Transmission, Gas, Water Supply and Wastewater Management CGU and that have registered intangible assets with an indefinite useful life, which did not show impairment of value.

As of December 31, 2022, there are restrictions on the realization of property, plant and equipment, associated with some equipment of the vehicle fleet for a net carrying amount of $2 (2021: $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 company as of December 31, 2022 amount to $3,163,360 (2021: $3,546,862).

The following is the historical cost of fully depreciated property, plant and equipment that continues in operation as of December 31, 2022 and 2021:

Group	2022	2021
Buildings	4,762	2,174
Plants, ducts and tunnels	26,818	21,464
Networks, lines and cables	7,579	8,033
Machinery and equipment	14,156	13,828
Communication and computer equipment	25,736	16,459
Furniture, Fixtures and Office Equipment	5,291	4,435
Other properties, plant and equipment	4,047	3,348
Total	**88,390**	**69,741**

-Amounts stated in millions of Colombian pesos-

Note 06.
Investment properties

The fair value of investment properties is based on an appraisal carried out by experts who have recognized professional capacity and recent experience on the category of real estate investments object of the valuation; This value has been determined by appraisers from EPM's Real Estate Asset Negotiation and Administration Unit, who have the certificate of registration in the Open Registry of Appraisers, 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 properties, prior time adjustments, 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 fee that tenants would be willing to pay in the rental market. See note 43 Fair value measurement on a recurring and non-recurring basis.

Investment properties	2022	2021
Initial balance	152,339	152,365
Purchases	-	200
Net gain or loss on fair value adjustment	17,124	(226)
Disposals - sales (-)	(175)	-
Final balance	**169,288**	**152,339**

-Amounts stated in millions of Colombian pesos-

The valuation obtained has been adjusted for the purpose of being used in the financial statements, as shown in the following reconciliation:

Concept	2022	2021
Market amount estimated by independent appraiser	169,288	152,339
Fair value for financial reporting purposes	**169,288**	**152,339**

-Amounts stated in millions of Colombian pesos-

As of December 31, 2022, investment property lease income for the period was $494 (2021: $2,150) and direct investment property expenses for the period were $264 (2021: $247).

As of December 31, 2022, there are restrictions on the property located in the Mamatoco sector of the municipality of Santa Marta, a direct reparation process is currently underway against said municipality, due to the fact that due to omission of the municipal administration, a process of massive invasion of the property, which makes it difficult to recover it through police protection processes; the fair value is $1,392 (2021: $1,392).

Note 07.

Goodwill and other intangible assets

The following is the detail of the carrying amount of intangible assets:

Intangibles	2022	2021
Cost	**1,464,889**	**1,364,965**
Goodwill	260,950	**260,950**
Concessions and franchises	496,384	483,507
Rights	8,488	8,488
Licenses	122,699	118,628
Software	334,232	285,640
Easements	181,611	176,217
Disbursements Development Phases	59,140	30,150
Other intangible assets	1,385	1,385
Accumulated amortization and impairment loss	**(586,139)**	**(514,771)**
Concessions and franchises	**(328,576)**	**(304,733)**
Rights	**(2,936)**	**(2,528)**
Licenses	**(69,142)**	**(58,230)**
Software	(183,568)	(147,420)
Easements	**(1,244)**	**(1,279)**
Other intangibles	(673)	(581)
Total	**878,750**	**850,194**

-Amounts stated in millions of Colombian pesos-

The movement of cost, amortization and impairment of intangible assets is detailed below::

2022	Goodwill	Concessions and similar rights	Capitalized development disbursements	Software and computer applications	Licenses	Rights	Other intangible assets[1]	Total
Initial balance cost	260,950	483,507	30,150	285,640	118,628	8,488	177,602	1,364,965
Additions[2]	-	733	29,280	46,042	4,086	-	1,804	81,945
Transfers (-/+)	-	12,144	-	2,550	-	-	3,244	17,938
Derecognition	-	-	-	-	(4)	-	-	(4)
Other changes	-	-	(290)	-	(11)	-	346	45
Final balance cost	**260,950**	**496,384**	**59,140**	**334,232**	**122,699**	**8,488**	**182,996**	**1,464,889**
Initial balance accumulated depreciation and impairment	-	(304,733)	-	(147,420)	(58,230)	(2,528)	(1,860)	(514,771)
Charge amortization for the period[3]	-	(23,843)	-	(36,110)	(10,900)	(408)	(983)	(72,244)
Derecognition	-	-	-	-	3	-	-	3
Other changes	-	-	-	(38)	(16)	-	927	873
Final balance accumulated depreciation and impairment	**-**	**(328,576)**	**-**	**(183,568)**	**(69,143)**	**(2,936)**	**(1,916)**	**(586,139)**
Final balance intangible assets, net	**260,950**	**167,808**	**59,140**	**150,664**	**53,556**	**5,552**	**181,080**	**878,750**

2021	Goodwill	Concessions and similar 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
Derecognition	-	(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 accumulated depreciation and impairment	-	(279,736)	-	(122,955)	(48,548)	(2,118)	(1,751)	(455,108)
Charge amortization for the period[3]	-	(25,020)	-	(26,449)	(10,191)	(410)	(986)	(63,056)
Derecognition	-	23	-	2,074	593	-	-	2,690
Other changes	-	-	-	(90)	(84)	-	877	703
Final balance accumulated depreciation and impairment	**-**	**(304,733)**	**-**	**(147,420)**	**(58,230)**	**(2,528)**	**(1,860)**	**(514,771)**
Final balance intangible assets, net	**260,950**	**178,774**	**30,150**	**138,220**	**60,398**	**5,960**	**175,742**	**850,194**

Cifras en millones de pesos colombianos

1. Includes easements, intangibles related to customers and other intangibles corresponding to premiums at Gas Service Stations.
2. Includes purchases, capitalizable disbursements that meet the recognition criteria, and concessions. In 2021, the purchases associated with capitalized development disbursements were allocated to IT projects: Sentinel Project, Treasury Project and New ERP project.
3. **See note 33 Costs for provision of services** and **note 34 Administrative expenses.**

At the end of the periods, an impairment test was carried out on the assets for those intangibles with an indefinite useful life, which did not show evidence of impairment.

The amortization of intangibles is recognized as costs and expenses in the statement of comprehensive income, section result of the period, in the lines costs for rendering services and administration expenses.

The carrying amount at the cut-off date and the remaining amortization period for significant intangible assets is:

Significant intangible assets	Useful life	Remaining amortization period	2022	2021
Ituango Generation Power Plant Project	Indefinite	-	177,666	177,666
Espiritu Santo	Indefinite	-	82,980	82,980
Corridor 53 Line Easement	Indefinite	-	63,040	63,040
Bello circuit distribution network	Defined	480	38,671	38,414
Easement on Corridor N°12 line	Indefinite	-	29,439	30,912
Easement for Corridor line N°52	Indefinite	-	30,912	29,439
Secondary network Piedras B basin	Defined	94	13,960	15,742
Software Eam Máximo	Defined	180	13,653	14,467

-Amounts stated in millions of Colombian pesos-

The following intangible assets have an indefinite useful life: goodwill and easements, the latter are agreed 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, or exercise certain disposition rights, 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 created 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 temporality, which is why they are constituted in perpetuity supported by their use. However, there are some easements with a defined useful life, since they are tied to the useful life of the main asset that requires the easement.

As of December 31, 2022, they have a net carrying amount of $441,317 and 2021 for $ 435,141.

Intangible assets with indefinite useful life	2022	2021
Goodwill		
Ituango Central Generation Project	177,667	177,667
Espiritu Santo	82,980	82,980
Surtigás Necoclí	303	303
Sub-total goodwill	**260,950**	**260,950**
Other intangible assets		
Easements	180,367	174,191
Sub-total other intangible assets	**180,367**	**174,191**
Total intangible assets with indefinite useful life	**441,317**	**435,141**

-Amounts stated in millions of Colombian pesos-

Note 08.
Investments in subsidiaries

The detail of EPM's subsidiaries at the date of the reporting period is as follows:

Name of subsidiary	Location (country)	Main activity	Percentage of ownership and voting rights		Date of creation
			2022	2021	
Empresa de energía del Quindío S.A. E.S.P. EDEQ	Colombia	Provides electric power utilities, purchase, sale, and distribution of electric power.	19.26%	19.26%	22/12/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	Colombia	It provides public energy services, operating electric power generating plants, transmission and sub-transmission lines, and distribution networks, as well as marketing, importing, distributing and selling electric power.	24.44%	24.44%	09/09/1950
Electrificadora de Santander S.A. E.S.P. ESSA	Colombia	Provides electric power utilities, purchase, sale, commercialization and distribution of electric power.	0.28%	0.28%	16/09/1950
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	Colombia	It provides electric power utilities, purchases, exports, imports, distributes and sells electric power, builds and operates generating plants, substations, transmission lines and distribution networks.	12.54%	12.54%	16/10/1952
Caribemar de la Costa S.A.S. E.S.P. AFINIA	Colombia	It provides public electric power distribution and commercialization services, as well as the performance of all related activities, works, services and products.	85.00%	85.00%	1/10/2020
Hidroecológica del Teribe S.A. HET	Panamá	Finances the construction of the Bonyic hydroelectric project, required to meet the growing energy demand of the Isthmus of Panama.	99.68%	99.68%	11/11/1994
Gestión de Empresas Eléctricas S.A. GESA	Guatemala	Provides advisory and consulting services to electric power distribution, generation and transportation companies.	99.98%	99.98%	17/12/2004
Aguas Nacionales EPM S.A. E.S.P.	Colombia	It provides residential public services of water, sewage and sanitation, waste treatment and disposal, complementary activities, and engineering services related to these public services.	99.97%	99.97%	29/11/2002
Aguas Regionales EPM S.A. E.S.P.	Colombia	Guarantees the rendering of residential public services of water, sewage and sanitation, and compensates for the backlog in the infrastructure of these services in the partner municipalities.	72.45%	72.45%	18/01/2006
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	Colombia	It provides residential public services of water and sewage, as well as other complementary activities related to each of these public services.	56.01%	56.01%	22/11/1999
Aguas de Malambo S.A. E.S.P. [1]	Colombia	Dedicated to guaranteeing the rendering of residential public services of water, sewage and sanitation in the jurisdiction of the municipality of Malambo, department of Atlántico.	98.25%	98.10%	20/11/2010
Empresas Varias de Medellín S.A. E.S.P.	Colombia	Subsidiary dedicated to the provision of public sanitation services within the framework of integrated solid waste management.	64.98%	64.98%	11/01/1964
EPM Inversiones S.A.	Colombia	Dedicated to the investment of capital in local or foreign companies organized as public utilities.	99.99%	99.99%	25/08/2003
Maxseguros EPM Ltd	Bermuda	Negotiation, contracting and management of reinsurance for the policies that cover the assets.	100.00%	100.00%	23/04/2008
Panamá Distribution Group S.A. PDG	Panamá	Capital investment in companies.	100.00%	100.00%	30/10/1998
Distribución Eléctrica Centroamericana DOS S.A. DECA II	Guatemala	It makes equity investments in companies engaged in the distribution and commercialization of electric power and provides telecommunications services.	99.99%	99.99%	12/03/1999
EPM Capital México S.A. de CV	México	Develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, water treatment plants, sewerage, wastewater treatment, buildings, as well as their operation and services.	51.28%	51.28%	04/05/2012
EPM Chile S.A.	Chile	It develops energy, lighting, gas, telecommunications, sanitation, drinking water, sewage and wastewater treatment projects, as well as	99.99%	99.99%	22/02/2013
Patrimonio Autónomo Financiación Social	Colombia	Manages the resources and payments of the social financing program created to facilitate the purchase of appliances, gas appliances and products related to information technology.	100.00%	100.00%	14/04/2008

1. In March, April and December 2022, EPM capitalized Aguas de Malambo S.A. E.S.P. for $2,000, $757 and $2,000 respectively.

The above items are disclosed as part of the caption acquisition and capitalization of subsidiaries or businesses in the statement of cash flows.

In the subsidiaries in which there is less than 50% direct participation, control is obtained through the indirect participation held by the other companies of Grupo EPM.

The value of investments in subsidiaries at the cut-off date was:

Subsidiary	Investment amount				Total	Investment amount				Total
	Cost	Equity method	Impairment	Dividends(1)		Cost	Equity method	Impairment	Dividends(1)	
Distribución Eléctrica Centroamericana DOS S.A. DECA II	1,009,257	1,725,937	-	(135,473)	2,599,721	1,009,257	1,448,361	-	(381,710)	2,075,908
Aguas Nacionales EPM S.A. E.S.P.	1,665,513	505,703	-	(26,289)	2,144,927	1,665,513	403,307	-	(39,371)	2,029,449
EPM Inversiones S.A.	1,561,331	691,579	-	(221,498)	2,031,412	1,561,331	358,202	-	(124,366)	1,795,167
EPM Chile S.A.	1,044,935	652,120	-	-	1,697,055	1,044,935	388,960	-	-	1,433,895
Caribemar de la costa S.A.S. E.S.P.	1,716,561	740,121	(879,062)	-	1,577,620	1,716,561	215,938	(879,062)	-	1,053,437
Panama Distribution Group S.A. PDG	238,116	621,393	-	(44,118)	815,391	238,116	460,611	-	(28,259)	670,468
Hidroecológica del Teribe S.A. HET	524,536	(145,951)	(86,963)	-	291,622	524,536	(166,718)	(86,963)	-	270,855
Maxseguros EPM Ltd.	63,784	243,317	-	-	307,101	63,784	178,256	-	-	242,040
Patrimonio Autónomo Financiación Social	61,914	158,739	-	-	220,653	61,914	132,670	-	-	194,584
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	140,663	59,405	-	(37,198)	162,870	140,663	29,457	-	(19,975)	150,145
Empresas Varias de Medellín S.A. E.S.P.	32,967	81,809	-	(4,328)	110,448	32,967	94,050	-	(11,138)	115,879
Aguas Regionales EPM S.A. E.S.P.	60,816	38,074	-	-	98,890	60,816	36,379	-	-	97,195
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	57,052	26,098	-	(10,429)	72,721	57,052	7,163	-	-	64,215
Gestión de Empresas Eléctricas S.A. GESA	25,782	35,368	-	(7,297)	53,853	25,782	24,252	-	(4,248)	45,786
Empresa de Energía del Quindío S.A. E.S.P. EDEQ	28,878	17,998	-	(7,717)	39,159	28,878	13,794	-	(5,563)	37,109
Aguas de Malambo S.A. E.S.P.	77,474	(45,211)	(1,641)	-	30,622	72,718	(43,823)	(1,641)	-	27,254
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	2,774	3,837	-	-	6,611	2,774	3,121	-	-	5,895
Electrificadora de Santander S.A. E.S.P. ESSA	2,514	1,099	-	(325)	3,288	2,514	597	-	(190)	2,921
EPM Capital México S.A. de C.V.	177,436	(176,985)	-	-	451	177,436	(177,436)	-	-	-
Total	**8,492,303**	**5,234,450**	**(967,666)**	**(494,672)**	**12,264,415**	**8,487,547**	**3,407,141**	**(967,666)**	**(614,820)**	**10,312,202**

-Amounts stated in millions of Colombian pesos-

1. Dividends for $494,672 (2021: $614,820) were declared, and paid in full.

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:

subsidiary	2022			2021		
	Equity Method for the period		Total	Equity Method for the period		Total
	Profit for the period	Other comprehensive income		Profit for the period	Other comprehensive income	
Distribución Eléctrica Centroamericana DOS S.A. DECA II	419,166	300,230	719,396	360,253	185,674	545,927
EPM Inversiones S.A.	419,732	38,020	457,752	380,072	48,551	428,623
Aguas Nacionales EPM S.A. E.S.P.	141,766	-	141,766	236,780	-	236,780
EPM Chile S.A.	(48,065)	311,225	263,160	143,943	(64,169)	79,774
Panamá Distribution Group S.A. PDG	61,570	127,860	189,430	60,189	66,475	126,664
Maxseguros EPM Ltd	10,460	54,601	65,061	9,744	32,645	42,389
Hidroecológica del Teribe S.A. HET	(26,795)	47,562	20,767	29,785	29,530	59,315
EPM Capital México S.A. de CV	(10,436)	51,519	41,083	1,240	21,122	22,362
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	49,172	752	49,924	36,117	1,935	38,052
Patrimonio Autónomo Financiación Social	26,945	-	26,945	27,663	-	27,663
Empresas Varias de Medellín S.A. E.S.P.	(7,959)	6,856	(1,103)	9,832	1,925	11,757
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	16,448	2,487	18,935	13,428	3,356	16,784
Aguas Regionales EPM S.A. E.S.P.	1,695	-	1,695	10,250	-	10,250
Gestión de Empresas Eléctricas S.A. GESA	11,557	3,808	15,365	8,535	2,920	11,455
Empresa de Energía del Quindío S.A. E.S.P. EDEQ	9,409	357	9,766	7,541	753	8,294
Aguas de Malambo S.A. E.S.P.	(1,353)	-	(1,353)	(9,190)	-	(9,190)
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	719	(3)	716	544	-	544
Electrificadora de Santander S.A. E.S.P. ESSA	646	45	691	651	66	717
Caribemar de la costa S.A.S. E.S.P.	526,258	(2,074)	524,184	279,559	150	279,709

The financial information of the company's subsidiaries as of the reporting period is as follows. All subsidiaries are accounted for by the equity method in the separate financial statements:

December 31, 2022	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue from ordinary activities	Profit or loss for the period	Other comprehensive income	Total comprehensive income
						continued operations		
Empresa de energía del Quindío S.A. E.S.P. EDEQ	155,964	251,885	108,131	109,432	355,542	48,817	1,854	50,671
Central Hidroeléctrica de Caldas S.A. E.S.P. CHEC	389,736	1,007,295	280,329	510,668	1,107,980	201,461	3,075	204,536
Electrificadora de Santander S.A. E.S.P. ESSA	579,411	1,981,949	561,300	995,654	1,713,053	234,348	16,477	250,825
Centrales Eléctricas del Norte de Santander S.A. E.S.P. CENS	428,564	1,047,214	326,672	600,475	1,232,159	131,200	19,838	151,038
Hidroecológica del Teribe S.A. HET	56,544	499,941	29,124	195,184	76,506	(27,900)	60,781	32,881
Gestión de Empresas Eléctricas S.A. GESA	31,432	53	316	51	13,119	11,559	3,809	15,368
Caribemar de la Costa S.A.S. ESP AFINIA	1,714,362	2,873,442	1,156,302	541,287	5,414,021	619,127	(2,440)	616,687
Aguas Nacionales EPM S.A. E.S.P.	252,742	2,374,296	61,625	336,033	430,447	232,880	-	232,880
Aguas Regionales EPM S.A. E.S.P.	46,019	216,253	38,006	82,243	84,204	2,305	-	2,305
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	6,433	7,515	1,556	586	5,363	1,286	(5)	1,281
Aguas de Malambo S.A. E.S.P.	6,154	40,227	6,202	5,129	17,394	(1,390)	-	(1,390)
Empresas Varias de Medellín S.A. E.S.P.	135,792	313,720	175,966	220,511	287,690	(11,570)	10,550	(1,020)
EPM Inversiones S.A.	48,048	1,884,147	1,304	6,172	-	424,436	(15,025)	409,411
Maxseguros EPM Ltd	548,926	205,874	109,289	338,410	51,274	10,460	54,601	65,061
Panamá Distribution Group S.A. PDG	1,036,747	3,229,804	1,867,434	1,200,692	2,862,249	142,029	115,733	257,762
Distribución Eléctrica Centroamericana DOS S.A. DECA II	1,832,943	5,143,524	1,436,153	2,497,523	5,168,639	414,827	314,749	729,576
EPM Capital México S.A. de CV	598,923	697,824	397,309	369,966	416,618	31,929	100,531	132,460
EPM Chile S.A.	779,868	4,688,262	465,829	3,305,052	842,828	(48,071)	311,261	263,190

-Amounts stated in millions of Colombian pesos-

December 31, 2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue from ordinary activities	Profit or loss for the period continued operations	Other comprehensive income	Total comprehensive income
Empresa de energía del Quindío S.A. E.S.P. EDEQ	103,775	234,203	65,187	93,104	295,185	38,866	3,911	42,777
Central Hidroeléctrica 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 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
Hidroecológica del Teribe S.A. HET	33,451	467,114	22,763	178,506	61,643	28,941	38,522	67,463
Gestión de Empresas Eléctricas 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
Empresa de 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 Medellín 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
Maxseguros EPM Ltd	418,990	171,460	82,791	265,619	36,346	9,744	32,645	42,389
Panamá 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 México 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-

8.1. Changes in interest in subsidiaries that did not result in a loss of control

During 2022, there were changes in the participation of the subsidiary Aguas de Malambo S.A. E.S.P., which increased to 98.25%, due to the capitalization of EPM. This variation had an effect on the application of the equity method, decreasing the investment by $35 recognized directly in equity.

Note 09. Investments in associates

The detail of the investments in associates of EPM at the date of the reporting period is as follows:

Name of the associate	Location (country)	Main activity	Percentage of ownership and voting rights		Date of creation
			2022	2021	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy at national and international level of the Ituango hydroelectric power plant.	46.33%	46.33%	29/12/1997
Hidroeléctrica del Río Aures S.A. E.S.P. [1]	Colombia	Generation and commercialization of electric energy through a hydroelectric power plant, located in the jurisdiction of the municipalities of Abejorral and Sonsón, in the department of Antioquia.	11.81%	32.99%	14/05/1997
UNE EPM Telecomunicaciones S.A.	Colombia	Provision of telecommunications services, information and communication technologies, information services and complementary activities.	50.00%	50.00%	29/06/2006
Inversiones Telco S.A.S.	Colombia	Invest in companies whose corporate purpose is the provision of telecommunications services, information and communications technologies, information services and complementary activities, as well as in companies based on the provision of business process outsourcing services.	50.00%	50.00%	5/11/2013

1. In July 2022, a capitalization was presented in Hidroeléctrica del Río Aures S.A. E.S.P., in which EPM did not participate and consequently its participation is reduced. This company continues to be classified as an Associate despite the decrease in its ownership percentage because EPM continues to exert significant influence, continues to have voting rights and participation in the relevant decisions of the investee, at the moment there are no shareholder agreements registered in the share registry book, the bylaws remain the same and have not been modified, and there are no documents stating assignments or resignations by shareholders to other people known to management.

The value of investments in associates at the cut-off date was:

Associate	2022				2021			
	Investment amount			Dividends[2]	Investment amount			Dividends[2]
	Cost	Impairment[1]	Total		Cost	Impairment	Total	
Hidroeléctrica Ituango S.A. E.S.P.	34,227	(16,946)	17,281	-	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	(1,044,022)	1,298,466	-	2,342,488	-	2,342,488	
Inversiones Telco S.A.S.	55,224	-	55,224	8,167	55,224	-	55,224	8,805
Total investments in associates	**2,434,417**	**(1,060,968)**	**1,373,449**	**8,167**	**2,434,417**	**-**	**2,434,417**	**8,805**

-Amounts stated in millions of Colombian pesos-

1. In the investments of Une and Hidroituango there was an impairment of the investment detailed as follows:

UNE:
Due to the increase in the CCPP, which went from a range of 8.5% - 8.9% to a CCPP of 10.2%. The assumptions come from the business plan that the company delivered in the first half of the year, which were reviewed and supplemented by the expert strategic advisor in the communications sector, Alman Solon, and the accompaniment of the investment bank BTG Pactual **See note 11**.

HIDROITUANGO:
Within the process of evaluation and financial monitoring of the project, EPM internally, based on the real information known and its assumptions of commercial operation, investments, cost of debt, among others, estimates the percentage that HI could receive during the operation stage of the project. central. According to EPM's estimates, the remuneration percentage for HI would be 0%, therefore, in the financial projection of EPM's Generation CGU, no disbursement in favor of the HI Company for remuneration is included. Thus, given that for the HI company during the term of the BOOMT contract the only estimated income would correspond to remuneration and this, according to EPM's estimates, would be 0% of the project's net income, it can be concluded that the value-in-use by this company would be close to zero, however, the final calculation must be made by a third party (investment banking and commercial and regulatory advisor), once the first 4 units come into operation. To date we do not have a business plan prepared by Hidroituango but based on the above assumptions, we assume that the value-in-use is 0 **See note 11**.

2. In 2022, dividends were received from Inversiones Telco for $8,167 (2021: $8,805)

Note 10.
Investments in joint ventures

The detail of EPM's joint ventures at the cut-off date is as follows:

Name of joint venture	Location (country)	Main activity	Percentage of ownership and voting rights		Date of creation
			2022	2021	
Parques del Río S.A.S. [1]	Medellín	Construction, operation, administration and maintenance of the Parques del Río Medellín project, as well as acting as the project's urban manager.	33%	33%	26/12/2015

1. Joint venture established on November 26, 2015, in which the Municipality of Medellín, Interconexión Eléctrica S.A. E.S.P. (ISA), Empresa de Transporte Masivo del Valle de Aburrá Ltda. (Metro) and EPM participate. The Entity seeks to be the manager of the next urban developments of the city, the department and the country, taking advantage of the synergies in infrastructure, mobility, environmental and social issues, among others.

The value of the investments in joint ventures at the cut-off date was:

Name of joint venture	2022		2021	
	Investment amount		Investment amount	
	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 non-financial assetss

11.1. Impairment of investments in subsidiaries, associates and joint ventures

11.1.1. Hidroeléctrica Ituango S.A. E.S.P.

It presents an impairment of $16,946, within the process of evaluation and financial monitoring of the project, internally EPM based on the real information known and its assumptions of commercial operation, investments, cost of debt, among others, estimates the / percentage that HI could receive During the plant's operation stage, according to estimates, the percentage of remuneration for HI would be 0%, therefore, in the financial projection of the EPM Generation CGU, no disbursement in favor of the HI Company is included for concept of remuneration.

11.1.2. UNE EPM Telecomunicaciones SA

The Tigo-UNE Business Plan shows the growing trends in the industry, the competitive dynamics with the arrival of new players, new business models and technological changes that would demand high capital requirements in the sector at a global and regional level, additionally, the high volatility and uncertainty of the financial markets that have pushed up the cost of capital that as investors must be recognized by discounting the flow of the different businesses, the combination of these factors is reflected in the fair value of UNE's business. Consequently, EPM reflects in its financial statements an investment impairment estimated at $1,044,022 at the end of 2022, which includes the risks of the associate (UNE) and reflects the recoverable value of the investment, this despite the fact that the company It has been presenting an increase in its participation in the mobile market and expects to maintain a good competitive position in the other segments.

EPM will continue to permanently monitor the company's business plan, the market and the behavior of the Millicom company's shares. The possible sale of this company has been increasing expectations about the share price and the future behavior of the company under the vision of potential new shareholders, which could positively impact the value of UNE, taking into account that it is the 2nd Millicom´s largest operation.

The following table shows the cumulative effect of recognized impairment losses:

Investment	Carrying amount	
	2022	2021
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**
Associate		
Hidroeléctrica Ituango S.A. E.S.P.	16,946	-
UNE EPM Telecomunicaciones S.A.	1,044,022	-
Total associates	**1,060,968**	**-**

-Amounts stated in millions of Colombian pesos-

11.2. Impairment of Cash Generating Units

The carrying amount of goodwill and intangible assets with an indefinite useful life associated with each CGU are detailed below:

Cash Generating Unit	Carrying amount	
	2022	2021
Energy Generation Segment		
Goodwill	260,647	260,647
Easements	444	444
CGU - Energy Generation	**261,091**	**261,091**
Energy Transmission Segment		
Easements	129,189	128,637
Dining room equipment, kitchen, pantry	-	-
CGU - Energy Transmission	**129,189**	**128,637**
Energy Distribution Segment		
Easements	38,611	35,942
CGU - Energy Distribution	**38,611**	**35,942**
Gas Segment		
Goodwill	302	302
Easements	3,692	3,692
UGE - Gas-	**3,994**	**3,994**
Segment Water Supply		
Easements	7,413	4,820
CGU - Water Supply	**7,413**	**4,820**
Sanitation Segment		
Easements	1,018	656
CGU - Sanitation	**1,018**	**656**

-Amounts stated in millions of Colombian pesos-

The description of the CGUs is detailed below:

- CGU Electricity Generation, whose activity consists of the production of energy and commercialization of large blocks of electrical energy, from the acquisition or development of a portfolio of energy proposals for the market.

- CGU Energy Transmission, whose activity consists of transporting energy in the National Transmission System -STN-, established of the set of lines, with their corresponding connection equipment, which operate at voltages equal to or greater than 220 KV. The National Transmitter (TN) is the legal person that operates and transports electricity in the STN or has set up a company whose purpose is the development of said activity.

- CGU Energy Distribution, whose activity consists of transporting electrical energy through a set of lines and substations, with their associated equipment, which operate at voltages of less than 220 KV, the commercialization of energy to the end user of the regulated market and the development of activities related and complementary. Includes the Regional Transmission System (STR), the Local Distribution System (SDL), the public lighting service and the provision of associated services.

- CGU Distribution and Commercialization of Natural Gas, whose activity consists of conducting gas from the city gate to the end user, through medium and low-pressure pipes. Includes the sale of gas through different systems, including network distribution, vehicular natural gas, compressed natural gas, and service stations.

- CGU Provision Agua, whose activity consists of conceptualizing, structuring, developing and operating systems to provide water. It includes carrying out the commercial management of the service portfolio 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.

- CGU Wastewater Management includes the activities of conceptualizing, structuring, developing and operating wastewater systems and solid waste management, in addition to the use of the productive chain, specifically in the production of energy and gas.

Goodwill is mainly assigned to the Generation segment/CGU, which presented a balance as of December 31, 2022 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, a credit business in the CGU Gas, product of the business combination with the Surtidora de Gas del Caribe S.A. E.S.P. in the municipality of Necoclí for $302.

The intangible easement with an indefinite useful life is assigned to the CGUs: Generation, Transmission, Distribution, Gas, Water Supply and Wastewater Management, which have a balance of $180,367 (2021: $174,191).

As of December 31, 2022 and 2021, impairment tests were carried out on the CGUs associated with intangible assets with an indefinite useful life, but there was no evidence of impairment associated with them.

The value-in-use and carrying amount of the CGUs at the end of 2022 that have an indefinite useful life are detailed below:

CGU	Value-in-use	Carrying Amount
Generation	22,101,830	18,066,332
Distribution	9,053,770	5,414,038
Transmission	1,223,701	749,360
Gas	1,882,734	738,123
Water Supply	3,768,349	3,376,659
Sanitation	1,849,499	1,481,522
Total CGU	**39,879,883**	**29,826,034**

-Amounts stated in millions of Colombian pesos-

Note 12.
Trade and other receivables

The detail of trade and other receivable for the reporting period is as follows:

Trade and other receivables	2022	2021
Non-current		
Public services debtors [1]	490,679	410,696
Impairment of public services	(165,100)	(157,287)
Related parties	934,362	934,372
Employee loans (2)	132,216	108,480
Impairment of employee loans	(13)	(41)
Other trade receivable [3]	73,947	71,347
Impairment other trade receivables	(3,599)	(3,500)
Total non-current	**1,462,492**	**1,364,067**
Current		
Public services debtors [1]	3,380,608	2,339,682
Impairment of public services	(364,031)	(223,704)
Loans receivables from employee [2]	32,305	34,198
Impairment of employee loans	(79)	(33)
Other trade receivables [3]	435,660	373,487
Impairment other trade receivables	(204,686)	(190,394)
Indemnities [4]	6,674	2,529,759
Other services	13,698	6,347
Dividends and participations receivable	17	-
Total current	**3,300,166**	**4,869,342**
Total	**4,762,658**	**6,233,409**

-Amounts stated in millions of Colombian pesos-

The total portfolio presented a net decrease of $1,470,751, equivalent to 23.59%, mainly due to the decrease in the balance of the account receivable from the Mapfre insurance company corresponding to the offset for the payment of the account receivable for the concept of civil works affectation and total loss of machinery and equipment covered by the all-risk and construction policy associated with Hidroituango.

1. The public services debtors presented an increase of $1,120,909 which is mainly due to the increase in the following items::

• Accounts receivable for the concept of long-term energy sales

• Subsidies corresponding to the energy service.

• Massive invoicing of the residential public service and its estimates.

• Amortized cost, largely due to accounts receivable financed and that are being valued at a discount rate, which corresponds to the fixed market rate in force on the date of recognition of financing, less than the contractual rate (DTF + spread) of credit. The foregoing caused by the significant increase in the DTF in the last year, which means that an account receivable greater than the nominal value of the credit is being recognized.

• Recognition of the rate option that has not yet been transferred to users.

2. The employee loan account shows an increase of $21,843 mainly explained by the housing loans approved for them.

3. Other debtors receivable increased by $ 64,773 mainly due to higher balances in accounts receivable related to operating leases, collections in favor of third parties, payroll agreements and Biomax advances.

4. The decrease in indemnities for $ 2,523,085 was due to the payment made by the insurer Mapfre for the affectation of civil works and total loss of machinery and equipment covered by the all-risk and construction policy for the Hidroituango power plant.

Accounts receivable from debtors of public services do not generate interest and the term for its collection depends on the type of use of it. In residential use, the collection of invoices is projected to be 10 days after the invoice is generated. Individual contracts with large customers or those in the energy sector contemplate terms agreed upon in private 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 the discount of the payment flows is considered applying the weekly deposit rates for CDT to 360 days published by the Bank of the Republic; and ii) the account receivable associated with the contract for the firm supply of liquid fuel (ACPM) for the Termoeléctrica La Sierra and Termodorada plants , which is updated according to the value of the fuel unit stipulated in the contract.

See note 42. Fair value measurement on a recurring and non-recurring basis

Portfolio impairment

Default events at any time during the life of the portfolio operation.

This alternative is taken given that the volume of clients that the Company manages is very high and the measurement and control of risk in stages can lead to errors and an underestimation 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 from a probability model that includes sociodemographic, product, and behavioral variables.

Although the impairment forecast for the annual term 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 comprising the annual term is recorded. In the latter case, the deterioration recorded for the month evaluated is that obtained with the payment behavior data of the previous month.

At the cut-off date, the age analysis of accounts receivable at the end of the reporting period and that are impaired is:

	2022		2021	
	Gross carrying amount	Amount of credit losses	Gross carrying amount	Amount of credit losses
Public services debtors				
Without default interest	3,394,632	(295,232)	2,362,986	(172,247)
Less than 30 days	211,776	(23,987)	141,173	(8,447)
30-60 days	45,067	(14,528)	23,444	(3,299)
61-90 days	18,755	(12,328)	14,281	(6,688)
91-120 days	14,636	(11,408)	8,491	(4,317)
121-180 days	17,784	(13,966)	9,769	(5,305)
181-360 days	32,505	(26,055)	17,866	(12,933)
More than 360 days	136,132	(131,627)	172,368	(167,755)
Total Public services debtors	**3,871,287**	**(529,131)**	**2,750,378**	**(380,991)**
Other debtors				
Without default interest[(1)]	1,334,652	(5,534)	3,841,086	(7,595)
Less than 30 days	33,611	(5,315)	11,477	(1,559)
30-60 days	22,881	(5,441)	1,593	(386)
61-90 days	11,710	(2,654)	1,295	(466)
91-120 days	8,437	(1,152)	474	(309)
121-180 days	13,826	(2,917)	2,062	(1,555)
181-360 days	3,706	(3,071)	136,117	(135,610)
Over 360 days	200,056	(182,293)	63,886	(46,488)
Total other debtors	**1,628,879**	**(208,377)**	**4,057,990**	**(193,968)**
Total debtors	**5,500,166**	**(737,508)**	**6,808,368**	**(574,959)**

-Amounts stated in millions of Colombian pesos-

Regarding the age of default, it is observed that the portfolio is concentrated in the current age range.

1. The other debtors present a decrease basically affected by the payment of the account receivable to the insurer Mapfre Seguros for the affectation of civil works and total loss of machinery and equipment covered by the all risk and construction policy.

There is a punctual increase in the age of arrears greater than 360 days for other debtors, which is due to the bearing of the account receivable from the municipality of Bello due to the non-reimbursement of the monies paid by EPM, for the determination and liquidation of the surplus value effect in the Bello WWTP.

The reconciliation of the expected credit losses of the portfolio is as follows:

Expected credit losses over the life of the asset	2022	2021
Value correction at the beginning of the period	(574,958)	(431,878)
Impairment changes to the trade receivable held at the beginning of the period	(457,217)	(367,974)
Write-off	53,787	2,760
Derecognition	241,339	208,842
Changes in Risk Models/Parameters	-	13,281
Other movements	(459)	11
Final balance	**(737,508)**	**(574,958)**

-Amounts stated in millions of Colombian pesos-

The value of the accumulated impairment reflected an increase of $162,549, mainly explained by the impairment generated by the accumulated accounts receivable for the Tariff Option ("It is a regulatory mechanism that allows electric power service providers to moderate abrupt increases in the rate to make it easier for users to pay their bills"), sale of energy and subsidies, accounts that to date have not been transferred to users. Additionally, the increase in accounts receivable for subsidies in water supply and wastewater management services.

In the item Write-off of portfolio so far this year $53,787 were derecognized, mainly for the account receivable from the Ministry of Mines and Energy for uncompensated subsidies to the extinct Empresa Antioquia de Energía E.S.P. (EADE), which at the time of the merger with EPM in 2007 registered the lawsuit for non-payment of this portfolio. The foregoing was supported by a court ruling that was unfavorable for the interests of EPM.

The net portfolio reconciliation is as follows:

Trade receivables balance	2022	2021
Financial assets initial balance	6,808,368	4,330,810
New financial assets originated or purchased (1)	18,248,430	21,002,999
Financial assets that have been derecognized (2)	(19,358,255)	(18,642,928)
Financial asset write-offs	(53,787)	(2,760)
Valuation at amortized cost	85,397	22,438
Difference in exchange attributable	(229,987)	97,809
Final balance	**5,500,166**	**6,808,368**

-Amounts stated in millions of Colombian pesos-

1. The balance of new assets originated or purchased is mainly due to the accumulated billing of public services, subsidies, estimates and rate option
2. The balance of the cancellations of financial assets is mainly due to the payment made by the insurer Mapfre for the affectation of civil works and total loss of machinery and equipment covered by the all-risk and construction policy and the higher value collected for public services and dividends.

The company penalizes, against value impairment recognized in an allowance account, the values of impaired financial assets, when it is evidenced that there are obligations that cannot be recovered by enforcement, coercive collection or ordinary means, actions of which must be attach the supports in the files where the request for punishment is documented.

The grounds for requesting the approval of the portfolio write-off in EPM are the following:

- The registered accounts receivable do not represent certain rights, assets or obligations for EPM.
- The rights or obligations lack documents and suitable support that allow the pertinent procedures for their collection or payment to be carried out.
- It is not possible to collect the right or oblkigation, 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 the cost-benefit relationship is evaluated and established, it is more onerous to advance the collection process than the value of the obligation.

- When there is prescription of the security title and executive title or the expiration of the right.
- When the executive process has been advanced, there are no assets to make the payment of the obligation effective.
- When the liquidation process of the natural or legal person has been advanced in terms of the law, and the assets received as payment are not enough to cover the entire debt; in this case the unpaid balance is penalized.

Institutions responsible for punishment

The write-off in EPM is 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 detail of other financial assets at the end of the period is:

Other financial assets	2022	2021
Non-current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts (1)	464,000	100,009
Total derivatives designated as hedging instruments under hedge accounting	**464,000**	**100,009**
Financial assets measured at fair value through profit or loss for the period		
Equity securities (1)	167,992	137,030
Trust rights (1)	299,482	362,316
Total financial assets measured at fair value through profit or loss for the period	**467,474**	**499,346**
Financial assets designated at fair value through other comprehensive income		
Equity instruments (2)	2,059,062	2,195,900
Total financial assets designated at fair value through other comprehensive income	**2,059,062**	**2,195,900**
Total other non-current financial assets	**2,990,535**	**2,795,255**
Current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts (1)	-	31,568
Option Contracts (1)	-	3,673
Total derivatives designated as hedging instruments under hedge accounting	**-**	**35,241**
Financial assets measured at fair value through profit or loss for the period		
Derivatives not under hedge accounting (4)	67,870	102,209

Fixed income securities (1) (3)	63,803	165,709
Pledged investments	233,004	704
fiduciary rights	17,719	-
Total financial assets measured at fair value through profit or loss for the period	**382,396**	**268,622**
Total other current assets	**382,396**	**303,863**
Total other assets	**3,372,931**	**3,099,118**

- 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 hedge purposes for $37,239; reflected in the statement of cash flows.
2. The decrease was caused by the drop in the price of the shares of Interconexión Eléctrica S.A. E.S.P. since their fair value is determined by the market price
3. Includes the following items: acquisition of investments in financial instruments for $160,088, disposal of investments in financial instruments for $351,682 reflected in the statement of cash flows
4. Corresponds to the weather derivative contracted to cover the existing risk of dry seasons that imply a decrease in hydraulic generation and the rise in energy prices on the stock market. This financial instrument is intended to provide protection to parent EPM 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 weather derivative, part of this impact is transferred to the market, which would reduce the effect on the company's financial results.

Conventional purchases and sales of financial assets are accounted for by applying the trade date.

13.1. Financial assets measured at fair value through other comprehensive income

13.1.1. Other financial assets measured at fair value through other comprehensive income

The detail of financial assets measured at fair value through other comprehensive income, other than equity investments, is:

Equity investment	2022	2021
Interconexión Eléctrica S.A. E.S.P [1]	2,052,213	2,189,027
Other investments	6,849	6,873
Total	2,059,062	2,195,900
Dividends recognized during the period related to investments that remain recognized at the end of the period[2]	76,989	134,081
Dividends recognized during the period	76,989	134,081

- Amounts stated in millions of Colombian pesos -

1. As of December 31, 2022, the market price of Interconexión Eléctrica S.A. E.S.P. closed at $21,000 (2021: $22,400) pesos, respectively.
2. Dividends from financial instruments were accrued for $76,989 (2021: $134,081) which are disclosed in the investment dividends caption in the statement of cash flows. Within which the dividends of EMGESA S.A. E.S.P. for $16 remain pending.

The equity investments indicated in the above table are not held for trading purposes, instead, they are held for strategic purposes in the medium and long term. 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 of the period.

13.2. Reclassifications of financial assets

EPM has not made changes to the business model for the management and administration of financial assets, therefore no financial assets have been reclassified.

Note 14.

Leases

14.1. Lease that originates right-of-use assets as lessee

As of the cut-off date, the carrying amount of the 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. Property, plant and equipment):

2022	Right-of-use land	Right-of-use buildings	Right-of-use plants, pipelines 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 Traction and lifting transport equipment	Total
Beginning Cost Balance	5,946	645,424	1,863,979	18,207	9,362	4,200	11,998	2,559,116
additions[1]	325	17,675	132,601	2,453	(468)	-	9,161	161,747
Disposals (-)	-	(805)	-	-	-	-	-	(805)
other changes	(179)	89	-	-	-	90	-	-
Ending balance of cost	**6,092**	**662,383**	**1,996,580**	**20,660**	**8,894**	**4,290**	**21,159**	**2,720,058**
Accumulated amortization and value impairment								
Initial balance of accumulated amortization and value impairment	(1,112)	(171,390)	(130,463)	(2,660)	(3,431)	(2,384)	(10,996)	(322,436)
amortization of the period	(437)	(23,030)	(48,569)	(1,107)	(1,270)	(307)	(3,198)	(77,918)
Disposals (-)	-	518	-	-	-	-	-	518
other changes	34	(34)	-	-	-	-	(9)	(9)
Final balance accumulated amortization and value impairment	**(1,515)**	**(193,936)**	**(179,032)**	**(3,767)**	**(4,701)**	**(2,691)**	**(14,203)**	**(399,845)**
Total final balance of net right-of-use assets	**4,577**	**468,447**	**1,817,548**	**16,893**	**4,193**	**1,599**	**6,956**	**2,320,213**

2021	Right-of-use land	Right-of-use buildings	Right-of-use plants, pipelines 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 Traction and lifting transport equipment	Total
Initial balance cost	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
Disposals (-)	-	(3,387)	-	-	-	-	(533)	(3,920)
other changes	7	148,777	-	-	-	-	-	148,784
Ending balance of cost	**5,946**	**645,424**	**1,863,979**	**18,207**	**9,362**	**4,200**	**11,998**	**2,559,116**
Accumulated amortization and value impairment								
Initial balance of accumulated amortization and value 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)
Disposals (-)	-	1,994	-	-	-	-	533	2,527
other changes	-	(51,564)	-	-	-	-	(16)	(51,580)
Final balance accumulated amortization and value impairment	**(1,112)**	**(171,390)**	**(130,463)**	**(2,660)**	**(3,431)**	**(2,384)**	**(10,996)**	**(322,436)**
Total final balance of net right-of-use assets	**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 -

1. Corresponds to the subsequent measurement of the lease liability, which generates increases each time there are changes in the rate in its Average Investment Cost (CMI) component in pesos per cubic meter charged by Aguas Nacionales to EPM, this increase is given by regulations each time the CPI accumulates 3% and additional on the dates on which the increases by rate path are applied.
2. Includes reclassifications of assets due to changes in their use, operating conditions and identification of improvements in accounting classification.

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:

Finance lease	2022		2021	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
To one year	229,737	218,937	211,789	202,026
More than one year and up to five years	850,875	639,156	779,095	585,197
more than five years	16,936,810	1,906,220	16,677,609	1,764,820
Total leases	**18,017,422**	**2,764,313**	**17,668,493**	**2,552,043**
Less - value of unearned interest	15,253,109	-	15,116,450	-
Present value of minimum lease payments	**2,764,313**	**2,764,313**	**2,552,043**	**2,552,043**

- Amounts stated in millions of Colombian pesos -

The most significant lease agreements are:

Sewerage Interconnection Contract CT- 2013-002297-A421 of November 26, 2018, entered between EPM (THE BENEFICIARY) and Aguas Nacionales EPM (THE SUPPLIER), regulates the interconnection conditions to the wastewater transportation and treatment subsystems owned by Aguas Nacionales, for the provision of the service by EPM of the public sewerage service to the 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, the 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 the 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 shall be understood to be in force while the Potable Water and Basic Sanitation Regulation Commission do not determine a new formula.

The contract was renewed from 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 does not intend to financially acquire the Aguas Claras wastewater treatment plant or PTAR or enter into any purchase option for said asset.

The lease payments of the contract that EPM pays to Aguas Nacionales EPM are by Average Investment Cost (CMI), determined in pesos per cubic meter of treated residual water and are updated as indicated in the following paragraph and in Annex No. 4 of the Contract:

First paragraph. THE SUPPLIER will apply a CPI update factor to the reference costs each time the Consumer Price Index, reported by DANE, accumulates a variation of at least three percent (3%).

According to annex No. 4 of the contract: the increases by rate path are the following:

- January 2019: 5.75%
- January 2020: 2.40%
- January 2021: 2.16%
- January 2022: 1.63%

The Leasing Contract for the Edificio Empresas Públicas de Medellín CT-085 of February 12, 2002, entered into between EPM (THE COMPANIES) and the MUNICIPALITY OF MEDELLIN (MUNICIPALITY), the MUNICIPALITY undertakes to deliver as a lease to THE COMPANIES and these They oblige to receive the same title, the use and enjoyment of the real estate of their 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 MEDELLIN 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 (IPC) at the national level, certified by DANE for the immediately previous year.

Lease liabilities are found under Other financial liabilities in the statement of financial position.

The interest originated from the lease liability amounts to $258,632 (2021: $240,141).

See note 36 Financial income and expenses.

Total lease cash outflows during the period are $211,125 (2021: $189,476).

14.2. Operating lease as lessor

The most significant operating lease agreements are:

Connection Contract MA-0021450 dated January 24, 2013, entered between ECOPETROL (THE BENEFICIARY) and EPM (THE SUPPLIER), which regulates the connection of Ecopetrol to the STN at the Comuneros 230 kV substation.

The term is 30 years for the operation and provision of the connection service from the date of entry into operation of the project, which was February 1, 2016.

Total annual payments are indexed to the IPP, based on the IPP of the month prior to the signing of the connection contract.

Electrical infrastructure for the installation of networks by telecommunications operators. These can be renewed in a period not exceeding five years. The contract lease payments are updated according to the pole support rates that are regulated by the CRC (resolution 5890/2020) and multiplied by the number of supports that each client uses; this charge is made monthly, and the rate is updated annually according to the IPP.

The value of operating lease income is:

Operating lease	2022	2021
Year one	74,852	51,887
year two	31,659	17,135
year three	29,331	15,864
year four	24,119	15,539
year five	24,119	15,958
more than five years	312,672	288,289
Total leases	**496,752**	**404,672**

- Amounts stated in millions of Colombian pesos -

14.3. Leases that do not give rise to right-of-use assets as a lessee

The lease agreements that do not give rise to the most significant right-of-use assets are: spaces for the installations and operation of antennas at 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 $6,855 (2021: $5,692).

The total of future non-cancellable minimum sublease payments on assets acquired under operating leases is $47.

The lease payments recognized as expenses for the period are $6,581 (2021: $5,733).

Total lease cash outflows during the period are $6,098 (2021: $4,402).

Note 15.
Guarantee

The company has not provided guarantees in which the third party is authorized to sell or pledge without a breach by the company.

The company has not received any collateral that it is authorized to sell or pledge without a breach by the collateral owner.

Note 16.
Other assets

The detail of other assets at the end of the reporting periods is as follows:

Concept	2022	2021
Non-current		
Employee Benefits	49,798	43,556
Prepayments[1]	35,712	22,783
Deferred loss on leaseback transaction	19,582	20,257
Advances delivered to suppliers[2]	2,147	5,369
Assets received as payment	1,286	1,285
Total other non-current assets	**108,525**	**93,250**
Current		
Prepayments[1]	108,260	90,525
Advances to suppliers[2]	49,848	54,942
Other credit balances due to other taxes	284	221
Other advances or credit balances due to taxes and contributions	94	94
Total other current assets	**158,486**	**145,782**
Total other assets	**267,011**	**239,032**

- Amounts stated in millions of Colombian pesos -

1. The non-current portion includes the premium in legal stability contracts for $4,682 (2021: $5,575), all risk for $31,030 (2021: $17,208).

The current portion includes insurance for $71,101 (2021: $73,349), established mainly of all-risk policies for $53,089 (2021: $59,677), and other insurance for $18,012 (2021: $13,672); goods and services for $20,120 (2021: $9,803); leases and maintenance for $17,038 (2021: $7,373).

Corresponds to advances and resources delivered in administration, mainly from agreements with:

2. Non-current portion: Empresa de Desarrollo Urbano - EDU for $2,147 (2021: $5,369), current portion: XM advances for $24,372 (2021: $12,745); advances for goods and services for $16,054 (2021: $28,230), Ruta N agreement advance for $6,227 (2021: $3,224), other advances for $3,058 (2021: $7,875) and Cuencaverde Corporation for $136 (2021: $ 2,868)

Note 17. Inventories

Inventories at the end of the period were represented as follows:

inventories	2022	2021
Materials for the rendering of service[1]	177,334	164,407
In-stock merchandise[2]	17,108	7,300
Goods in transit	1,175	1,002
Total inventories at cost or net realizable value, whichever is lower	**195,617**	**172,709**

- Amounts stated in millions of Colombian pesos -

1. Includes materials for rendering of services held by third parties, which are those delivered to contractors that carry out activities related to the provision of services.
2. Includes goods in stock that do not require transformation, such as energy, gas and water meters, as well as supply goods, as well as those held by third parties.

Inventories of $25,010 (2021: $35,989) were recognized as cost of goods sold or cost of service during the period.

The company has not generated losses in value when comparing the net realizable value with the average cost of inventories.

The company has not committed its inventories to guarantee 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	2022	2021
Cash on hand and banks	1,637,265	586,424
Other cash equivalents	447,184	1,211,663
Total cash and cash equivalents presented in the statement of financial position	**2,084,449**	**1,798,087**
Cash and cash equivalents presented in the statement of cash flows	**2,084,449**	**1,798,087**
Restricted cash and cash equivalents (1)	**97,541**	**523,042**

- Amounts stated in millions of Colombian pesos -

1. Of these, $56,615 (2021: $21,588) corresponds to non-current restricted cash and $40,926 (2021: $501,454) to current.

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 business has restrictions on cash and cash equivalents detailed below. As of December 31, 2022, the fair value of restricted cash equivalents is $97,541 (2021: $523,042).

Fund or agreement	destination	2022	2021
Sinpro Housing Fund	Contribute to the acquisition of housing and its improvement, of the servants who are beneficiaries of the conventional agreement signed between EPM and the unions.	31,456	37,760
Sintraemdes Housing Fund	Contribute to the acquisition of housing and its improvement, of the servants who are beneficiaries of the conventional agreement signed between EPM and the unions.	30,641	27,910
Rent Corpb award. 6972005469	Address possible contingencies after the acquisition of EPRIO by EPM	7,133	8,871
Ministry of Mines and Energy - Special Fund Quota Fomento	Co-financing agreement for the construction, distribution infrastructure and connection to low-income users in the municipalities of Amagá, Santafé de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar. Compressed Natural Gas and connection to users of Don Matías, Entrerríos, San Pedro, Santa Rosa and Yarumal. Agreement No. 106: construction of the connection infrastructure for users of Valle de Aburrá, La Ceja, La Unión and El Retiro. Agreement 179: includes the municipality of Sonsón.	5,565	5,414.00

Adapted Health Entity Fund and Fosyga Fund	Control and follow-up mechanism for the collection of contributions of the Contributory Regime of the General System of Social Security in Health.	4,318	2,210
Contract No. CT-2019-001105	Contract for the supply of energy and electric power for the non-regulated market and endorsement of contracts of the distributor and marketer of energy S.A. E.S.P., DICEL S.A. E.S.P.	3,058	2,589
Sinpro Education Fund	Promote the well-being of the servers to meet the needs of paying tuition, texts and endowment that are required to carry out their own studies and that of the family group.	2,621	2,552
Sintraemdes Education Fund	Promote the well-being of the servers to meet the needs of paying tuition, texts and endowment that are required to carry out their own studies and that of the family group.	2,063	2,252
Agreement points WE ARE	Provision of services for the operation of key capabilities associated with the Points element of the Large-Scale Loyalty Program for Grupo EPM.	1,928	1,809
Sintraemdes Calamity Fund	Promote the well-being of its servers to meet their urgent and unforeseen needs or those of their primary family group.	1,683	1,637
Sinpro Calamity Fund	Promote the well-being of its servers to meet their urgent and unforeseen needs or those of their primary family group.	1,476	1,420
GNB Antioquia Governorate	Cover the co-financing of up to 70% of the cost of home electrical installations for families in stratum 1 in the different subregions of the department of Antioquia	1,449	-

- Amounts stated in millions of Colombian pesos

Fund or agreement	destination	2022	2021
Judicial or administrative processes	Recording embargo due to judicial or administrative processes	1,163	986
Medellín Municipality Framework Agreement 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 sewage networks.	592	222
Villages Program	Take advantage of the wood that completes its maturation cycle in the forests planted by EPM around its reservoirs, to build low-income housing in the municipalities of Antioquia outside the Aburrá Valley and deliver it to low-income families, preferably in a situation of displacement forced or voluntary.	571	219
Agreements on public lighting and cleaning rates with the municipalities	Agreement to manage the resources of the territorial entities for the payment to the municipalities with collection agreements for public lighting and cleaning fees, are resources exempt from the 4x1000.	544	20
Motorcycle Repair Fund	Promote the well-being of official workers who work in the regional market and use their own motorcycles to carry out their work.	368	409
EAS CTAS COPAYS	Receipt of resources corresponding to moderator fees and co-payments in the EAS	315	-
Resources of the future Ituango hydroelectric plant	Reception of the resources paid by the insurers MAPFRE, AXA, SBS and SURA and whose destination is exclusively for the future Ituango hydroelectric plant	122	426,174
Agreement 5 Indigenous Esc. 2019-20	Co-finance the development of indigenous educational centers within the framework of the villages program, to improve the quality of life of indigenous communities in the department of Antioquia	112	196
Administration of resources for the construction of infrastructure in Madera for Emvarias in the La Pradera sanitary landfill.	Administration of resources for the construction of infrastructure in Madera for Emvarias in the La Pradera sanitary landfill.	87	65
Deposits Law 820	Guarantee required by the landlord to the tenant, for the payment of public services. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	87	82
Medellín Municipality - Land	Acquisition of properties identified and characterized within the protection zones of hydrographic basins supplying aqueduct systems in the municipality of Medellín.	70	64
Espíritu Santo	EPM - Espíritu Santo Liquidation	64	63
Inter-administrative agreement CT -2017-001388 (460007009)	Agreement for the construction of 7 indigenous schools in 5 municipalities	27	93
Medellín Municipality - Waters	Comprehensive management of water for human consumption by the inhabitants of the municipality of Medellin.	26	24
IDEA Agreement 4600003283	Join efforts for the construction of home gas connections in the different subregions of the Department of Antioquia under the framework of the "Gas without Borders" program.	2	1
Total restricted resources		97,541	523,042

- Amounts stated in millions of Colombian pesos -

Note 19.
Equity

19.1. Issued capital

The company does not have its capital divided into parts/shares and has not had increases or decreases in capital in the period reported.

19.2. Reserves

Of the accounts that compound the equity, the reserves at the cut-off date were constituted of:

Reserves	2022	2021
Legal reserve		
Initial balance	971,393	1,027,697
Release	(93,086)	(56,304)
Final balance Legal reserves	**878,307**	**971,393**
occasional reserves		
Initial balance	574,008	574,008
Final balance occasional reserves	**574,008**	**574,008**
Other reserves		
Initial balance	7,591	7,591
Final balance other reserves	**7,591**	**7,591**
Total reserves	**1,459,906**	**1,552,992**

- Amounts stated in millions of Colombian pesos -

The nature and purpose of the company's equity reserves are described below:

Legal reserve

In compliance with the Colombian tax provisions contained in article 130 of the Tax Statute, repealed by article 376 of Law 1819 of 2016 and in Decree 2336 of 1995, the company duly constituted the legal reserves. The reserves constituted by excesses in depreciation quotas referred to in article 130 of the Tax Code may be released at the moment in which the depreciation requested for fiscal purposes is less than that recorded in the income statement.

Occasional reserves

In compliance with article 211 of the Tax Statute, the company has constituted the required reserves in order to enjoy special tax treatment and obtain rationalization in the payment of income and complementary taxes.

Other reserves

ludes equity funds (resources appropriated prior to 1999 to grant housing loans to workers, Financing Plan, self-insurance fund, housing fund).

The Board of Directors, in its sessions on March 23, 2022 and March 23, 2021, approved:

- Release reserves for $93,086 (2021: $56,304) appropriated in prior periods by authorization of the Board of Directors.

19.3. Retained earnings

The movement of accumulated results during the period was:

Retained earnings	2022	2021
Initial balance	22,576,829	20,555,215
Movement of reserves	93,086	56,304
Decreed surpluses	(1,850,776)	(1,396,953)
Equity method for equity variations	(4,748)	(2,783)
Total accumulated earnings	**20,814,391**	**19,211,783**
Net result for the period	**3,035,956**	**3,365,046**
Total retained earnings	**23,850,347**	**22,576,829**

- Amounts stated in millions of Colombian pesos -

Surpluses paid during the year were $1,850,776 (2021: $1,396,953), $1,009,514 (2021: $761,974) ordinary, and $841,262 (2021: $634,979) extraordinary.

Note 20. Accumulated other comprehensive income

The detail of each component of other comprehensive income in the separate statement of financial position and the corresponding tax effect is as follows:

Accumulated other comprehensive income	2022			2021		
	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 plans	52,800	(18,465)	34,335	569	1,575	2,144
Equity investments measured at fair value through equity	2,901,116	(270,475)	2,630,641	3,037,953	-	3,037,953
Participation in the other comprehensive income of subsidiaries	2,187,083	(84,224)	2,102,859	1,234,934	(19,562)	1,215,372
Cash flow hedges	(1,129,928)	478,898	(651,030)	(533,604)	190,570	(343,034)
Hedges of net investments in foreign businesses	(277,654)	-	(277,654)	(61,509)	-	(61,509)
Total	**3,746,856**	**104,374**	**3,851,230**	**3,691,782**	**171,223**	**3,863,005**

- Amounts stated in millions of Colombian pesos -

During the period, net losses of $925,269 (2021: $889,289) previously recognized in other comprehensive income were reclassified to results for the period, for cash flow hedges.

A reconciliation of the initial and final balances at the cut-off date is presented below for each component of comprehensive income:

20.1. 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 do not reclassify to profit or loss for the period.

Reclassification of property, plant and equipment to investment properties	2022	2021
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 remeasurements of defined benefit plans represents the cumulative value of actuarial gains or losses, the return on plan assets and changes in the effect of the asset ceiling, excluding values included in net interest on liabilities (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.

Component new measurements of defined benefit plans	2022	2021
Initial balance	2,144	(40,079)
Result for the period from new measurements of defined benefit plans	52,230	65,962
Associated income tax (or equivalent)	(20,039)	(23,739)
Total	**34,335**	**2,144**

- Amounts stated in millions of Colombian pesos -

20.3. Component: equity investments measured at fair value through equity

The component of other comprehensive income from 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 values transferred to retained earnings when these investments have been sold. Changes in fair value do not reclassify to profit or loss for the period.

Equity investments measured at fair value through equity	2022	2021
Initial balance	3,037,953	3,360,435
Net gains (losses) from changes in the fair value of equity investments	(136,838)	(322,482)
Associated income tax (or equivalent)	(270,474)	-
Total	**2,630,641**	**3,037,953**

- Amounts stated in millions of Colombian pesos -

20.4. Component: share participation in the other comprehensive income of subsidiaries

The component of the other comprehensive income of participation in the other comprehensive income of subsidiaries represents the accumulated value of the application of the equity method to the gains and losses of the other comprehensive income of the subsidiaries. The accumulated value of the gains or losses will be reclassified to the results of the period or to retained earnings, depending on the items that originated the equity method, when these investments have been sold.

Share participation in the other comprehensive income of subsidiaries	2022	2021
Initial balance	1,215,372	883,569
Reclassification of property, plant and equipment and other assets	-	139
New measurements of defined benefit plans	64,358	77,951
Equity investments measured at fair value through equity	(76,037)	(87,762)
Hedging	893	3,605
Result for conversion of foreign businesses	1,010,059	356,438
Associated income tax (or equivalent)	(56,029)	(19,438)
Total other comprehensive income for the period	**943,244**	**330,933**
Retained earnings (losses) transferred to retained earnings/loss for the period - Reclassification of property, plant and equipment and other assets	(138)	-
Retained earnings (losses) transferred to retained earnings/loss for the period - Remeasurements of defined benefit plans	-	24
Earnings transferred to retained earnings for the period -Equity investments measured at fair value through equity	(1,953)	(13)
Accumulated gain (losses) transferred to accumulated profits/losses for the period - Hedging operations	(439)	401
Accumulated losses transferred to retained earnings for the period -Results from foreign business conversion	(3,430)	583
Associated income tax (or equivalent) - Accumulated gains (losses) transferred to accumulated profits/losses for the period	(49,797)	(125)
Total other accumulated comprehensive income	**(55,757)**	**870**
Total	**2,102,859**	**1,215,372**

- Amounts stated in millions of Colombian pesos -

20.5. Component: cash flow hedges

The component of other comprehensive income of cash flow hedges represents the cumulative value of the effective portion of the gains or losses that arise from changes in the fair value of items hedged in a cash flow hedge. Accumulated value of gains or losses will be reclassified to profit or loss only when the hedged transaction affects profit or loss, or the highly probable transaction is not expected to occur or is included as part of its carrying amount in an item non-financial cover.

Cash flow hedges	2022	2021
Initial balance	(343,034)	(35,849)
Gains (losses) from changes in the fair value of hedging instruments	328,945	371,740
Income tax (or equivalent) for changes in the fair value of the hedging instrument	(165,738)	(98,537)
Accumulated gains (losses) from changes in the fair value of hedging instruments reclassified to profit or loss for the period	(925,269)	(889,289)
Income tax (or equivalent) on the fair value of hedging instruments reclassified to profit or loss for the period	379,908	287,795
Income tax (or equivalent) associated with hedges of net investments in foreign businesses	74,158	21,106
Total	**(651,030)**	**(343,034)**

- Amounts stated in millions of Colombian pesos -

20.6. Component: hedges of net investments in foreign businesses

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 that arise 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 disposal of the covered foreign investment affects the result of the period.

Hedges of net investments in foreign businesses	2022	2021
Initial balance	(61,509)	-
Gains (losses) from changes in the value of the hedging instrument	(216,145)	(61,509)
Total	**(277,654)**	**(61,509)**

- Amounts stated in millions of Colombian pesos -

The income tax associated with the coverage of net investments in foreign businesses as of December 31, 2022 and 2021 amounts to $74,158 and $21,106, respectively.

Note 21.
Loans and borrowings

The following is the detail of the carrying amount of loans and borrowings measured at amortized cost:

Loans and borrowings	2022	2021
Non-current		
Commercial bank loans	2,475,741	1,076,618
Multilateral bank loans	761,044	1,128,180
Development bank loans	1,807,226	1,568,450
Bonds and titles issued	14,076,691	13,010,320
Total other credits and non-current loans	**19,120,702**	**16,783,568**
Current		
Commercial bank loans	188,942	1,294,929
Multilateral bank loans	402,199	198,770
Development bank loans	266,385	229,750
Bonds and titles issued	467,167	326,079
Total other current loans and borrowings	**1,324,693**	**2,049,528**
Total other loans and borrowings	**20,445,395**	**18,833,096**

- Amounts stated in millions of Colombian pesos -

The new company loans were acquired in order to:

Entity	Destination
UMB BANK	Resources to finance the general investment plan for infrastructure, expansion, replacement and growth of the water, transmission, energy distribution and gas businesses.
BANCO POPULAR	Working capital

During 2022, the following loan disbursements were received:

- March: BNDES long-term credit for USD 2.5 million, (equivalent to COP 9,559).
- June: BNDES long-term credit for USD 20.1 million, (equivalent to COP 82,248).
- August: BNDES long-term credit for USD 2.5 million, (equivalent to COP 10,987).
- September: BNDES long-term credit for USD 2.9 million, (equivalent to COP 12,931).

- November: BNDES long-term credit for USD 3.5 million, (equivalent to COP 17,487).

- December: Treasury loan with Banco Popular for COP 120,000, BNDES long-term loan for USD 2.5 million, (equivalent to COP 12,316) and Club Deal long-term loan for USD 300 million, (equivalent to COP 1,440,744)

The detail of loans and borrowings is as follows:

Entity or borrowing	Original currency	Initial date	term	Nominal interest rate	2022				2021			
					IRR	Nominal value	amortized cost value	Total amount	IRR	Nominal value	amortized cost value	Total amount
IPC BONDS III TRANCH	COP	21/04/2009	15	CPI + 6.24%	20.01%	198,400	5,929	204,329	11.83%	198,400	4,273	202,673
IPC IV TRAM 2 BONDS	COP	14/12/2010	12	CPI + 4.2%	0.00%	-	-	-	10.03%	119,900	166	120,066
IPC IV TRAM 3 BONDS	COP	14/12/2010	20	CPI + 4.94%	18.40%	267,400	(1,324)	266,076	10.53%	267,400	29	267,429
IPC BONDS V TRANCH II	COP	4/12/2013	10	CPI + 4.52%	18.44%	96,210	566	96,776	10.28%	96,210	270	96,480
IPC V TRAM III BONDS	COP	4/12/2013	20	CPI + 5.03%	18.58%	229,190	(1,142)	228,048	10.73%	229,190	(980)	228,210
IPC BONDS VI TRANCH II	COP	29/07/2014	12	CPI + 4.17%	17.71%	125,000	1,968	126,968	9.91%	125,000	869	125,869
CPI VI TRAM III BONDS	COP	29/07/2014	20	CPI + 4.5%	17.98%	250,000	2,584	252,584	10.19%	250,000	771	250,771
IPC V TRAM IV BONDS	COP	20/03/2015	9	CPI + 3.65%	18.26%	130,000	941	130,941	10.12%	130,000	707	130,707
IPC BONDS VII TRANCH II	COP	20/03/2015	12	CPI + 3.92%	17.32%	120,000	(638)	119,362	9.48%	120,000	(128)	119,872
IPC VII TRAM III BONDS	COP	20/03/2015	20	CPI + 4.43%	17.71%	260,000	(1,125)	258,875	9.94%	260,000	258	260,258
BID-1664-1	COP	31/03/2016	10	7.80%	9.16%	142,385	425	142,810	8.98%	189,846	1,089	190,935
IDB 2120-1	COP	27/05/2014	9	6.27%	8.72%	190,295	1,760	192,055	8.56%	190,295	(144)	190,151
BANK OF TOKYO-MITSUB	USD	29/09/2008	15	Libor 6M + 0.95%	5.92%	80,099	1,371	81,470	0.59%	132,652	1,252	133,904
GLOBAL 2024 COP	COP	10/09/2014	10	7.63%	7.73%	965,745	20,425	986,170	7.73%	965,745	19,616	985,361
AGRARIAN	COP	24/06/2014	16	IBR + 2.4%	14.45%	84,673	1,233	85,906	6.85%	96,273	(953)	95,320
AFD	USD	10/08/2012	15	4.31%	4.40%	677,827	12,051	689,878	4.40%	673,204	11,752	684,956
IDB 2120-2	COP	23/08/2016	18	7.50%	9.10%	287,942	266	288,208	9.10%	312,980	(75)	312,905
BNDES	USD	26/04/2016	24	4.89%	4.76%	472,047	5,984	478,031	5.01%	273,977	(1,096)	272,881
GLOBAL 2027 COP	COP	8/11/2017	10	8.38%	8.46%	4,165,519	51,346	4,216,865	8.45%	4,165,520	51,358	4,216,878
IDB 2120-3	COP	8/12/2017	16	6.27%	7.64%	143,354	627	143,981	7.61%	155,819	656	156,475
CAF	USD	3/10/2016	18	Libor 6M + 3.1%	8.30%	888,037	17,767	905,804	3.70%	796,232	(1,770)	794,462
1023 USD BONDS	USD	18/07/2019	10	4.25%	4.39%	4,810,200	67,110	4,877,310	4.39%	3,981,160	52,805	4,033,965
IDB 2120-4	COP	17/06/2020	14	5%	6.08%	311,184	3,534	314,718	6.04%	338,243	4,336	342,579
USD 2030 BONDS	USD	15/07/2020	11	4.38%	4.60%	2,765,865	13,690	2,779,555	4.60%	2,289,168	8,693	2,297,861
FINDETER	COP	28/01/2021	3	0%	0.00%	23,903	-	23,903	0.00%	45,967	-	45,967
BBVA	COP	18/05/2021	3	IBR 1M + 0.1%	11.22%	763	7	770	3.02%	1,145	2	1,147
BBVA	COP	18/05/2021	3	IBR 1M + 0.1%	11.23%	9,938	85	10,023	3.02%	14,907	28	14,935
BBVA	COP	18/05/2021	2	IBR 1M + 0.1%	11.18%	8,568	55	8,623	3.01%	25,704	44	25,748
J.P. MORGAN	COP	24/11/2021	5	IBR OIS + 2.477%	14.09%	979,250	10,888	990,138	5.54%	979,250	(401)	978,849
SANTANDER BANK TREASURY	USD	1/12/2021	1	LIBOR 1M + 1.45%	0.00%	-	-	-	1.55%	796,232	1,062	797,294
BNP TREASURY	USD	10/12/2021	1	LIBOR 1M + 1.4%	0.00%	-	-	-	1.50%	457,833	420	458,253
UMB BANK	USD	19/12/2022	5	SOFR 3M + 2.2%	7.59%	1,443,060	(19,489)	1,423,571				
POPULAR BANK	COP	2/12/2022	1	IBR 3M + 6.62%	17.74%	120,000	1,749	121,749	0.00%	-	-	-
commissions	COP	15/09/2021	0	0%	0.00%	-	(102)	(102)	0.00%	-	(65)	(65)
						20,246,854	198,541	20,445,395		18,678,252	154,844	18,833,096

- Amounts stated in millions of Colombian pesos -

At the end of the period, there are the following movements associated with loans and borrowings and for presentation purposes in the statement of cash flows they are disclosed in the following items: i) obtaining public credits and treasury for $1,706,272 (December 2021: $2,426,610) ; ii) public credit and treasury payments $2,079,859 (December 2021: $3,809,887); iii) transaction costs for the issuance of debt instruments for $26,657 (December 2021: $37,492).

The interest paid for credit operations as of December 2022 was: $1,257,578 and (2021: $1,102,595).

The net loss from the exchange difference related to the debt recognized in the result of the period was $381,246 (2021 $349,110) and the exchange difference capitalized in qualifying assets was: $4,962 (2021 $177,206.)

As of the cut-off date, the credits used as hedging instruments for net investments in foreign businesses are CAF, JBIC and AFD and had USD 342 million designated for 2022 and the exchange difference from the result of the period has been reclassified to other comprehensive income for value of 216,145.

The information on the bonds issued is as follows:

Subseries	Original currency	Initial date	Term	nominal interest rate	2022				2021				Amount awarded							
					IRR	Nominal amount	amortized cost amount	Total amount	IRR	Nominal amount	amortized cost amount	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	Amount awarded to 2013
A10a	COP	4/12/2013	10	CPI + 4.52%	18.44%	96,210	566	96,776	10.28%	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	CPI + 3.65%	18.26%	130,000	941	130,941	10.12%	130,000	707	130,707	130,000	130,000	130,000	130,000	130,000	130,000		
A12a	COP	14/12/2010	12	CPI + 4.2%	0.00%	0	0	0	10.03%	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	CPI + 4.17%	17.71%	125,000	1,968	126,968	9.91%	125,000	869	125,869	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
A12a	COP	20/03/2015	12	CPI + 3.92%	17.32%	120,000	-638	119,362	9.48%	120,000	-128	119,872	120,000	120,000	120,000	120,000	120,000	120,000	-	-
A15a	COP	21/04/2009	15	CPI + 6.24%	20.01%	198,400	5,929	204,329	11.83%	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	CPI + 4.94%	18.40%	267,400	-1,324	266,076	10.53%	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	CPI + 5.03%	18.58%	229,190	-1,142	228,048	10.73%	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	CPI + 4.5%	17.98%	250,000	2,584	252,584	10.19%	250,000	771	250,771	250,000	250,000	250,000	250,000	250,000	250,000	250,000	-
A20a	COP	20/03/2015	20	CPI + 4.43%	17.71%	260,000	-1,125	258,875	9.94%	260,000	258	260,258	260,000	260,000	260,000	260,000	260,000	260,000	-	-
A5a	COP	20/03/2015	5	CPI + 2.72%	0.00%	0	0	0	0.00%	0	0	0	0	120,000	120,000	120,000	120,000	120,000	-	-
A6a	COP	29/07/2014	6	CPI + 3.57%	0.00%	0	0	0	0.00%	0	0	0	0	125,000	125,000	125,000	125,000	125,000	125,000	-
international bond	COP	31/01/2011	10	8.375%	0.00%	0	0	0	0.00%	0	0	0	130,822	130,822	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
international bond	COP	10/09/2014	10	7.625%	7.73%	965,745	20,425	986,170	7.73%	965,745	19,619	985,364	965,745	965,745	965,745	965,745	965,745	965,745	965,745	-
international bond	COP	8/11/2017	10	8.375%	8.46%	4,165,519	51,346	4,216,865	8.45%	4,165,518	51,358	4,216,876	4,165,519	3,530,000	2,300,000	2,300,000	-	-	-	-
international bond	USD	18/07/2019	10	4.25%	4.39%	4,810,200	67,110	4,877,310	4.39%	3,981,160	52,805	4,033,965	3,432,500	3,277,140			-	-	-	-
international bond	USD	15/07/2020	11	4.375%	4.60%	2,765,864	13,690	2,779,554	4.60%	2,289,166	8,693	2,297,859	1,973,688	-						
TOTAL						14,383,528	160,330	14,543,858		13,197,689	138,710	13,336,399	12,464,373	9,944,807	6,556,845	6,556,845	4,256,845	4,256,845	3,626,845	2,161,100

Amount stated in millions of Colombian pesos, the exchange rate used was the closing TRM of each period

In 2022 the following innovations were presented:

Financing

On December 14, EPM executed the signing of its first sustainable credit line for USD 700 million with international commercial banks through a group of four banks: BBVA, BNP Paribas, Bank of Nova Scotia (Scotiabank) and SMBC and as agent bank UMB Bank . These resources will be used to finance the investment plan in the Company's energy, gas, water and sanitation transmission and distribution businesses.

The credit operation includes the monitoring of two indicators (KPI – Key Performance Indicators): GHG emissions (greenhouse gases) and the Index of water losses per billed user (IPUF). Compliance with these indicators represents a decrease in the agreed interest rate. The commitments acquired for annual monitoring with these two indicators within the framework of the contract are detailed below:

	2022	2023	2024	2025	2026
GHG emissions	943,106	331,236	267,340	261,937	259,318
UPF	5.84	5.82	5.81	5.79	5.77

Covenants Financieros

EPM tiene diferentes compromisos financieros (covenant), establecidos en los contratos de empréstito firmados con la Agencia Francesa de Desarrollo - AFD, Banco Interamericano de Desarrollo - BID, CAF- Banco de Desarrollo de América Latina, Banco Nacional de Desarrollo Económico y Social – BNDES, JPMorgan y Bank of Tokio -MUFG, Garantía de Japan Bank for International Cooperation – JBIC y el Club Deal (BNP Pariba, BBVA, Scotiabank y Sumitomo). En estos contratos se incluyen alguno(s) de los siguientes covenants:

Covenants	Entity	Limit Indicator	Result December 2022
EBITDA/Financial expenses	BNDES - AFD	3.0	4.71
EBITDA/Net financial expenses	CAF - JPMorgan - UMB Bank	3.0	5.35
Long Term Debt/EBITDA LTM	JBIC	3.5	2.95
Long-Term Net Debt/LTM EBITDA	AFD - CAF - JPMorgan - IDB - UMB Bank	4.0	2.45
Long Term Debt/Equity	JBIC - BNDES - IDB	1.5	0.85

At the end of December 2022, EPM is in compliance with the agreed financial covenants.

Compliances

During the accounting period, the company has complied with the payment of the principal and interest of its loans.

Note 22.
Trade and other payables

Trade and other payables are measured at amortized cost and are established of:

Trade and other payable	2022	2021
Non-current		
Acquisition of goods and services	628	628
Deposits received in guarantee (1)	7,465	11,570
Resources received in administration	998	998
Construction contracts	57	57
Total non-current trade and other payables	**9,148**	**13,253**
Current		
Creditors (2)	806,877	663,808
Acquisition of goods and services	699,409	741,630
allocated subsidies (3)	56,900	40,509
Deposits received in guarantee	310	310
Advances and amounts received in advance	506	506
Resources received in administration (4)	15,369	1,679
Other accounts payable	333	318
construction contracts	586	557
commissions payable	2,110	2,110
Total current trade and other payables	**1,582,400**	**1,451,427**
Total trade and other payables	**1,591,548**	**1,464,680**

- Amounts stated in millions of Colombian pesos -

1. Includes a return of the guaranteed deposit from the supplier DICEL S.A. E.S.P., for $2,500.
2. The most significant increase is reflected in the creditor account for offset, due to the purchase of energy because of the commercial operation; the others, due to the increase in temporary liabilities for both domestic and imported purchases.
3. Increase in subsidies for the following items: energy service $425, aqueduct $8,902, sewerage $6,843 and gas service for $220.
4. Increase as a result of the income of a new autonomous equity assignment of Firm Energy Obligations OEF for $14,186.

The term for payment to suppliers is generally 30 days with the exception of:

- Payments less than ten (10) current legal monthly minimum wages (SMMLV).
- Those destined to cover sanctions, fines and indemnities and taxes.
- And the others that apply according to the business rule 2019-RN-107.

Non-compliance

During the accounting period, the company has not defaulted on payments to trade and other payables..

Note 23. Other financial liabilities

Other financial liabilities are established of:

Other financial liabilities	2022	2021
Non-current		
Lease liability	2,693,349	2,483,975
Financial liabilities measured at fair value through profit or loss for the period (1)	-	43,742
Pension bonds	111,463	177,141
Derivatives for cash flow hedging purposes (3) (see note 24)	4,065	164,270
Total other non-current financial liabilities	**2,808,877**	**2,869,128**
Current		
Lease liability	70,966	68,071
Financial liabilities measured at fair value through profit or loss for the period (1)	49,090	47,574
Pension bonds (2)	416,760	372,839
Total other current financial liabilities	**536,815**	**488,484**
Total other financial liabilities	**3,345,693**	**3,357,612**

- Amounts stated in millions of Colombian pesos -

1. It includes the valuation of the premium of the weather derivative whose objective is to have coverage of risk protection in income due to the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments of power generation. The variation of the financial liability measured at fair value is due to the fact that in 2022 one of the installments of the weather derivative premium was paid.
2. Includes the following items: payment of pension bonds for $57,329 (2021: $40,660) and payment of lease liabilities for $58,517 (2021: $12,746) reflected in the statement of cash flows.
3. The variation of the derivative for hedging purposes is due to the considerable increase in the exchange rate in 2022, which generated a valuation of the right of the swaps and consequently decreased the net obligation.

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 cover dry seasons that imply a decrease in hydraulic 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).

23.1.2. Financial liabilities designated at fair value through profit or loss, with the effects of the change in credit risk of the liability recognized in profit or loss for the period

Concept	2022	2021
Gain (loss) for the period from changes in fair value attributable to changes in credit risk recognized in profit or loss for the period	1,169	1,139
Difference between the carrying amount and the value to be paid at the time of liquidation:	(8,391)	(3,833)
Carrying amount of the liability(s)	49,090	91,317
Amount to pay at the time of settlement	57,481	95,150
Total	**49,090**	**91,317**

- 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 of the period, this asymmetry is generated given that EPM's rating is BB+

and the 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.

Note 24.
Derivatives and hedges

The company 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 can impact results, whose fair values at the end of the reporting period amount to:

  Swaps: A right of $464,000 **see note 13. Other financial assets** and an obligation of $4,065 **see note 23. Other financial liabilities** for a net right of $459,935 (2021: Net obligation $32,693).

  The hedging relationship is effective taking into account that the fundamental financial conditions (such as nominal, interest rate, payment and maturity dates) of the hedging instrument and the hedged item match, in accordance with IFRS 9, on the basis from a qualitative assessment of such fundamental conditions, that the hedging instrument and the hedged item have values that will generally move in opposite directions due to the same risk and, therefore, that there is an economic relationship between the hedged item and the hedged item coverage.

- Options: no movements were recorded in 2022 (2021: $3,673) **see note 13. Other financial assets.**

- 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 equity method in the effect of conversion of financial statements in investments in subsidiaries with dollar functional currency for further details **see note 21 Loans and borrowings**

and **note 20 Accumulated other comprehensive income**. The effectiveness tests of these hedges are carried out with the "less than" test, which consists of identifying the effectiveness as the lower accumulated value between the valuation of the hedging instrument and that of the hedged item, and any difference is considered ineffective recognized in the result of the period.

The risks that have been covered in these operations are presented below, for more detail **see note 42 Financial risk management objectives and policies**:

Hedge Classification	Description	Hedge Risk	Section	Hedged item	Carrying amount hedged item	Carrying amount hedging instrument	Changes in fair value of the hedging instrument in the period	Changes in fair value of the hedged item in the period	Hedge ineffectiveness recognized in profit or loss	Hedge effectiveness recognized in other comprehensive income	Reclassification of other comprehensive income to profit or loss for the period[1]
Swaps	Cross Currency Swap	USD/COP exchange rate and Libor/fixed debt service interest rate	Part of AFD loans and international bonds	Credit in Dollars	7,656,866	459,934	492,627	640,084	NA	492,627	925,269
Hedge of net investment abroad	Hedges of net investments in foreign operations	USD/COP exchange rate	Investments in subsidiaries in HET, PDG and MaxSeguros.	Investments in subsidiaries with USD functional currency	1,470,093	1,645,964	157,872	286,729	18,978	244,571	NA

- 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 caption of interests, difference in exchange, difference in exchange of interests and the capital of the right. Additionally, $57,951 were capitalized as costs for loans mainly to the Hidroituango 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 official authorization of each one 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 management 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.

Cash flow hedge

The company expects that the cash flows that are under cash flow hedge accounting will be carried out in the period between January 1, 2023 and February 15, 2031, for more details **Objectives and policies of financial risk management, numeral 42.1 Market risk**.

The characteristics of the main cash flow hedge instruments that are under hedge accounting are the following:

Current Hedge

Characteristics								
covered underlying	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029
closing date	8-jun-20	7-jul-20	10-jul-20	15-jul-20	15-jul-20	9-nov-20	12-nov-20	18-may-21
Derived Type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
counterpart	BNP PARIBAS	JP Morgan	JP Morgan	scotian bank	Goldman Sachs	Goldman Sachs.	BBVA	Merrill Lynch
Face (USD)	100,000,000	50,000,000	100,000,000	100,000,000	100,000,000	125,000,000	125,000,000	100,000,000
spot exchange rate	3,597	3,627	3,617	3,606	3,608	3,657	3,642	3,649
Expiration date	18-jul-29	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

Current Hedge

Characteristics									
covered underlying	Bonds 2029	Bonds 2029	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031
closing date	2-jun-21	3-jun-21	11-sep-20	16-sep-20	22-oct-20	23-oct-20	29-ene-21	11-mar-21	4-jun-21
Derived Type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
counterpart	BILBAO VIZCAYA ARGENTARIA BANK, SA	Merrill Lynch International	JP Morgan	JP Morgan	Sumitomo Mitsui Banking Corporation, New York Branch	JP Morgan	BNP Paribas	Goldman Sachs	CITIBANK
Face (USD)	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	3,638	3,647	3,709	3,708	3,774	3,774	3,568	3,525	3,602
Expiration date	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

Termination of hedge

It is reported that during 2022 the hedging operation for USD 28 million corresponding to the underlying credit with AFD expired.

Non-hedged weather derivative

EPM currently has a risk hedge called "Climate Derivative" which is based on a put option and whose objective is to have coverage of risk protection in income due to the occurrence of extreme weather events that affect rainfall and therefore the commitments contracts for power generation. It also serves to protect exposure to risk from purchasing energy on the stock market 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.

Embedded derivatives

The company has not formalized contracts that contain embedded derivatives.

Derivatives that are not under hedge accounting

The company has formalized contracts that contain derivatives that are not under hedge accounting.

see note 13. Other financial assets.

Note 25.
Employee Benefits

The item of benefits to employees recognized at the cut-off date presents the following composition:

Employee benefits	2022	2021
Non-current		
Post-employment benefits	242,543	327,648
Long term benefits	42,959	46,978
Total non-current employee benefits	285,502	374,626
Current		
Short-term benefits	140,635	146,788
Post-employment benefits	68,400	17,942
Total current employee benefits	209,035	164,730
Total	494,537	539,356

- Amounts stated in millions of Colombian pesos -

25.1. Post-employment benefits

Includes defined benefit plans and defined contribution plans detailed below:

25.1.1. Defined benefit plans

Defined benefit plans	Pensions[1]		Retroactive severance[2]		Educational aid plan[3]		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Present value of defined benefit obligations								
Initial balance	380,036	470,107	91,169	92,711	22	49	471,227	562,867
Present service cost			2,548	2,753			2,548	2,753
Interest income or (expense)	30,347	27,944	6,415	4,241	0	1	36,762	32,186
Actuarial gains or losses from changes in:								
Assumptions from experience	2,318.00	(10,279)	10,973	15,827	(3)	(15)	13,288	5,533
demographic assumptions			2					-
financial assumptions	(61,618)	(70,100)	(9,804)	(10,837)	1	-	(71,421)	(80,937)
Payments made by the plan4	(37,968)	(37,636)	(16,392)	(13,526)	-10	(13)	(54,370)	(51,175)
Present value of obligations as of December 31	**313,115**	**380,036**	**84,911**	**91,169**	**10**	**22**	**398,034**	**471,227**
Fair value of plan assets								
Initial balance	125,638	167,118	-	-	-	-	125,638	167,118
Payments made by the plan4	(41,299)	(40,753)	-	-	-	-	(41,299)	(40,753)
interest income	8,656	8,711	-	-	-	-	8,656	8,711
Expected return on the plan (excluding interest income)	(5,902)	(9,438)	-	-	-	-	(5,902)	(9,438)
Fair value of plan assets December 31	**87,094**	**125,638**	**-**	**-**	**-**	**-**	**87,094**	**125,638**
Surplus or (deficit) of the defined benefit plan	**226,021**	**254,398**	**84,911**	**91,169**	**10**	**22**	**310,940**	**345,589**
Net asset or (liability) of the defined benefit plan	**226,021**	**254,398**	**84,911**	**91,169**	**10**	**22**	**310,940**	**345,589**
Total defined benefits	**226,021**	**254,398**	**84,911**	**91,169**	**10**	**22**	**310,940**	**345,589**

- Amounts stated in millions of Colombian pesos -

1. Includes a plan of retirement pensions recognized prior to the validity 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 lifetime, the shared with Colpensiones, the pension substitutions and those that generate a retirement share. The plan is established of EPM retirees and retirees belonging to the pension commutation due to the liquidation of Empresa Antioqueña de Energía EADE. Includes contributions to social security and funeral assistance. Retirement pensions are legal 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 undergone modifications, reductions or settlements that represent a reduction in the present value of the obligation.

2. Includes a plan for retroactive layoffs, it is a post-employment benefit that applies to approximately 8% of EPM employees, it consists 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 that gives rise to the plan is the "Sixth Law of 1945 by which some provisions are issued on labor conventions, professional associations, collective conflicts and special labor jurisdiction" and National Decree 1160 of 1989, which regulates Partially Law 71 of 1988, by which regulations on pensions are issued and other provisions are issued. For the retroactive layoffs plan, no potential risks or significant changes are identified during the period.

3. Includes an educational aid plan that is granted for each of the children of EPM retirees, entitled to it, includes aid for secondary, technical or university studies. It has its origin in Article 9 of Law 4 of 1976, which establishes regulations on pension matters in the public, official, semi-official and private sectors and provides that companies or employers will grant scholarships or aid for secondary, technical or university students, to the children of their retired personnel, under the same conditions that they are granted or established for the children of active workers.

The weighted average of the duration in years, of the obligations for defined benefit plans at the cut-off date is presented below:

Benefit	2022		2021	
	From	Until	From	Until
EPM Pension	6.0	7.7	7.3	9.8
Educational Aid EPM	0.5	0.5	0.9	0.9
Retroactive layoffs	3.6	3.6	4.2	4.2

4. Includes $54,370 (2021: $51,175) of amounts paid for plan settlements, corresponding to pensions, retroactive layoffs, and educational assistance plan.

The company has no restrictions on the current realization of the surplus of the defined benefit plan.

The company made no defined benefit contributions during 2022, and does not expect to make contributions for the next annual period.

The fair value of plan assets is established as follows:

Assets supporting the plan	2022		2021	
	Participation	fair value	Participation	fair value
Cash and cash equivalents	1.00%	869	3.25%	5,437
Debt instruments				
AAA	87.10%	75,854	85.01%	142,075
AA+	0.00%	-	0.97%	1,621
AA	6.88%	5,995	5.81%	9,713
Unrated	4.67%	4,071	-	-
Investment funds	0.35%	304	4.95%	8,272
Total debt instruments	**99.00%**	**86,225**	**96.75%**	**161,681**
Total assets supporting the plan	**100.00%**	87,094	**100.00%**	167,118

- Amounts stated in millions of Colombian pesos -

The main actuarial assumptions used to determine the obligations for the defined benefit plans are the following:

Assumptions	Post-employment benefits	
	2022	2021
Discount rate (%)	13.6-12.2	8.40 - 5.50
Annual salary increase rate (%)	5.5	4.6
Actual rate of return on plan assets	2.59	0.48
Future annual pension increase rate	4.5	3.5
Annual inflation rate (%)	4.5	3.5
Survival tables	Valid renters 2008	

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	Increase in the discount rate by +1%	Decrease in the discount rate by -1%	Increase in wage increase by +1%	Decrease in salary increase by -1%	Increase in increase in profit by +1%	Decrease in increase in profit by -1%
EPM Pension	226,651	251,557	-	-	-	-
EPM social security contributions	16,889	18,662	-	-	-	-
EPM educational aid	10	10	-	-	10	10
EADE Pension	52,630	77,584	-	-	-	-
EADE social security contributions	637	714	-	-	-	-
Retroactive layoffs	82,600	87,361	89,517	80,495	-	-
Total Post-employment benefits	379,418	435,889	89,517	80,495	10	10

- Amounts stated in millions of Colombian pesos -

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of Obligations (DBO) were carried out using the same methodology as for the actuarial calculation as of December 31, 2022: Projected Credit Unit (PUC). Sensitivity does not present limitations, nor changes in the methods and assumptions used to prepare the analysis of the current period.

Calculation of 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 the IFRS adopted in Colombia.

Pension liabilities

The actuarial calculation of pensions was prepared with the following technical bases:

Actuarial Assumptions - Pension Obligation	2022	2021
Real technical interest rate	4.8	4.8
Salary increase rate	3.98	2.6
Pension increase rate	3.98	2.6
mortality table	RV08 (Valid renters)	

The following table is the calculation of the pension liability with the above parameters:

Concept	2022		2021	
	Number of personnel	Obligation value	Number of personnel	Obligation value
Staff retired entirely by the Company	564	149,635	603	149,507
Staff retired with pension shared with Colpensiones	333	48,197	358	50,177
Beneficiary staff shared with Colpensiones	442	58,029	471	60,720
Staff retired with pension shared with other entities	458	45,467	431	44,722
Total	**1,797**	**301,328**	**1,863**	**305,126**

- Amounts stated in millions of Colombian pesos -

The pension bonds related to pension obligations are detailed below:

Concept	2022		2021	
	Number of employees	reserve value	Number of employees	reserve value
Type A pension bonus modality 1	230	3,388	240	3,040
Type A pension bonus modality 2	3,851	195,186	3,962	181,399
Type B pension bonus	1,913	318,276	2,074	308,415
Type T pension bonus	5	390	5	311
Contributions - Law 549	131	5,098	174	5,834
Difference	**6,130**	**522,338**	**6,455**	**498,999**

- 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:

	2022	2021
Pension liabilities under IFRS	256,200	308,640
tax pension liabilities	823,676	804,147
Difference	**(567,476)**	**(495,507)**

- Amounts stated in millions of Colombian pesos -

Pension commutation liabilities

The actuarial calculation of pension commutation was prepared with the following technical bases:

Actuarial assumptions - Pension commutation	2022	2021
Real technical interest rate	4.8	4.8
Salary increase rate	3.98	2.6
Pension increase rate	3.98	2.6
mortality table	RV08 (Valid renters)	

The following table is the calculation of the pension commutation with the previous parameters:

Concept	2022		2021	
	Number of employees	Obligation value	Number of employees	Obligation value
Retired employees by the Company	74	17,728	66	16,560
Retired employees with pension shared with Colpensiones	338	47,391	341	44,718
Beneficiary employees shared with Colpensiones	62	6,419	60	6,658
Retired employees with pension shared with other entities	10	1,054	24	3,318
Total	**484**	**72,592**	**491**	**71,254**

- Amounts stated in millions of Colombian pesos -

The pension bonds related to the pension commutation liability are detailed below:

Concept	2022		2021	
	Number of employees	reserve value	Number of employees	reserve value
Type A pension bonus modality 1	11	39	12	43
Type A pension bonus modality 2	232	12,654	241	11,596
Type B pension bonus	198	23,914	202	21,572
Type T pension bonus	3	-	3	7
Other -Include type of pension bonus-	1	52	1	45
Difference	445	36,659	459	33,264

- Amounts stated in millions of Colombian pesos -

Below are the differences between the liability for pension commutation calculated under IFRS adopted in Colombia and the liability for fiscal pension commutation:

	2022	2021
Pension commutation liability under IFRS	72,592	71,418
Tax pension commutation liability	109,252	104,516
Difference	**(36,660)**	**(33,098)**

- Amounts stated in millions of Colombian pesos -

The company's policy is to prepare actuarial calculations for the annual closing of the period, therefore, the estimated data for 2022 are presented.

25.1.2. Defined contribution plans

The company made contributions to defined contribution plans for $80,930 (2021: $71,523) recognized in the result of the period as an expense $24,391 (2021: $22,176), cost $43,561 (2021: $38,742) and investment projects $12,978 (2021: $10,604).

25.2. Long-term employee benefits

Long-term benefits	Seniority premium[1]	
	2022	2021
Present value of obligations for other long-term benefits		
Initial balance	46,978	50,711
Present service cost	4,925	5,534
Interest income or (expense)	3,698	2,909
Assumptions from experience	5,001	3,346
financial assumptions	(7,077)	(7,949)
demographic assumptions	(202)	-
Payments made by the plan	(10,363)	(7,573)
Final balance of the present value of obligations	**42,960**	**46,978**
Net liability for long-term benefits	**42,960**	**46,978**

- Amounts stated in millions of Colombian pesos -

For these benefits, the company does not have assets that support the plan.

1. Includes a seniority premium plan. It is a long-term benefit granted to employees through the Collective Labor Agreement, at EPM it is granted based on years of continuous or discontinuous service. It is recognized and paid only once in the respective period and in accordance with 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 can be in cash, free time or a combination of the two at the employee's choice. For the personnel who resigns from the company to access the old age or disability pension, they are entitled to proportional payment for the time of service, if they have less than one year left to complete the next five years at the time of separation. No potential risks are identified for the Seniority Premium plan.

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	2022		2021	
	From	Until	From	Until
Seniority Premium	5.5	5.5	6.3	6.3

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 the long-term employee benefit plans are the following:

Assumptions	Concept	
	2022	2021
Discount rate (%)	13.5	8.30
Annual salary increase rate (%)	5.85	4.85
Annual inflation rate (%)	4.5	3.50
Survival tables	RV08 (Valid renters)	

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 long-term benefit plans:

Assumptions	Increase in the discount rate by +1%	Decrease in the discount rate by -1%	Increase in wage increase by +1%	Decrease in salary increase by -1%
Seniority Premium	40,961	45,161	45,490	40,638
Total long-term benefits	**40,961**	**45,161**	**45,490**	**40,638**

- Amounts stated in millions of Colombian pesos -

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of Obligations (DBO) were carried out using the same methodology as for the actuarial calculation as of December 31, 2022: Projected Credit Unit (PUC). Sensitivity does not present limitations, nor changes in the methods and assumptions used to prepare the analysis of the current period.

25.3. Short-term employee benefits

The composition of short-term benefits is as follows:

Short-term benefits	2022	2021
payroll payable	11,161	28,034
Severance	52,987	46,575
Interest over severance	6,328	5,465
Vacation	22,372	21,048
Holiday bonus	44,671	42,365
Christmas bonus	396	256
Bonuses	2,716	2,573
Other premiums	4	472
Total short-term benefits	**140,635**	**146,788**

- Amounts stated in millions of Colombian pesos -

Note 26.

Taxes, contributions and fees payable

The detail of taxes, contributions and fees, other than income tax, is as follows:

Taxes, contributions and fees payable	2022	2021
Current		
Withholding (1)	133,210	162,857
Rates (2)	39,995	32,312
Industry and commerce tax (3)	35,047	25,096
Other national taxes (4)	25,369	26,246
Customs tax and surcharges (5)	16,512	170
value added tax (6)	5,751	4,444
Contributions (7)	3,259	2,516
Unified property tax	83	-
Motor vehicle tax	11	-
sanctions	9	-
National consumption tax	6	6
Other municipal taxes	-	9
Total Current taxes, contributions and fees payable	**259,252**	**253,656**
Total Taxes, contributions and fees payable	**259,252**	**253,656**

- Amounts stated in millions of Colombian pesos -

1. The accrued value of December 2021 was higher than that of December 2022, due to the lower value to be paid for the concept of self-withholdings.
2. The tax base for the rate tax increased by the value of the payments paid to the municipalities for energy generation as established by Law 99.
3. The tax base for the Industry and Commerce Tax increased due to the increase in income compared to the 2021 accounting period.
4. The decrease corresponds to a lower value to be paid in 2022 compared to 2021 of the second installment of the CREG special contribution.
5. The tax base for the customs tax and surcharges increased due to the higher value of the imported merchandise of the tax, mainly due to the Ituango project.
6. VAT payable increased in relation to the previous two-month period, due to the decrease in deductible VAT (reclassification of VAT meters last two months) and the increase in taxable income corresponding to solar solutions, other IT services, other taxable services and leases.
7. The amount payable for FAER, PRONE and FOES contributions was $36,639 (2021: $30,718). These contributions are generated from the remuneration income of the STN assets that for the year 2022 was $218,201, 19% higher than the previous year.

Note 27. Provisions, contingent assets and liabilities

27.1. Provisions

The reconciliation of the provisions is as follows:

Concept	Dismantling or restoration	Litigation	Contingent consideration - Business combination	Subsidiary constructive obligations	Guarantee	Other provisions	Total
Initial balance	**178,529**	**467,293**	**165,214**	**40,633**	**201,919**	**71,944**	**1,125,532**
Additions	-	8,273	-	-	-	110,117	**118,390**
Uses	(49,544)	(497)	-	-	(196,719)	(107,268)	**(354,028)**
Reversals, unused amounts (-)	(21,099)	(16,635)	(35,816)	-	-	(15,082)	**(88,632)**
Adjustment for changes in estimates	639	72,963	1,949	(40,633)	91,859	13,768	**140,545**
Capitalized dismantling	101,944	-	-	-	-	58	**102,002**
Exchange rate difference	-	830	27,569	-	-	-	**28,399**
Other changes Finance Expense_	15,858	44,035	5,196	-	8,994	5,130	**79,213**
Final balance	**226,327**	**576,262**	**164,112**	**-**	**106,053**	**78,667**	**1,151,421**
Non-current	111,594	389,691	164,112	-	-	46,740	**712,137**
Current	114,733	186,571	-	-	106,053	31,927	**439,283**
Total	**226,327**	**576,262**	**164,112**	**-**	**106,053**	**78,667**	**1,151,420**

- Amounts stated in millions of Colombian pesos -

As of December 31, 2022, the significant behavior of EPM's provisions is:

- The increase in the provision for Litigation occurred due to an increase in the claim of an EADE process. (section 27.1.2.)
- The cancellation of the implicit obligations in subsidiaries is presented due to the better results in the subsidiary EPM Capital México S.A. de CV, which covered the liability it had (numeral 27.1.4).
- The decrease in the provision for Guarantee is due to the payments made to XM for the guarantee of delay in the Hidroituango power plant (Section 27.1.5).

27.1.1. Decommissioning or environmental restoration

EPM is obliged to incur dismantling or restoration costs of its facilities and assets. There are currently three provisions for dismantling or restoration:

- Withdrawal of transformers that contain PCBs (polychlorinated biphenyls): EPM has committed to the dismantling of these assets from 2014 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. 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 calculating the provision are: estimated costs, CPI and TES fixed rate. As of December 31, 2022, it presents a contribution of $142.
- Jepírachi: The Jepírachi Wind Farm will generate until 2023; year in which it will be withdrawn or disconnected from the operation of the National Interconnected System and the respective dismantling will be carried out, as contemplated by CREG resolution 136 of 2020, published in the Official Gazette on July 15, 2020. The main assumptions considered in calculating the provision are: estimated costs, CPI and TES fixed rate. As of December 31, 2022, the provision for $30,428 was recorded.
- Environmental provision 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 Authority for Environmental Licenses), 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 technically begins to operate, making it necessary to implement the figure of the provision with the aim that said expenditures remain as a greater value of the construction in progress. The company has committed to compensate the loss of biodiversity, subtraction and closures, 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., Res. 141011206/10-16-2014 CORANTIOQUIA, Res LA. EIA1-9872 04/21/2014 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 (debt title of the Colombian Government). The adjustment made to December 2022 was $3,600.

Environmental compensation and forced investment of 1%: Law 99 of 1993, established the obligatory nature of environmental licensing for the development of any activity that could cause 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 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 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 start of activities authorized in the environmental license and defined the requirements and procedures to update the pending investments and take advantage of new execution terms subject to the approval of the ANLA.

For EPM, the relative obligations for the use of water taken directly from natural sources are contemplated, in La Sierra, Porce II, Porce III and Hidroituango. As of December 31, 2022, $47,314 was recorded as a provision.

Hidroituango environmental contingency, established by the specific action plan for the recovery of the parts affected by the clogging of the diversion tunnel of the Cauca River, due to the closure of gates; and, due to the events, typical of the contingency, that may arise in the technical milestones pending to be reached, as well as the execution of the same. As of December 31, 2022, an adjustment was made for financial expense of $5,944, and the balance of the provision of $56,152.

Hidroituango's social and environmental recovery plan, the evaluation of the state of 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 basin of the Cauca river; and, the Humboldt Framework Agreement: Biodiversity (Standardization of monitoring in the middle and lower basin of the Cauca river, compliance with pending commitments in the compensation plan, analysis of possible reserve area) that was recovered in December 2022 for $20,214.

The specific action plan for recovery must consider three framework programs:

a. Recovery of affected swamps

b. Recovery of the 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 discretionary actions. Social programs, economic activities, infrastructure, risk management, among others, are also included.

The different actions are carried out 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.

Environmental effects of the Hidroituango plant: In 2022, two of the eight power generating units of the Hidroituango plant came into operation and obligations began for the use of vegetation cover in the areas where different infrastructures for this plant were implemented (reservoir, camps, roads, workshops, storage areas, among others). In accordance with the environmental license, the project must carry out forest compensation associated with the WFP programs for the biotic environment related to the management and conservation of vegetation cover, the forest cover restoration subprogram, the resource management and protection subprogram fish and fishing in the lower and middle basins of the Cauca River, in a ratio of 1 to 1 in the intervened areas of tropical humid forest and 1 to 5 in areas of tropical dry forest. With this, attention is also given to the obligations of CORANTIOQUIA and CORPOURABA for the use of species with regional restriction. The balance of the provision as of December 31, 2022 is $16,813.

27.1.2. Litigation

This provision covers estimated probable losses related to labor, civil, administrative, and tax litigation that arise in 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 for discount, estimated value to be paid, start date and estimated date of payment, for those disputes classified as probable. To date, no future events have been evidenced that may affect the calculation of the provision.

In order to reduce the uncertainty conditions that may arise with respect to the estimated date of payment and the estimated value to be paid in litigation classified as probable, the company has business rules based on statistical studies with which average durations were obtained. of the processes by action and also the application of the jurisprudence to the maximum limits that it defines for the value of extra patrimonial or immaterial claims when they exceed their amount, as described below:

Average duration of processes per action:

Administrative and fiscal

Action	Average years
Abbreviated	4
Enforcement Action	4
Group Action	6
Popular Actions	4
Preliminary Conciliation	2
Constitution Of Civil Party	4
Contractual	13
Demarcation	5
Executive	5
Singular Executive	3
Exportation	4
Comprehensive Reparation Incident (Criminal)	2
Imposition Of Easement	4
Nullity Of Administrative Acts	5
Nullity And Restoration Of Rights	10
Nullity And Restoration Of Labor Law	11
Ordinary	7
Ordinary Membership	5
Criminal Accusation (Law 906 Of 2004)	4
Dividing Processes	4
Protection Of Consumer Rights	6
Police Complaints	3
Claim	7

Labor processes

Action	Average years
Solidarity	3.5
Pension	3.5
Extra hours	3.5
Refund	4
Salary scale leveling	3.5
Unfair dismissal offset	3.5
Settlement of social benefits	3.5
Work accident compensation	4
Refund contributions Health_Pension	4

Application of jurisprudence

Typology: the values of the claims for compensation for non-pecuniary damages will be recorded according to the following typology:

- Moral prejudice.
- Damage to health (physiological or biological damage), derived from bodily or psychophysical injury.

- Damage to relationship life.
- Damage to constitutional and conventional property.

The values of other non-patrimonial claims not recognized by jurisprudence will not be recorded, unless it can be inferred from the claim that, despite having another name, it corresponds to one of the admitted typologies. Claims for non-patrimonial compensation for damage to property will not be registered either.

Quantification: the amount of non-patrimonial claims will be recorded uniformly as follows, regardless of their type:

For direct victim	100 Current Monthly Legal Minimum Wages
For indirect victim	50 Minimum Legal Monthly Wages in Force

The following are the recognized disputes:

Third party	Claim	Amount
Maikol Arenales Chaves	Declare the defendants 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.	276,209
Oscar Elias Arboleda Lopera	It includes 173 claimants who worked for EADE; and they state that in the dissolution and liquidation of said company there was an employer substitution with EPM, which obliges it to pay all labor debts.	150,259
Luis Fernando Anchico Indaburo	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 (Ituango Hydroelectric Project) and requests the recognition and payment of a minimum wage for each nucleus family from February 2019 until the sentence is handed down, this is called by the defendants as consolidated loss of earnings.	18,465
Roger Alberto Gil Barragán	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 dignified life, vital minimum , dignified housing, work, food security and for the destruction of their source of subsistence, the displacement of their territory and the unlawful mental and physical transformation of their lives, having as a title of imputation the exceptional risk due to the emergency that produced the damage in the Cauca river.	18,194
Santiago Andrés Ortiz Mora	Declare EPM responsible for the 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 psychic transformation and physical loss of their lives due to the impact caused by the "Hidroituango" project in April 2018. The amount for each of the 161 members of the group is 100 SMMLV, for a total of $14,132,628,300. Loss of profit is claimed for $1,146,431,034.	14,329
Various Labor	142 processes with an average of $97 and amount less than $989.	13,771
Various Administrative	25 lawsuits with an average of $523 and amount less than $1,029.	13,067
Rodrigo Antonio Muñoz Arenas	Declare the responsibility of the State for the deficiencies or omissions incurred by the defendants, by not measuring the danger, threat and damage that would be caused by the indiscriminate felling of trees in the area of influence of the dam, to which the communities attribute changes in the behavior of the river and landslides in the area. Order the plaintiffs and the members of the affected group to pay the vital minimum not received for the duration of the emergency, $4,307,103,200.00.	11,959
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 (Ituango Hydroelectric Project); 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 .	11,608
Department of Valle del Cauca	By way of reestablishing the right, the Department of Valle del Cauca is ordered to return the sums retained for the Pro-Hospitals Universitarios Públicos and Pro-Universidades del Valle Stamps with the respective interest that may apply.	9,363
Gustavo Jiménez Pérez	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 non-material and material damages caused since the beginning of the emergency originated in the "Hidroituango" project, compensation for each of the members of the "ASOMIBA" group, it is established in One Hundred (100 SMLV).	7,356
Esilda Rosa Romero Aguas	They request that EPM be declared administratively responsible because of the damages caused to the plaintiffs and that the sum of 80 SMLMV be recognized in the modality of non-pecuniary damage for each of the plaintiffs: 39 in total.	7,343

John Walter Jaramillo	That the dismissal be declared invalid, with their respective salaries and increases, social benefits for as long as they remain unrelated; In the same way, the social security contributions will be paid by the claimant until they are effectively repaid.	4,989
Notary Office 25 of Medellín	The refund of the amount paid by EPM ITUANGO S.A. E.S.P. is requested, on December 1, 2011, duly indexed.	3,157
General Fire Control Ltda.	To declare the nullity of the Communications signed by EPM, through which the fines imposed are updated, as of 07/04/2011 to USD 153,957.00, as of 03/09/2009 for non-compliance with the delivery period, by US $263,368.60, based on numeral 5.13 Conditions of the Hiring Process No. 029158, and on the execution of Contract No. 29990329557.	3,012
Municipality of Copacabana	That it be declared that EPM has partially breached contract 8405949 and that it is responsible for the economic damages suffered by the Municipality of Copacabana, 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. Which have been liquidated in the sum of $1,034'385,066 and that must be paid when the ruling that resolves this lawsuit is executed.	2,738
Unión Temporal Energía Solar S.A. and Estructuras 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 considered when awarding the respective contract of the tender No. ES-2043-GI.	2,130
Francisco Javier Muñoz Usman	That the nullity of the conciliation act signed by defect in the consent be decreed and consequently the restoration of the employment contract, the reinstatement, the payment of all salaries and benefits not received, be ordered, in the same way that the contributions are cancelled. to social security from the moment of dismissal and until when the plaintiff is effectively reinstated.	1,972
Several Prosecutors	9 processes with an average of $151 and amount less than $997.	1,356
Omar Augusto Lugo Hoyos	That the nullity of the conciliation act signed by defect in the consent be decreed and consequently the restoration of the employment contract, the reinstatement, the payment of all salaries and benefits not received, be ordered, in the same way that the contributions are cancelled. to social security from the moment of dismissal and until when the plaintiff is effectively reinstated.	1,238
Carga de Saldos PPA de EP Rio	Difference manual charge of EPRío litigation in January 2020	1,195
General Fire Control Ltda.	EPM is ordered to return the cash withheld due to the imposition of fines for not complying with the guaranteed technical specifications and characteristics, plus late payment interest caused from the date of retention and up to the date of 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.	1,029
CORANTIOQUIA - Corporación Autónoma Regional del Centro de Antioquia	That as a consequence of the declaration of nullity of Resolution No. 130 TH1106 - 8318, of June 7, 2011, CORANTIOQUIA settles again the rate for the use of water collected from the Riogrande and which was collected with invoice No. TH1195 of 11 April 2011, corresponding to the 2010 period, as established by Decree 155 of 2004, and return to EPM what was paid in excess.	998
Luis Bernardo Mora Meneses	EAS readmission	989
July 2021 payments	Payment of July 2021 that continues in force, litigation 14000738	(18)
May 2022 payments	Payment of May 2022 that is still in force, litigation 18020753	(52)
September 2022 actual payment	Payment of November 2022 that is still valid, 21010400	(78)
August 2022 payment	Payment of August 2022 that is still valid, Litigation 17002497	(316)
Total recognized disputes		**576,262**

- Amounts stated in millions of Colombian pesos -

27.1.3. Contingent consideration - Business combination

Corresponds to the contingent considerations related to the acquisition of the following group of assets that constitute a business: subsidiary Espíritu Santo Energy S. de RL and subsidiary Empresas Varias de Medellín S.A. E.S.P – EMVARIAS, as of December 31, 2022, for the former there is a balance of $149,369; and, for the second of $14,743. In 2021, both totaled $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 by applying a discount rate (Libor Rate) according to the risk of the liability. To date, no future events have been evidenced that may affect the calculation of the provision.

The main hypotheses used regarding the future events of the contingent consideration related to the EMVARIAS acquisition are: ongoing litigation against EMVARIAS at the date of the transaction, definition of the year of materialization of each one of the litigation, definition of the value linked to each of the disputes, estimate of future contingent disbursements linked to the estimated disputes for each year and discount rate (TES fixed rate) to discount future contingent disbursement flows. To date, no future events have been evidenced that may affect the calculation of the provision.

27.1.4. Subsidiary constructive obligations

Implicit obligation of the subsidiary EPM Capital México S.A. de CV derived from the application of the equity method, whose investment was negative, since December 2019, due to losses generated. The irregular balance was amortized, according to the profits given by the subsidiary; and, in November 2022, the balance was completed.

27.1.5. Guarantee

The provision for guarantees is related to the reliability charge. In accordance with CREG Resolution 061 of 2017, the guarantees of the reliability charge for the entry of new generation projects are executed when the start of commercial operation of the plant is delayed by more than one year. On December 31, 2022, the $106,053 provision was adjusted and the final balance is $95,865.

27.1.6. Other provisions

The company maintains other provisions for:

- **Affected by the Ituango contingency:** For the attention of the affected people of Puerto Valdivia who were evacuated and housed , and who received compensation for consequential damages, lost earnings and moral damages; the recovery of families affected by the total or partial loss of their homes and economic activities caused by the Ituango Hydroelectric Project. As of December 31, 2022, this provision was adjusted to $5,097 and the final balance is $34,140.

- **Contingency attention:** Created for the reconstruction of the community infrastructure, destroyed by the rising waters of the Cauca River on the occasion of the unblocking of the diversion tunnel of the Ituango Hydroelectric Project. As of December 31, 2022, an adjustment of $699 was made that left the contingency provision at zero.

- **Environmental sanction 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. As of December 2022, there is a provision of $5,133.

- **Sanctions:** These are the fines imposed by the competent authority for not applying the law or regulation indicated by the respective body. As of December 31, 2022, there are outstanding fines for $78,667.

Other provisions aimed at the well-being and quality of life of EPM employees and the family group:

- **Employer policy:** Granted to EPM servers as an extra-legal benefit. An added deductible was contracted from July 1, 2022 through June 30, 2023 for $4,750. 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 date of payment. To date, no future events have been evidenced that may affect the calculation of the provision.

- **Multiplier Points:** The points obtained in the year must be recognized at the request of the interested party or by decision of the Human Talent Development Department each time there is an accounting closing of the term and must be paid through the payroll. The value of each point is equivalent to 1% of the SMMLV and the process of accumulating points from one year to the next should not take place.

- **High cost and catastrophic diseases:** The basis for calculating said provision is that corresponding to the analysis of the entire population of affiliates and beneficiaries of the EPM Adapted Health Entity (EAS) 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 have not been collected on the cut-off date on which the reserve is to be calculated, except those corresponding to authorizations with more than twelve months of issuance. or those that after at least four (4) months after being issued, there is evidence that they have not been used.

- **Capital easement:** Corresponds to the recognition of a capitalizable litigation, for being associated with an asset, whose dismantling must be a greater value than the construction in progress. As of December 31, 2022, EPM has a balance of $58 for the easement imposition process for the San Lorenzo-Calizas energy project.

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 at the cut-off date is as follows:

Estimated Payments	Dismantling Or Restoration	Litigation	Contingent Consideration	Guarantee	Other Provisions	Total
2023	123,823	6,823	-	106,053	37,264	273,963
2024	60,209	191,961	1,431	-	14,652	268,253
2025	16,126	1,124	133	-	6,917	24,300
2026 and Others	26,170	556,637	162,548	-	9,628	754,983
Total	**226,328**	**756,545**	**164,112**	**106,053**	**68,461**	**1,321,499**

- Amounts stated in millions of Colombian pesos -

27.2. Liabilities and contingent assets

The composition of contingent liabilities and assets is as follows:

Contingent liabilities	Contingent assets	Net
2,253,541	31,491	(2,222,050)
2,253,541	**31,491**	**(2,222,050)**

- Amounts stated in millions of Colombian pesos -

The company has litigation or procedures that are currently pending before judicial, administrative and arbitration bodies. Taking into consideration the reports of the legal advisors, it is /reasonable to appreciate that said litigation will not significantly affect the financial situation or solvency, even in the event of an unfavorable conclusion of any of them.

The main litigation pending resolution and judicial and extrajudicial disputes in which the company is a party as of the cut-off date are indicated below:

Contingent liabilities

Third party	Claim	Amount
Hidroeléctrica Ituango S.A.	Declare that the BOOMT Contract, signed on 03/2011/30, between HIDROITUANGO and EPM ITUANGO, for the Pescadero Ituango Hydroelectric Project, and the contractual position of the latter was assigned by the latter to EPM, who acquired all its rights and obligations under the terms and agreed conditions; and, who is obliged to its full and timely compliance. Declare that EPM has breached the Contract for not executing, within the agreed term: milestones 8 and 9, the construction for the entry into Commercial Operation of Group 1 of Units; and, upon payment of all costs, “overruns”, including financial ones, incurred. Declare that EPM has the obligation to pay the monthly remuneration to which HIDROITUANGO is entitled, whose first payment due date is the Commercial Operation Entry Date of Group I of Units. Likewise, declare her guilty for material damages in the form of loss of earnings in the amount of $621,221,000,000, plus the monthly value caused during the process.	659,623
Various Administrative	627 processes under $1,985 with an average of $576.	361,148
Hidroeléctrica Ituango S.A.	Declare that between HIDROELÉCTRICA ITUANGO and EPM, there is a Contract for the financing, construction, assembly, development, start-up and operation of the Pescadero Ituango Hydroelectric Project, called BOOMT, entered into on 03/2011/30, where EPM ITUANGO ceded its contractual position in favor of EPM. EPM was obliged to comply with MILESTONE 7 "the closure of the diversion gates and the beginning of the filling of the reservoir (...)" no later than 2018/07/01; which did not comply Additionally, it has partially breached and/or has lately or defectively executed MILESTONE 9 "the entry into Commercial Operation of Unit 1" for 08/2019/27. Therefore, EPM is in the obligation to pay the "Penal Clauses of Enforcement for Failure to Comply with Milestones", for which HIDROELÉCTRICA ITUANGO has the right to demand the payment of penalty clauses up to the value of the "maximum financial responsibility” which corresponds to US$450 million.	300,862
ISAGEN S.A. E.S.P.	Order EPM to indemnify ISAGEN for the damages it suffered as a result of the fire and the consequent unavailability of the Guatapé Power Plant.	295,004
ELECTRICARIBE - Electrificadora del Caribe S.A. E.S.P.	Declare that EPM breached the Acquisition Agreement, by refraining from adjusting the Compensatory Payment for Collection provided, in favor of ELECTRIFICADORA DEL CARIBE S.A. IN LIQUIDATION. As a consequence, ELECTRIFICADORA DEL CARIBE - IN LIQUIDATION - has the right to receive the difference between the Compensatory Payment for Collection on the Closing Date and the Compensatory Payment for Final Collection, which amounts to (COP$43,548,032,051). Declare that EPM, due to its non-compliance, is obliged to pay default interest, between 11/2020 or the date determined by the Court and the date of effective payment of the capital sentences.	146,446
Villa Esperanza Neighborhood	Non-material damage in proportion of 100 SMLMV for each of the members of the group, that is, for one thousand two hundred ninety-six (1,296) 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 by way of emergent damage due to the destruction of each of the homes, calculated at an individual value per home of five million pesos ($5,000,000), which indicates a total of 377, for a total of one thousand eight hundred and eighty-five million pesos ($1,885,000,000).	112,928
Consorcio CCC Ituango	Declare that the Claimants built the GAD according to the detailed plans and designs; the Technical Construction Specifications; and, the instructions and requirements of EPM and the Inspectorate; that the contingency that occurred in the Project as of 04/2018/28 is not attributable to a contractual breach by the Claimants; and neither for the operation of the works delivered. Requests to order EPM to pay the Consortium $70,000,000,000 as an incentive for the execution of the accelerated works program; and, to reimburse the Claimants for any sums that they are forced to pay for decisions adopted in the indemnification actions promoted by third parties allegedly affected by the Contingency... A total of 22 claims.	79,778
Aura de Jesús Salazar Mazo	Collective right of approximately 113 people who each claim $1,133,400 for Consolidated Loss of Profit and $78,753,854 for Future Loss of Profit, for destroying, interrupting and cutting the ancestral roads of the horseshoe that lead from the village of Alto Chiri in the municipality of Briceño to the corregimiento Valle from Toledo.	36,725
Guzmán Bayona E Hijos S EN C	Declare the Mining and Energy Planning Unit (UPME) and Empresas Públicas de Medellín E.S.P. non-contractual, patrimonial and jointly and severally liable for the de facto way they incurred when awarding and installing electrical cable towers on a mining concession area without previously coordinating and without mediating an administrative act or judicial resolution for the affectation of the acquired rights.	22,337
Various Labor	216 processes under $1,084 with an average of $72.	15,518
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 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.	15,214
Dayron Alberto Mejía Zapata	Material Damages: Loss of Profit: estimated at $569,000,923, an amount that must be updated according to what has been proven; Moral damage: which they estimate in an amount of 100 smmlv; Damage to health: which they estimate in an amount of 100 smmlv; And, Damages to Constitutional Assets: which they estimate in an amount of 100 smmlv, all of the above for each of the plaintiffs, or failing that, the maximum granted by jurisprudence for similar cases, for a total to date of 4,500 smmlv	11,979

Temporary Union 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 Guavio - Nueva Esperanza transmission lines and associated reconfigurations Paraíso - Nueva Esperanza - Circo y Paraíso- Nueva hope - Saint Matthew.	10,112
Iván de Jesús Zapata Zapata	Declare the defendant entities administratively responsible for all material and moral damages and damage to the life of the relationship, caused as a consequence of the execution of an administrative operation that ended with the eviction of the plaintiffs and their family groups from Finca La Inmaculada, made on 2019/10/18. Order the defendants to pay the value of the land, the buildings and furnishings, as well as the agroforestry valuation of the property; the damages and affliction derived from the suffering caused by the eviction, the violation of human dignity, and seeing how their homes and crops were destroyed. Claim 100 SML for each of the plaintiffs.	8,235
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 management and rational use of resources. 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.	7,829
Abraham de Jesús Barrientos	Declare HIDROELECTRICA ITUANGO and EPM responsible for the losses and damages caused; and, in solidarity with IDEA, the MEDELLIN MAYOR'S OFFICE and the ANTIOQUIA DEPARTMENT. Loss of earnings: due to what was not received in the displacement due to the emergency caused, damage due to the impossibility of carrying out the ancestral economic activity of barequeo, from which the plaintiffs rely, calculated at 2 SML, for 27 months, equivalent to $50,920,072 per person; for emotional affectations, for each one, 100 SMLV, with an estimate of $87,780,300 for a total of $10,094,734,500.	7,648
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 sums that VELPA SOLUCIONES INTEGRALES S.A. 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.	7,579
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 before my principal; that is, through a de facto route, to install in this abusive way some electric power towers and electric conduction lines, causing irreversible damages and affectations that must be repaired.	7,546
VELPA Integral Solutions S.A.	That EPM's decision to reject the proposal submitted by the company VELPA SOLUCIONES INTEGRALES S.A. be declared null and void, within the framework of the contracting process PC-2009-0974 opened by EPM, for being allegedly disqualified from contracting with EPM and condemning it to pay the amount of the damages suffered when the claim was rejected in the contracting process No. 2009 - 0974 and the sums that he will stop receiving as a result of the impossibility of contracting with the State for a period of 5 years, as a result of the decision adopted by EPM.	6,900
INMEL Engineering S.A.S.	Order EPM to compensate the BGA Line Consortium for the damages suffered, in proportion to its participation in the contractor consortium (80%), after the presentation of the offer, execution, execution and perfection of the contract CT 2016 001695, where there were unforeseen situations not attributable to the contractor that varied the execution conditions and made compliance more onerous for the contractor; and, that the contracting party failed to comply as long as it refused to restore the financial or economic balance of the contract.	6,762
Mateo Aristizábal Tuberquia	That EPM is administratively responsible for the pecuniary and non-pecuniary damages in their entirety 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.	6,581
Radian Colombia S.A.S.	Declare that between EPM and Radian Colombia SAS there was a work record CT-2015-002500-A1 whose object was: "Construction, replacement and maintenance of networks, connections and accessory works of the infrastructure of EPM's aqueduct networks". That EPM failed to comply with clause 1.4 Scope and location of the works, and its obligation to pay the additional administrative and rental resources required for the care of the northern zone that was assigned to it after the aforementioned work certificate.	6,397
VELPA Soluciones Integrales S.A.	That EPM be sentenced for the amount of losses suffered from Lost Profits and Consequential Damages, having declared the suspension of the contract CT 2009 0220, and the eventual decision to have terminated the contract based on grounds as a non-existent cause and for the reasons 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 2009 and its projection for the next period 5 years.	5,507
AXEDE S.A.	Lost profits for having affected their right to free competition, given the actions and omissions carried out by EMPRESAS PUBLICAS DE MEDELLIN EPM and the company MVM INGENIERIA DE SOFTWARE.	5,058
International Bussines Group S.A.S.	The CLAIMANT requests the declaration of responsibility of those summoned for the damages and losses suffered by the events narrated and the order to pay material damages, in its meaning of: consequential damages, consolidated lost profits and future lost profits.	4,564
Inversiones Gallego Tobón SAS	Material damages derived from: construction of two synthetic courts, dismantling of the courts, assembly of the gym; Leasing fee for 48 months; Labor expenses, Advertising and marketing expenses; Payment of public services, stationery, inputs, cleaning supplies; purchase of equipment for the gym; Future lost earnings: $1,416,371,947; Moral damages, for the 5 natural persons calling: 500 SMLMV/Physiological damage, for 5 natural persons: 500 SMLMV/Loss of opportunity, for the 5 natural persons: 500 SMLMV.	4,221
Zandor Capital S.A. Colombia	Requests the Nullity 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.	3,870
OPTIMA S.A.	That CORANTIOQUIA AND EPM, are jointly and severally and administratively responsible for all the damages and losses, patrimonial and extra patrimonial, caused to OPTIMA S.A. CONSTRUCCION Y VIVIENDA Y PROMOTROA ESCODIA SA, due to 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 Brujas basin, Loma de las Brujas and Cuenca del Ayura in the Municipality of Envigado, as well as the lack of care, protection and surveillance of the assets at their disposal. post.	3,775
Humberto de Jesús Jiménez Zapata	That the process be advanced as a group action in accordance with Law 472 of 2008, against Hidroeléctrica Ituango S.A. E.S.P. and EPM ITUANGO S.A. E.S.P., so that the living conditions of the plaintiffs, which were stable, are respected, and that the values that are relative to each of the families and people registered, declaring that EPM Hidroituango project did not pay in due form the values and indemnities to each of the families and people who were registered, in accordance with the manual of unit values.	3,718
Diversion Center S.A.	Declare that EPM is administratively responsible for the Material Damages and Lost Profits, caused to the Company DIVERSIÓN CENTER SA, due to acts and omissions, that is, service failure, having ordered in an arbitrary, unilateral and abusive way, the disconnection of the service public energy that supplied the ice rink called PARD ON ICE, owned by the plaintiff company DIVERSIÓN CENTER SA, as of 07/23/2009 at 11:50 am, thus preventing it from carrying out all the activities that constituted up to that moment its corporate purpose.	3,593
Hilos Hebratex S.A.S.	Claim the use or benefit for: The five months of 2012, $474,987,000; for the twelve months of the year 2013, $1,271,857,300; for the six months of 2014, $1,170,634,000. For the paralysis during the 25 days that the repair of the engines and the repair and delivery of the machines took $82,125,000; for the repair of the machines, $2,400,000; for the payment of the payroll during the 25 days of paralysis of the company, $4,172,646; for production materials that were damaged, $2,312,000; and, for payment of rent during the twenty-five days of paralysis of the company, $2,348,000.	3,467
Depósito de Buses Coonatra Copa SAS	LOSS OF PROFITS. Estimating from the entry into operation of the logistics center (January 1, 2019), until September 30, 2019, at an estimate of $280,740,048 per month. EMERGENT DAMAGE, for payment of salaries and social benefits of the personnel who have provided permanent custody services for the property and its maintenance, from December 2018, until September 30, 2020, provided that, as the holder of the real right domain, in any case, is responsible for the conservation and custody of the property.	3,378
Albeiro de Jesús Valencia Pérez	The plaintiff requests the payment of social benefits and the moratorium sanction, from July 9, 2010, until the total value of the debt of all the plaintiffs is paid, in order to obtain the payment of the sentence issued by the Eighth Court (08) Labor 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.	3,371
SMARTGROWTH S.A.S	Delare that EPM is responsible for the unlawful damage and the material damages caused to the plaintiffs by actions and omissions in the constitution of the non-formalized electrical easement on the rural property "La Cascajera", located in Madrid, Cundinamarca; and, of the damages caused to the developed mining activity. Order EPM to remove the electrical power wiring that crosses the property; and, to repair for the damage for $1,477,586,746, which corresponds to compensation for the occupied area, and which is subject to the constitution of easement not formalized since 2016.	3,313

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 entered into between EPM and INCIVILES was declared.	3,286
María Isabel Lora López	That EPM be declared administratively responsible for all pecuniary and non-pecuniary damages caused to the plaintiffs due to the death of the minor named MONICA ANDREA LORA LOPEZ and the injuries suffered and suffered by MARIA ISABEL LORA LOPEZ; for the events that occurred on 02/02/2000 in the Causes de Oriente neighborhood of the municipality of Medellín.	3,155
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 easements and expropriation, related to the Valle de San Nicolás, in the jurisdiction of the municipality of El Retiro.	3,018
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.	2,856
German Alcides Blanco Álvarez	Requests the recognition of 100 SMLMV due to diagnosed and firm work incapacity, of 17.79%, causing a decrease in their work and physical activity, causing a detriment to the patrimony that will enter Mr. German Blanco Álvarez due to the accident of 04/29 /2011, where damages were caused to the plaintiffs.	2,703
Ingeniería Total Servicios Públicos S.A. E.S.P.	That it be declared that EPM breached Contract CT-2010-0499, whose object was the "Construction and replacement of aqueduct 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 the restoration of said balance.	2,682
Oscar Jaime Restrepo Molina	Due to the frustrated profits, due to the decrease in the contracts that he may have had with EPM and his inability to contract with it, as a result of the presentation of the complaint that was filed with the company, the suspension of the contracts that were they were running.	2,602
Darío Sepúlveda Hernández	The convener requests that the damages generated with the construction of PH PORCE III be covered, due to the abandonment that he had to make of his ranch and his activity as a barequero at the height of the LAS BRISAS and REMOLINO areas, due to the breach of the agreements those who reached with EPM.	2,601
Horacio de Jesús Gómez Ramírez	Declare EPM administratively, civilly and patrimonially responsible for not including HORACIO DE JESUS GÓMEZ RAMÍREZ, IMELDA RODRÍGUEZ HENAO, MIGUEL DE JESÚS GÓMEZ RAMÍREZ, MARÍA CAROLINA SÁNCHEZ DE GÓMEZ as affected by the Hidroituango project, as Chorreros miners since 1994; to compensate them for the loss of economic activity for 28 years; pay improvements for possession, crops, construction and maintenance of a road, legal premiums, relocation, consequential damages, loss of earnings and moral damages caused; and, to pay them $2,675,664,000.	2,578
Mayor's Office of San José de Cúcuta	That the property damage caused by EPM be restored to the Municipality of Cúcuta due to the higher charge for public lighting energy consumption in the city, as a consequence of the erroneous billing made by CENS for this service.	2,343
Horacio de Jesús Gómez Ramírez	Declare EPM responsible for including Messrs.: Horacio and Miguel de Jesús Gómez Ramírez; María Carolina Sánchez de Gómez and Imelda Rodríguez Henao, as affected by the Hidroituango Project; as MINERS CHORREROS since 1994 and therefore, to cancel the indemnities to which they are entitled, for the payment of compensation for loss of economic activity and to INDEMNIFY their children for 27 years; and to pay for their improvements, crops, possession, construction and maintenance of the highway; legal premiums, relocation, consequential damages, loss of earnings and moral damages since 2018/05/26.	2,339
Watershed Networks Consortium	Declare that EPM was enriched unfairly or illegally with the execution of the contract CT-2014-000377-A1, not perfected, reason for which it must compensate the alleged impoverishment suffered by CORSORCIO REDES CUENCAS.	2,317
Luis Guillermo de Bedout Piedrahita	That it be declared that the property 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 said property to them; that EPM be ordered to pay the civil or natural fruits obtained from the very moment the possession began, until the moment the property is delivered.	2,309
Eurocerámica S.A.	It is intended that EPM recognize and pay the sum of THREE BILLION ONE HUNDRED THREE MILLION SEVENTY-EIGHT THOUSAND NINE HUNDRED THREE PESOS M/L ($3,103,578,903), allegedly wrongly invoiced by EPM.	2,292
Yuneidy Mazo Gaviria	Declare EPM and others responsible for the damages caused by the overflow of the Cauca River that originated in the Hidroituango Project. Moral damages 100 SMLMV for each plaintiff. $12,844,891 for the impact on constitutional assets, on the rights enshrined in international conventions and treaties on human rights; and, to the other rights that the Judge finds proven. SUBSIDIARILY, the judge is requested to grant alternatives such as a study kit and tools for recreation and sports for a minimum of $5,000,000 if the indicated compensation is not decreed.	2,191
Javier David Cortes Vanegas	Due to loss of past due and future profits and consequential consolidated damage, and that EPM assume commitments with the community for the adoption of necessary measures to improve safety conditions and selection of its contractors.	2,186
Rafael Segundo Herrera Ruiz	Declare that EPM and others are jointly and severally and administratively responsible for all the patrimonial and non-patrimonial damages caused to the actors, due to the overflow of the Cauca River that originated in the Ituango Hydroelectric Project.	2,149
José Eduardo Suárez	Declare the summoned entities responsible for patrimonial and extra patrimonial causes caused to the actors, by the overflow of the Cauca River that originated in the Hidroituango Project. The defendants are ordered to pay SML 100 for each plaintiff for moral damages. Make the payment of 1 SML for each month that the red alert remained for the Municipality of Cáceres, between 2018/05/12 and 2019/07/26. If it appears that the red alert has been extended, they request recognition of the minimum wages that the plaintiffs stop earning, from the date of the new facts, until the end of the alerts.	2,096
Alberto Arroyo Montiel	Declare Hidroituango administratively responsible for EPM, and others, for the damages caused to the defendants, for what was not received when having to travel due to the emergency caused, due to the exceptional risk due to the impossibility of carrying out the economic activity of which derived the sustenance of the plaintiffs, calculated for 27 months, is settled with 2 SMLV for 12 months. Due to the emotional effects of the victims, 100 SMLV are requested for each one by 2020. The estimate is $87,780,300 per person, for a total of $2,896,749,900. There are 33 plaintiffs.	2,058
Carlos Mario Díaz Arboleda	Declare EPM and others responsible because Mr. CARLOS MARIO DIAZ, was diagnosed with loss of working and physical capacity, in 31.67%, after surgery that included the embedding of 2 plates and 4 fixation screws between vertebrae, which prevent normal and routine movement. Material that had to be removed due to hospital infection, so it cannot be fully recovered from the spine and will have a detriment to assets, so the defendants will have to compensate this monthly loss.	2,050
Dennis Esther Sehuanes Angulo	Declare that the MUNICIPALITY OF MEDELLÍN, the Government of Antioquia, EMPRESAS PUBLICAS DE MEDELLIN, the Municipality of Ituango and the municipality of Taraza, are administratively responsible for the unlawful damages caused to the plaintiffs, due to the immediate evacuation of their properties, leaving Also, its commercial activities due to the overflow of the Cauca River have brought a great alteration to the constitutional and conventional rights of the plaintiffs.	2,044
Edwin David Yepes García	EPM and others are jointly and severally and administratively responsible for all of the patrimonial and non-patrimonial damages caused to the actors due to the overflow of the Cauca River that originated in the Ituango Hydroelectric Project.	2,042
Ruby Susana Arrieta Baldovino	The joint and several entities are declared responsible and administratively responsible for all patrimonial and non-patrimonial damages caused to the actors, due to the overflow of the Cauca River that originated in the Ituango Hydroelectric Project.	2,042
Wilfran Enrique González Castro	Declare the entities jointly and severally and administratively liable for all the patrimonial and non-patrimonial damages caused to the actors, due to the overflow of the Cauca River that originated in the Ituango Hydroelectric Project.	2,029
Noris del Carmen Romero	Declare the defendants responsible for the pecuniary and non-pecuniary damages caused to the plaintiffs, due to the overflow of the Cauca River that originated in the Hidroituango Project; As a consequence of the foregoing, the payment of $87,780,300 for each plaintiff, for moral damages for the months that these people were away from their homes due to the declaration of the red and orange alerts for the municipality of Cáceres and the corregimientos from Jardin – Piedmont – Guarumo – Puerto Belgica, among others.	2,008
Sirle Johana Villareal Henríquez	Declare the defendants responsible for the pecuniary and non-pecuniary damages caused to the plaintiffs, thus: for non-pecuniary damage, $87,780,300 per plaintiff. CONSOLIDATED LOST PROFITS: 12,844,891,299 each. LOSS OF FUTURE PROFITS: If the red alert is extended, recognize the minimum wages that the plaintiffs stop earning until the alerts end. DAMAGE TO CONSTITUTIONAL AND CONVENTIONAL ASSETS: 100 SMLV for each one. SUBSIDIARILY, a study kit and tools for recreation and sports for a minimum of $5,000,000 for each of the plaintiffs.	1,992
Alba Rocio López Castillo	Declare that the MUNICIPALITY OF MEDELLÍN, EPM and others are responsible for the unlawful damages caused to the plaintiffs, due to the immediate evacuation of their properties, also leaving their commercial activities. For each of the plaintiffs for moral damages, the total sum of 100 SMLMV. Consolidated lost profits and future lost profits if it is shown that the red alert was extended until the moment the alerts end Damage to constitutional and conventional assets Order the payment of legal costs and agencies.	1,985
Moraine Olave de Larios	Relatives of a former Integral worker who died in Ituango, demand full compensation for damages, for moral damages caused. Solidarity.	1,712
Rubén Darío Escobar Villa	It is declared that within the employment relationship the plaintiff executed work schedules in the modality of availability, without these times having been paid.	1,323
Sebastián Garzón López	Request reimbursement from EPM due to health status and employer fault for work accident	1,084
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 extra patrimonial damages	975

Glenis Margoth Martinez Paternina	The plaintiff requests a survivor's pension of professional origin, together with the late payment interest. Definitive social benefits. Contributions for comprehensive social security. Moratorium indemnity 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-material 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 his spouse.	705
Efraín Villa Escobar	Salary leveling. Former EPM worker, states that during the period from January 1, 2007 to August 31, 2014 he performed the duties of a Professional B, when he was paid as a Professional A and for the period from September 1, 2014 to March 31, 2017, performed the duties of a Professional C and was paid as a Professional B and for this reason is entitled to said salary recognition.	687
Ledy Xiomara Patiño Bedoya	Spouse of a ROR Ingeniería worker requests compensation for a work accident of a partner who died.	657
Luis Eduardo Henao Ospina	Former contractor Radian Colombia worker requests resettlement, payment of social benefits and compensation for unfair dismissal.	593
Jorge Alberto López Guzmán	That it be declared that the functions that the shareholder performed in EPM are typical of another position, such as operation and maintenance technologist and services in category and salary, consequently be ordered to re-liquidate and/or readjust to the act, salaries, social benefits, legal and extralegal, those over remuneration for night work, overtime, Sundays and holidays, and the IBC for pensions destined for Colpensiones.	565
Ciudadela Comercial Unicentro Medellín PH	Decree the nullity of the administrative act issued by EPM with file 20190130037817 of 2019-02-27. Order the restoration of the claimant's right through the cessation of the collection of the electric power tax contemplated by Law 142 of 1994, Law 143 of 1994 and Law 223 of 1995; and, make the return of the amount paid for said concept from January 1, 2017 and until the date of judicial notification that ends the process.	294
Several Prosecutors	1 process under $294 with an average of $7.	7
Total contingent liabilities		**2,253,541**

- Amounts stated in millions of Colombian pesos -

Regarding the uncertainty in the estimated date of payment and the estimated value to be paid, the same business rules indicated in note 27.1.2 apply to contingent liabilities. litigation

EPM also has as a contingent liability, Environmental Penalty Procedures, with the following information:

Third party	Claim	Amount
Metropolitan Area of the Aburrá Valley	Discharge of wastewater from the San Fernando WWTP in breach of the removal level of at least 80% for the parameters BOD5_Biochemical Oxygen Demand_, TSS_Total Suspended Solids_, fats and oils established in article 72, new user, of Decree 1594 of 1984. _ Metropolitan Resolution No. S.A. 000415 of April 28, 2014. A closing argument was presented.	It is not possible to know the sanction to be imposed.
National Authority for Environmental Licenses "ANLA"	Construction of a mini-plant without authorization and use of the ecological flow to generate energy without being authorized by the environmental license (Porce III hydroelectric plant) Auto 4335 of December 17, 2013.	It is not possible to know the sanction to be imposed
National Authority for Environmental Licenses "ANLA"	Termosierra 1. For carrying out the air quality sampling reported in ICA 13, 14 and 15, without the periodicity established by the Industrial Air Quality Surveillance System, authorized in the environmental instrument corresponding to this project. 2. For carrying out 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 filed, but it is not possible to know the sanction to be imposed.
National Authority for Environmental Licenses "ANLA"	Use of explosives in the construction of the Nueva Esperanza tower. The environmental license granted through this resolution does not cover any type of work or activity other than those described in the Environmental Impact Study, the Environmental Management Plan and in this administrative act. _ Order 02574 of June 27, 2017, ANLA_	It is not possible to know the sanction to be imposed; discharges were filed
Metropolitan Area of the Aburrá Valley	Dumping of domestic wastewater from the rupture of the sewage pipe that carries said water, on a pasture and later on the Doña María stream, a property called Torremolino.	It is not possible to know the sanction to be imposed; no charges have been filed.
Metropolitan Area of the Aburrá Valley	In an authorized channel occupation on the La Malpaso ravine, a coating of the bed and its walls in cyclopean concrete was observed, a work that was not approved by the environmental authority. Metropolitan Resolution No. S.A. 1002 of June 4, 2020, Aburrá "By means of which an environmental sanctioning administrative procedure is initiated."	It is not possible to know the sanction to be imposed; no charges have been filed.
Metropolitan Area of the Aburrá Valley	Presumed environmental impact on the flora resource due to the severe pruning of one (1) tree individual of the Cheflera species (Schefflera actinophylla). Metropolitan Resolution No. S.A. 1050 of June 8, 2020 "By means of which an environmental sanctioning procedure is initiated."	It is not possible to know the sanction to be imposed; no charges have been filed.
Corantioquia - Aburrá Sur Territorial Office	Failure to comply with the forest use permit and use of species in good condition and closed season without permission. Administrative Act 160AS-1506-12031 of June 17, 2015.	It is not possible to know the sanction to be imposed; discharges were filed
Corantioquia - Tahamíes Territorial Office	Formulate charges against EMPRESAS PÚBLICAS DE MEDELLIN, identified with NIT 890.904.996-7, for the alleged commission of environmental violations by way of fault and for the effects caused to the flora resource, derived from the facts consisting of the burning of a sector Approximately 10 hectares, with 2.5 hectares of natural forest and stubble. Resolution 160TH-ADM1903-1901 of March 29, 2019- TH4-2013-8	It is not possible to know the sanction to be imposed.
CORPOGUAJIRA	For not complying with literal f of article 2,2,6,1,3,1 of Decree 1076 of 2015 regarding the obligations of the generator of waste or hazardous waste in the Jepírachi wind farm (register with the competent environmental authority by once and keep your registration information updated annually). Order 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 filed.
National Authority for Environmental Licenses "ANLA"	For having disposed of surplus material from the excavation activities of the construction of the Via Puerto Valdivia (Dam Site - Ituango) on the channel and protection strip of the "Quebrada Tamara"; and, for having carried out the replacement of the bridges located along the Puerto Valdivia Highway to build two (2) Box Culverts without authorization to do so; and, for having dumped wastewater into an infiltration field on the "El Ciruelar" property. (SAN0143-00-2018_Auto 3196 of 2018). Auto 964 of March 12, 2019, ANLA understands that the defenses have not been presented, but subsequently issues Auto 2792 of May 13, 2019, by which it annuls Auto 964 of 2019 and orders to take into account the defenses presented and evaluate the test request.	It is not possible to know the sanction to be imposed. Presentation of defenses with file VITAL 3500081101479819080 of February 18, 2019.

National Authority for Environmental Licenses "ANLA"	Having carried out inappropriate practices regarding surface water sources in the area of influence of the project; having collected water resources from the "El Roble", "Burundá", "Bolivia" and "Guacimal" streams, in flows greater than those granted and/or authorized for the development of the project; not having implemented in each of the concessioned bodies of water, the infrastructure that would allow monitoring of the remaining flows, for the purpose of presenting it in the environmental compliance reports; not having carried out and delivered the monitoring of water quality and hydrobiological communities in the "Rio Cauca", under the conditions established in the environmental license. For not having carried out the reconformation and recovery of the channel of the "Rio San Andrés" and its flood zone to its natural conditions, within the term granted; having made use of stone materials from the "Río San Andrés" without updated environmental permits; for not having delivered the results of the sediment monitoring of "Río Cauca", in order to establish the baseline for comparison at the time of beginning the operation phase of the project. Having exceeded the maximum permissible levels of PST (particulate matter) and air pollutants in the asphalt plant located in the "El Valle" Industrial Zone; for not having built the necessary facilities and infrastructure in the chimney of the asphalt plant to monitor emissions from fixed sources; for failing to comply with the management measures of the "Plan for the Management and Disposal of Materials and Dump Areas" disposal of plant material mixed with inert material within the deposits and lack of signposting of the material disposal areas that remain active. All this in the area of influence of the project "construction, filling and operation of the Pescadero Hydroelectric Project - Ituango... (SAN0033-00-2019_Auto 2920 of 2015).	It is not possible to know the sanction to be imposed. Presentation of defenses with file 2018041852-1-000 of April 10, 2018
Directorate of Forests, Biodiversity and Ecosystem Services of the Ministry of Environment and Sustainable Development _MAD_	For having intervened 100 HAS that contained forest species subject to a national ban without the previous Resolution authorizing their removal and that were in the reservoir area of the Ituango Hydroelectric Project. (SAN027 (Minambiente)_Resolution 835 of 2017). Presentation of defenses with file E1-2017-032747 of November 28, 2017_evidence period Order June 273, 2018.	It is not possible to know the sanction to be imposed. Presentation of closing arguments on June 9, 2021.
National Authority for Environmental Licenses "ANLA"	Order 00009 of January 8, 2021, the ANLA initiates the environmental sanction procedure for the contingency associated with the auxiliary diversion system, to verify the following facts: 1. Not having reported the contingent event within the term provided by law (24 hours). occurred on April 28, 2018. 2. Having continued with the construction of the SAD and its infrastructure, without having sufficient technical information related to the environmental characterization of the intervened area for the geology and geotechnical components. 3. For allegedly generating negative impacts on renewable natural resources. 4. Not having guaranteed by the first days of May 2018 and before the evacuation of dammed water from the Cauca River began by the project powerhouse, the ecological flow of said source downstream of the dam site, to ensure the integrity of ecosystem services and environmental protection goods that are part of the water source. due to the contingency associated with the Auxiliary Diversion System. *There is no formulation of charges; however, a request for cessation of the sanctioning procedure was submitted through file No. 2018064395-1-000 of May 24, 2018 (SAN0097-00-2018_Auto 02021 of 2018)	Without having formulated charges, it is considered by the lawyer as possible. On December 30, 2021, the opinion of the expert witness (Poyry) was presented for the lifting of the preventive measure. To date no charges have been filed.
National Authority for Environmental Licenses "ANLA"	*Initiation of the sanctioning procedure for not guaranteeing the ecological flow downstream of the dam of the project "Construction and operation of the Pescadero - Ituango hydroelectric project" to ensure the integrity of ecosystem services and environmental protection assets that are part of the water source "Cauca River". *There are no charges filed. (SAN0001-2019_Car 0060 of 2019)	Without having formulated charges, it is considered by the lawyer as possible.
National Authority for Environmental Licenses "ANLA"	1. Dumping on intermittent dry riverbed coordinates X=1157241 and Y=1281506 2. Dumping into the rainwater channel from the mixer washing system located in the industrial zone of main works The ANLA opened a sanctioning file, but it has not been initiated formally. Through Resolution No. 1222 of December 3, 2013, the ANLA imposed a preventive measure to suspend dumping. Through Resolution No. 1363 of October 31, 2017, the ANLA lifted the aforementioned preventive measure. Through Order No. 01282 of March 22, 2019, the ANLA breaks down the procedures related to this preventive measure of the license file LAM2233 so that they can be included in file SAN0031-2019.	Without having formulated charges, it is considered by the lawyer as possible.
National Authority of Aquaculture and Fisheries_"AUNAP"	*Start of preliminary investigation for effects on fishing activity during the closure of the powerhouse gates. *There are no charges filed. (Without file AUNAP_Auto 002 of February 14, 2019).	Without having formulated charges, it is considered by the lawyer as possible.
National Authority for Environmental Licenses "ANLA"	Repeated breach of imposed obligations. Order 11359 of December 19, 2019. SAN0284-00-2018 _December 19, 2019_.	Unresolved situation. To date no charges have been filed.
National Authority for Environmental Licenses "ANLA"	HIDROELÉCTRICA ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Failure to comply with contingency obligations: - Not having permanently carried out the proper management of non-domestic wastewater and filtration on the left bank of the 380 MI Gallery. - Not having presented the hydrogeological model of the right bank of the project. - Failure to present the cartographic information related to the water quality and hydrobiological monitoring that should 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 physicochemical quality of the sludge during the pumping activity of the powerhouse. Order No. 2423 of March 30, 2020, by which the environmental sanctioning procedure is initiated. SAN0030-00-2020_ March 30, 2020_ To date no charges have been filed.	Unresolved situation. Charges were filed through Order 9812 of November 18, 2021, and defenses were filed on December 13, 2021.
National Authority for Environmental Licenses "ANLA"	HIDROELÉCTRICA ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Repeated breach of the obligations imposed in the framework of the contingency. Initiation of the environmental sanction procedure through Order No. 06576 of July 13, 2020, SAN1285-00-2019 _ July 13, 2020_ To date no charges have been filed.	Unresolved situation. To date no charges have been filed.
National Authority for Environmental Licenses "ANLA"	HIDROELÉCTRICA ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. _ Carry out monitoring of air quality and odors without complying with the protocols established by the Ministry of the Environment. _Carry out sample analysis for air quality and odor sampling by laboratories not accredited to IDEAM. Initiation of the environmental sanction procedure through Order No. 07774 of August 14, 2010 SAN1258-00-2019 _ August 14, 2020_ To date no charges have been filed.	Unresolved situation. To date no charges have been filed.

EPM also has a contingent liability, Works for Taxes Mechanism, with the following information:

In exercise of the provisions of article 238 of Law 1819 of 2016, Empresas Públicas de Medellín E.S.P. -EPM- as a taxpayer of income and complementary taxes was linked to the mechanism of works for taxes, among others, with the project "Improvement of tertiary roads in Cocorná" prior concept of technical feasibility of the Ministry of

Transportation, as a form of payment of a portion of the income tax of the taxable period 2017 for the sum of $33,701 million, with a 10% participation by the Company Energy of Quindío S.A. E.S.P. -EDEQ-. Subsequently, the Ministry of Transportation objected to the scope of the project, leading to the disappearance of the factual and legal support of the administrative act linking the mechanism, for which reason it lost its enforceability and consequently the project became unexecutable for EPM.

By virtue of the foregoing and considering the decay of the administrative act, it is expected that the Directorate of National Taxes and Customs issues the liquidation of the income tax for the taxable year 2017, with which the extinction of the tax obligation would be obtained once Once the payment has been made, in that order, the company is exploring alternatives and taking steps to close this issue. This situation could imply a future disbursement of interest for arrears pending determination and assume the costs executed in the work that to date amount to $1,010 million, once the process to which this matter is subject is completed in the terms of Decree 1625 of 2016."

In line with the exploration of alternatives that has been carried out, with the purpose of mitigating the risk of interest being incurred due to future arrears in the income tax for the taxable year 2017 of EPM and EDEQ, in the event of a possible declaration of non-compliance By means of a firm administrative act by the competent national authority or ruling by a judicial authority, a deposit was made as an advance on September 16, 2022, in favor of the DIAN National Tax and Customs Administration for $77,985, which was reflects in the financial obligation of companies as a surplus, which in legal and tax terms is equivalent to an excess payment or what is not due, subject to refund in favor of taxpayers once this matter is definitively resolved in favor of these. The deposit of these resources is in no way due to an express or implicit conduct of acceptance of some type of responsibility on the part of EPM and EDEQ and does not imply acceptance or manifestation of non-compliance with their obligations derived from the link to the works for taxes mechanism. Nor do they waive any claims they may bring in connection with this matter to demonstrate that there is no breach and therefore no interest or penalties should be paid.

Contingent Assets

Third	Claim	Amount
The Nation Ministry of Health and Social Protection	MINSALUD 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).	9,645
Constructora Monserrate de Colombia SAS	The expropriation in favor of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. for the Project "Expansion of Primary Distribution Capacity in the Western sector of Medellín-Cadena Occidente Tanque Calazans" property called Lot 7, located in the Altos sector de Calazans, of the Municipality of Medellín owned by the CONSTRUCTORA MONSERRATE DE COLOMBIA SAS.	8,223
Various Administrative	Process for amounts less than $866.	4,723
Poblado Club Campestre Ejecutivo S.A.	That it be declared that Interconexión Eléctrica S.A. E.S.P., ISA is civilly responsible for not recognizing to EPM, the value that corresponds to it, of the remuneration that ISA received between the years 1995 to 1999, for the line modules that correspond to assets of use of the STN in the Playas and Guatapé substations represented by her, in which there is shared ownership, value that to date has not been carried out, generating unjust enrichment by increasing the defendant's assets at the expense and to the detriment of the plaintiff's assets.	4,085
Fiduciaria Bogotá S.A. - FIDUBOGOTÁ S.A.	To impose in favor of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. an energy conduction easement, on the plot of land or property called LA BOCA DEL PANTANO, with real estate registration No. 50 C-1497258 located in a 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.	1,099
Municipality of Envigado	Declare Poblado Club Campestre Ejecutivo SA, Optima S.A. 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 La Honda stream in the Municipality of Envigado, and indemnify EPM for the value of all patrimonial damages that are proven by the damage to the collector that collects and transports the residual water from said sanitary basin.	1,047
CORANTIOQUIA - Corporación Autónoma Regional del Centro de Antioquia (Central Antioquia Regional Autonomous Corporation)	Declare null and void Article 5 of the Resolution. 130 TH-1302-9864 issued by the Territorial Director TAHAMIES of "CORANTIOQUIA" for the concept of rate for the use of surface water for 2011, from the Rio Grande source; refund to EPM, the greater value paid for the fee for the use of Surface Water Dec. 155 - 4742, Hydrological Unit: RIO MAGDALENA - CAUCA, for 2011 made with invoice TH - 1927 of 2012/04/30. Order Corantioquia to pay EPM the legal, current and default interest that has been caused; to the payment of the costs and legal agencies.	933
Seguros Generales Suramericana S.A.	A PAYMENT ORDER is requested against Compañía Suramericana de Seguros S.A. and in favor of EPM, in the amount of $554,723,669.21, plus default interest from September 23, 2002.	866
Municipality of Caloto	That the nullity of: -Resolution No. 035 of 2012 be declared, (Declares the exceptions proposed by EPM against the payment order unproven and orders to proceed with the execution) and, -Resolution No. 039 of 2012, (Resolves replacement resource). 2) That by way of reestablishment, the Municipality of Caloto reimburses EPM for 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.	703
Several Prosecutors	Process for amounts less than $702.	167
Total contingent assets		**31,491**

- Amounts stated in millions of Colombian pesos -

As of December 31, 2022, the value determined by the experts to be compensated is $31,491.

Estimated payments and collections

The estimate of the dates on which the company 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 statement of financial position of EPM at the cut-off date, is the following:

Year	contingent liabilities	contingent assets
2023	653,932	11,670
2024	791,181	12,807
2025	18,764	7,688
2026 and Others	2,659,304	6,747
Total	**4,123,181**	**38,912**

- Amounts stated in millions of Colombian pesos -

Note 28.
Other liabilities

The composition of other liabilities is as follows:

Other liabilities	2022	2021
Non-current		
Deferred income (1)	2,064	2,271
Assets received from clients or third parties	7,732	7,818
Other deferred credits	20,880	20,950
Collections in favor of third parties (2)	10	10
Sub-total other non-current liabilities	**30,686**	**31,049**
Current		
Deferred income (1)	499,455	126,664
Collections in favor of third parties (2)	386,549	141,204
Sub-total other current liabilities	**886,004**	**267,868**
Total	**916,690**	**298,917**

- Amounts stated in millions of Colombian pesos -

1. Corresponds to the collections received by public works and the UdeA stamp, from the employee fund, from the cleaning fee to Emvarias, public lighting to the different municipalities of Antioquia, the commercial representation contract that EPM has with ESSA and CHEC and the collections to classify according to IAS 32.
2. Corresponds to the collection associated with the sale of long-term energy, reliability charge and biller offsetting.

28.1. Deferred income

The detail of deferred income of the cut-off date was:

Deferred income	2022	2021
Non-current		
leases	1,511	1,684
Sale of energy service	553	587
Total non-current deferred income	**2,064**	**2,271**
Current		
leases	173	173
Sales[1]	272,549	67,225
Sale of energy service	93,377	6,683
Sale of fuel gas service	3,511	3,564
Sale of aqueduct service[2]	84,585	22,215
Sewer service sale[2]	45,792	16,848
Other income received in advance	(532)	9,956
Total current deferred income	**499,455**	**126,664**
Total deferred income	**501,519**	**128,935**

- Amounts stated in millions of Colombian pesos -

1. The increase is explained by higher values received in advance of all the services provided, mainly in long-term energy contracts, electric energy and regulated market energy.
2. The higher value was presented in the income received in advance in the concept of reliability charge due to a higher value received in the sale of the energy service.
3. This value is registered annually for the Water Tariff Structure, which applies to the measurement and recognition of income received in advance originated by the execution. of the "Regulated Works and Investment Plan (POIR)", which is approved by the CRA and generates the obligation to execute the investments, the component of the rate that corresponds to this obligation should not be recognized until it is executed, since IFRS 15 establishes that an entity will only recognize income when it has satisfied the required or contracted performance obligations.

Note 29.

Changes in liabilities from financing activities

The reconciliation of the liabilities that arise from financing activities is as follows:

Reconciliation of 2022 financing activities	Initial balance	Cash flows	Changes other than cash		other changes (1)	Total
			foreign currency movement	Fair value changes		
Loans and Borrowings (see note 21)	18,833,096	(400,244)	1,726,043	-	286,500	20,445,395
Lease liabilities (see notes 14 and 23)	2,552,044	(14,252)	-	-	226,522	2,764,314
Pension bonds	549,981	(57,329)	-	-	35,571	528,223
Hedging instruments	29,020	37,239	-	(328,941)	(197,253)	(459,935)
Dividends or surpluses paid (see note 19)	-	(1,850,775)	-	-	1,850,775	-
capital grants		78			(78)	-
Other financing flows	-	1,503	-	-	(1,503)	-
Total liabilities for financing activities	**21,964,141**	**(2,283,780)**	**1,726,043**	**(328,941)**	**2,200,534**	**23,277,997**

- Amounts stated in millions of Colombian pesos -

Reconciliation of 2021 financing activities	Initial balance	Cash flows	Changes other than cash		other changes (1)	Total
			foreign currency movement	Fair value changes		
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	560,717	(40,660)	-	-	29,924	549,981
Hedging instruments	354,221	25,604	-	(368,070)	17,265	29,020
Dividends or surpluses paid (see note 19)	-	(1,396,953)	-	-	1,396,953	-
Other financing 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 -

1. Includes interest paid during the year for $1,257,578 (2021: $1,102,595), which by company policy are classified as operating activities in the statement of cash flows; the variation in the measurement at amortized cost of loans and borrowings $1,010,778 (2021: $780,166); and dividends accrued and not paid during the year are classified as investing activities in the statement of cash flows.

Note 30.
Ordinary activities revenue

The company, for presentation purposes, breaks down its income from the services it provides, according to the lines of business in which it participates and the way in which the administration analyzes them.

The detail of revenue from ordinary activities is as follows:

Revenue from ordinary activities	2022	2021
Rendering of services		
Energy generation service [1]	5,316,477	4,492,637
Energy distribution service [2]	5,047,208	4,106,727
Fuel gas service [3]	1,240,598	1,038,246
Aqueduct service [4]	888,040	759,969
Sanitation service [4]	658,316	571,330
Financing component [5]	230,352	105,242
Energy transmission service	221,033	197,512
Other services	97,556	90,047
Billing and collection services	36,677	32,319
Computer services	15,724	12,665
Fee	4,649	4,170
Commissions	801	1,035
Contracts with clients for the construction of assets	54	197
Returns	(636,103)	(381,048)
Full provision of services	13,121,382	11,031,048
Leases	80,063	51,558
Sale of goods	9,043	5,557
Total	**13,210,488**	**11,088,163**

- Amounts stated in millions of Colombian pesos -

1. The increase in the generation service is caused by higher energy sales to the non-regulated market, by higher sales in long-term contracts and by higher units sold on the stock market due to the high generation.
2. The increase in the distribution service is due to greater demand for the sale of energy at a higher price, due to the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for $282,284, and due to higher SDL and STR income, mainly due to the behavior of the macroeconomic variables.
3. The increase in gas service originates from higher consumption, customers and higher growth in the business' own markets.
4. In aqueduct and sanitation, the increase is explained by the application of the rate path and by the PAG (gradual application plan) recognized in May.
5. The increase was explained in the valuation at amortized cost of the financing of public services due to the increase in the DTF reference rate for interest collection.

In the company, performance commitments are fulfilled and measured in a cyclical way, since the company is mainly dedicated to the provision of public services (regulated and non-regulated market, long-term contracts and secondary market) and the provision of services related to the services to other agents in the sector (reliability charge, firm energy, AGC). Said public services are delivered to the user permanently, plus consumption is measured and income is recognized periodically, typically monthly.

The company recognizes all its income from the satisfaction of performance obligations and most of its contracts with clients have a duration of less than one year.

The company recognized the following values in the period, for the contracts in force at the cut-off date described in the previous paragraph:

Other contracts with customers

2022	Balance of the contract asset at the beginning of the period	Balance of the contract asset at the end of the period	Balance of the liability at the beginning of the period	Liability balance at the end of the period	Revenue recognized during the period corresponding to the liability of the previous period	Revenue recognized during the period from performance obligations satisfied in prior periods
Uniform conditions contract for regulated services (1)	728,987	1,150,069	42,879	133,220	788	-
XM representation contract	-	55,307	-	-	-	-
Unregulated Market - MNR or Large Clients (2)	163,104	130,646	7,019	94,599	7,019	-
Total	**892,091**	**1,336,021**	**49,898**	**227,818**	**7,807**	**-**

- Amounts stated in millions of Colombian pesos -

2021	Balance of the contract asset at the beginning of the period	Balance of the contract asset at the end of the period	Balance of the liability at the beginning of the period	Liability balance at the end of the period	Revenue recognized during the period corresponding to the liability of the previous period	Revenue recognized during the period from performance obligations satisfied in prior periods
Uniform conditions contract for regulated services (1)	405,449	728,987	6,851	42,879	3,599	-
XM representation contract	-	-	-	-	-	-
Unregulated Market - MNR or Large Clients (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 -

1. The purpose of this contract is to define the uniform conditions through which the company provides residential public services in exchange for a price in cash, which will be set according to current rates and according to the use given to the service by the users. users, subscribers or property owners, 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 uniform conditions contracts was explained in the Distribution segment by the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for $279,456. For its part, the increase in liabilities was generated in the Water segment due to the provision of the Regulated Works and Investments Plan (POIR) in accordance with the provisions of the Drinking Water and Basic Sanitation Regulation Commission in resolution CRA 688 of 2014, an income received in advance was recognized in the Water Provision segment $62,365 (2021: $22,215) and in the Wastewater Management segment $28,944 (2021: $16,848).

2. Resolution 131 of December 23, 1998 of the Energy and Gas Regulation Commission (CREG) establishes the conditions of energy and power supply for large consumers and indicates in article 2 the power or energy limits for a user to can contract the supply of energy in the competitive market; the aforementioned resolution allows the signing of contracts with large consumers to establish by mutual agreement the prices of energy and power supply; The purpose of the contract is to supply energy and electrical power to the consumer, as an unregulated user, to meet their own demand. The increase in the liability is related to reliability charges related to a higher value received from the sale of the energy service.

Another important contract is the XM representation contract, which is not disclosed considering that there are no balances in assets and liabilities.

Note 31.
Other income

The detail of other income, which forms part of revenue from ordinary activities, is as follows:

Other income	2022	2021
Recoveries (1)	154,872	144,414
Indemnities (2)	56,044	-
Investment property valuation	17,228	14,416
Uses	14,586	10,362
Other ordinary income	10,153	7,951
Sale of folds specification	386	770
Government grants	77	-
Total	**253,346**	**177,913**

- Amounts stated in millions of Colombian pesos -

1. The variation of $10,458 was mainly explained by an increase in: i) contingent consideration for Espíritu Santo $23,282, ii)high-cost diseases $10,441, iii) environmental and social $10,013 and iv) tax litigation $4,748; offset by a decrease in: v) administrative litigation $27,065, vi) contingency attention $7,483 and vii) recovery of costs and expenses $3,181.

The value of the effective recoveries amounts to $55,551 (2021: $66,247) and the non-effective ones $99,321 (2021: $78,168), disclosed in the statement of cash flows.

2. During the year, indemnities was received for the Termosierra Generation segment due to loss of profits for $24,122 and indemnities for consequential damage from the Playas incident for $26,592. In addition, in the Transmission segment, $2,951 was received from Seguros Generales Sura for a breach of contract policy, and other minor indemnities for $2,379.

Note 32.
Income from sale of assets

The detail of the income from sale of assets is as follows:

Other income	2022	2021
Gain on sale of property, plant and equipment[1]	576	715
Gain on derecognition of rights-of-use assets[2]	37	459
Total	**613**	**1,174**

- Amounts stated in millions of Colombian pesos -

1. The balance for the year 2022 corresponds to the sale of vehicles for $400 and the sale of the Honda substation land, cross gas plant and Porce Substation for $176.

   Gains on the sale of property, plant and equipment for $576 (2021: $715), are not effective and are disclosed as part of the item result from disposition of property, plant and equipment, rights of use, intangibles and investment properties of the statement of cash flows.

2. The profit on derecognition of rights of use for $37 (2021: $459) is ineffective and is disclosed as part of the item result from retirement of property, plant and equipment, right-of-use assets, intangible assets and investment properties.

Note 33.
Costs of services rendered

The detail of the costs of services rendered is as follows:

Costs of services rendered	2022	2021
Use of lines, networks and duct (1)	1,448,386	1,188,086
Bulk purchases	1,228,388	1,352,185
Stock market purchases (2)	881,496	604,371
Cost of distribution and/or commercialization of natural gas (3)	767,620	600,585
Personal services	648,250	605,139
Orders and contracts for other services (4)	367,729	320,087
Depreciations (11)	527,995	485,499
Licenses, contributions and royalties	239,913	219,140
Maintenance and repair orders and contracts	206,040	207,467
Materials and other operating costs (5)	160,343	124,391
Insurance (6)	111,837	85,038
Generals (7)	90,183	75,786
Cost per connection (8)	66,946	55,726
Amortization rights-of- use assets (11)	56,415	53,370
Amortization (11)	46,927	44,094
Taxes and rates	44,876	40,617
Fee (9)	44,884	34,141
Others cost (10)	65,402	17,777
Commercial and financial management of the service	36,050	30,268
Consumption of direct inputs	25,367	18,871
Liquefied natural gas	15,506	11,342

Public services	8,471	7,887
Leases	5,089	4,490
Costs associated with transactions in the wholesale market	3,707	2,480
Gas compression	646	46
Total	**7,098,466**	**6,188,883**

- Amounts stated in millions of Colombian pesos -

1. The increase was due to higher network costs, mainly in the segments: i) generation due to greater use and charge of the non-regulated energy market and ii) distribution because, in the STR, the charge presented an increase due to the approval of income from some agents according to the methodology of CREG resolution 015 of 2018 and due to the increase in the IPP.
2. Increase due to higher energy purchases on the stock market at a higher price, mainly in the distribution segment.
3. This increase is explained by the higher cost of gas supply and transportation impacted by a higher price due to the behavior of the TRM and higher amounts executed.
4. This increase was explained by the higher costs in the contracts associated with the services of installation, uninstallation, surveillance, security and other contracts.
5. Increase in materials and other operating costs, especially in the costs of environmental management and elements and accessories for the provision of public services.
6. In this item, costs related to all-risk insurance increased by $28,515, compliance insurance by $974, and civil and non-contractual liability by $896.
7. The increase occurred in costs related to studies and projects, publicity, improvements in third-party property, transportation, industrial security, and cleaning and cafeteria elements.
8. Increase in connection costs mainly due to interconnection costs with Aguas Nacionales.
9. Increase in fees mainly for technical advice.
10. This increase originated from higher costs of goods and services in the generation and gas segments.
11. Corresponds to non-effective costs.

Note 34.
Administrative expenses

The detail of administrative expenses is as follows:

Administrative expenses	2022	2021
Employee expenses		
Wages and salaries[1]	310,649	280,294
social security expenses[1]	101,915	90,000
pension expenses[2]	21,789	19,232
Employee interest rate benefits	8,909	7,176
Other long-term benefits	2,865	4,443
Other post-employment benefit plans other than pensions[2]	1,384	1,120
Total personnel expenses	**447,511**	**402,265**
General expenses		
Taxes, contributions and rates[4]	142,455	124,943
Provision guarantees[2 3 5]	91,859	39,229
Provision for contingencies[2 3 6]	89,730	307,910
intangibles	76,408	73,044
Maintenance	64,807	56,405
Commissions, fees and services	63,453	63,066
Other general expenses	35,907	29,258
General securities	33,169	36,333
Depreciation of property, plant and equipment[3]	28,679	39,072
Other miscellaneous provisions[2 3 7]	27,128	10,783
amortization of intangibles[3]	25,318	18,962
Amortization rights-of-use assets[3]	21,501	16,985
Christmas lighting	18,699	11,685
Promotion and dissemination	12,506	7,655
Studies and projects	11,476	6,620
Vigilance and security	8,888	8,085
Publicity and advertising	8,267	9,739
Public services	5,516	-
Cleaning services, coffee shop, restaurant and laundry service	5,332	-
Provision for dismantling, removal and rehabilitation[23]	639	48,661
Provision of the technical reserve of the Adapted Health Entity (EAS)[23]	752	4,842
Total overhead	**772,489**	**913,277**
Total	**1,220,000**	**1,315,542**

- Amounts stated in millions of Colombian pesos -

1. This increase was mainly explained by the salary increase impacted by the CPI.
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. Increase explained by: i) industry and commerce tax: $18,578 due to higher income from service provision, ii) tax on financial movements: $5,702, and offset by a decrease in iii) other taxes for $8,158.
5. Corresponds to the update of the provision of guarantees to the Intercolombia transporter for the months after the entry into operation of the connection infrastructure of the Ituango hydroelectric plant.
6. Decrease explained by the update of the provisions for administrative litigation in December 2021, including the Group's actions against EPM and Hidroeléctrica Ituango.
7. Increase explained by the provisions: i) high-cost diseases of the EAS due to the increase in the treatment of this type of diseases, ii) environmental of the Ituango hydroelectric plant in compliance with Resolution No. 00826 of April 26, 2022 through for which the ANLA resolved to declare the company Hidroeléctrica Ituango S.A. E.S.P. - Hidroituango S.A. E.S.P. - Environmentally Responsible and iii) update of the Emvarias contingent consideration.

Note 35. Other expenses

The detail of the other expenses is as follows:

Other expenses	2022	2021
Contributions in non-corporate entities (1)	15,679	15,054
Loss on disposals of assets (23)	10,305	13,455
Other ordinary expenses	9,685	7,978
Arbitration awards and extrajudicial conciliations	2,680	1,594
Others	1,479	2,079
sentences	482	119
Loss on sale of assets (23)	136	-
Loss on derecognition of property, plant and equipment (23)	114	-
Loss from changes in the fair value of investment properties (4)	106	14,641
Loss on derecognition of intangibles (23)	-	129
Loss on withdrawal of inventories (3)	-	18
Total	**40,666**	**55,067**

- Amounts stated in millions of Colombian pesos -

1. Corresponds to the contributions made to the EPM Foundation.
2. They are disclosed in the caption of result from retirement of property, plant and equipment, rights of use, intangibles and investment properties of the statement of cash flows.
3. Corresponds to non-cash expenses.
4. The decrease was explained because the fair value of some investment properties presented a recovery with respect to the previous year.

Note 36. Finance income and expenses

36.1. Finance income

The detail of finance income is as follows:

Finance income	2022	2021
Interest Income:		
Debtor and default interest (1)	119,100	109,569
Gain from valuation of financial instruments at fair value (23)	70,922	11,926
Restricted Use Funds (1)(4)	34,258	-
Bank deposits (1)(5)	23,416	5,732
Gain on rights in trust (3)	15,292	15,026
Another finance income (1)	4,645	3,747
Total finance income	**267,633**	**146,000**

- Amounts stated in millions of Colombian pesos -

1. It is disclosed as part of interest income and yields in the statement of cash flows.
2. Increase in the valuation of financial instruments measured at fair value that occurred mainly due to the allocation of fixed income securities (PORFIN).
3. It is disclosed as part of the caption Results from the Valuation of Financial Instruments and Hedge Accounting of the Statement of Cash Flows.
4. In August, the CDT's related to guarantees were reclassified as restricted resources, that is, they cannot be used for another operation, and the related income corresponds to the balance of this item.
5. The variation originated because there is a greater balance available in the deposits of financial institutions, in addition there is an increase in bank rates.

36.2. Finance expenses

The detail of finance expenses is as follows:

Finance expenses	2022	2021
Interest expense:		
Interest for obligations under lease (1)	258,631	240,141
Other interest expense (1)	275	638
Total interest	**258,906**	**240,779**
Long-term external financing operations (1)(2)	798,575	666,028
Financial instruments for hedging purposes (1)(2)	328,189	89,327
Long-term internal financing operations (1)(2)	172,769	111,084
Short-term external financing operations (1)	37,687	1,481

Short-term internal financing operations [1]	1,749	1,572
Total interest expense of other financial liabilities that are not measured at fair value through profit or loss [1]	4	-
Other financial costs		
Interest on financial liabilities and losses on valuation of investments and other assets [3]	178,673	120,743
Fees other than amounts included in determining the effective interest rate [1]	1,086	1,851
Total financial expenses	**1,777,638**	**1,232,865**

- Amounts stated in millions of Colombian pesos -

1. It is disclosed as part of the interest expense and commissions item of the statement of cash flows.
2. Increase due to greater indebtedness and number of financial hedges contracted.
3. For presentation purposes in the statement of cash flows: $99,470 (2021: $102,606) is disclosed in the result of valuation of financial instruments and hedge accounting caption and $79,211 (2021: $18,137) is disclosed in the caption of provisions for tax obligations, insurance and reinsurance and financial updating.

Note 37.

Net foreign exchange difference

The effect on foreign currency transactions is as follows:

Exchange difference, net	2022	2021
Exchange difference income		
Own position		
For goods and services and others	1,917	7,411
For liquidity	279,656	356,286
Tarde receivables	291,178	210,203
Provisions	-	353
Other exchange difference adjustments	11,490	20,663
Financing operations		
Gross revenue	4,672	81,073
Debt hedging	1,311,784	925,578
Total income from exchange difference	**1,900,697**	**1,601,567**
Exchange difference expense		
Own position		
For goods and services and others	46,507	38,294
For liquidity	129,429	101,524
Trade receivables	61,191	112,394
Provisions	28,397	21,920
Financing operations		
Gross expense	1,725,753	1,355,760
Total expense for exchange difference	**1,991,277**	**1,629,892**
Exchange difference, net	**(90,580)**	**(28,325)**

- Amounts stated in millions of Colombian pesos -

The accumulated net expense for exchange difference amounted to $90,580, the main expense corresponds to the restatement of the debt in dollars for $1,697,327, offset by income hedging operations for $1,311,785, and a net income for own position of $318,697; the accumulated devaluation of 2022 was 20.82% (2021: devaluation 15.98%).

The rates used for currency conversion in the separate financial statements are:

Badge	currency code	Direct conversion to USD as of December 31		Closing exchange rate as of December 31		average exchange rate	
		2022	2021	2022	2021	2022	2021
United States dollar	USD	1.00	1.00	4,810.20	3,981.16	4,788.49	3,963.13
Quetzal	GTQ	7.85	7.72	612.59	515.75	608.60	512.94
Mexican peso	MXP	19.49	20.46	246.84	194.54	244.21	189.58
Chilean peso	CLP	851.95	852.00	5.65	4.67	5.48	4.67
Euro	USD	0.94	0.88	5,133.69	4,527.38	4,471.07	4,424.84
Pound	GBP	0.83	0.74	5,786.19	5,392.28	5,241.38	5,147.51
Swiss franc	CHF	0.93	0.91	5,199.09	4,369.38	4,456.27	4,094.26

Note 38.
Gain on equity investments

The gain on equity investments is as follows:

Participation in equity investments	2022	2021
Dividends and shares [1]	85,156	142,886
Result from business combination [2]	-	(8,533)
Impairment of investments in subsidiaries, associates and joint ventures [3]	(1,060,968)	-
Total	**(975,812)**	**134,353**

- Amounts stated in millions of Colombian pesos -

1. Corresponds to dividends from: i) investments classified in financial instruments for $76,989 (2021: $134,081) see note 13. Other financial assets and ii) dividends from investments in associates for $8,167 (2021: $8,805) see note 9. Investments in associates.
2. In 2021, the recognized value was reviewed, for which $8,533 was recognized as an expense.
3. Corresponds to investments in Associates of UNE and Hidroituango, see note 9.

Note 39.
Income tax

39.1. Tax provisions

The applicable and current tax provisions establish the following:

- The nominal income tax rate is 35%.
- Taxable income from occasional earnings tax is taxed at the rate of 10%.
- 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, wealth tax, presumptive income, fiscal cost of fixed assets, deduction for depreciation, special deduction of 40% for investments in productive real fixed assets.
- Special treatments are considered to be 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 participations in companies or entities. Colombians or abroad.

New regulations

Main modifications incorporated by Law 2277 of December 13, 2022, through which a tax reform for equality and social justice is adopted and other provisions are issued:

- Article 10, modified article 240 of the Tax Statute to establish a general rate of Income Tax of 35% for legal entities from taxable year 2023 and following.

  In the same article, a surtax of 3% was established for taxable years 2023, 2024, 2025 and 2026 for taxpayers whose main economic activity is the generation of electricity through water resources, applicable to legal entities that obtain an income equal to or greater than 30,000 UVT in the taxable year, threshold that will be calculated in an aggregate manner for the activities carried out by related persons according to the linkage criteria provided in article 260-1 of the Tax Code. It also establishes the rule that the surcharge is subject to an advance payment of 100% of its value.

  On the other hand, in paragraph 6, a minimum tax rate is created for taxpayers of income tax, tax residents in Colombia whose financial statements are subject to consolidation, called the Adjusted Taxation Rate of the Group (TTDG), establishing a formula for its calculation and whose result cannot be less than 15%; if it is lower, the tax must be adjusted following the formula established in the standard.

  EPM's Power Generation activity, by having a legal stability contract in force until June 11, 2028, may continue with the application of the stabilized standards in the terms in which they were in the year 2008 year of subscription of the contract, as long as the changes that have occurred after the signing of the contract are unfavorable to the interests of said generation activity. If, on the contrary, the modifications to the stabilized norms are favourable, the new norms may be applied. The concept of whether a change is favorable or unfavorable corresponds to review it for each specific case in harmony with other regulations.

- Article 259-1 was added to the Tax Statute, which establishes a limit to the benefits and tax incentives listed there, and which may not exceed 3% per year of ordinary liquid income before deducting the special deductions contemplated in the norm, due add to the value to be paid for income tax, the value resulting from applying the formula indicated in the same article.

- Introduced a modification in the second paragraph of article 36-1 of the Tax Code, which establishes that profits from the sale of shares registered in a Colombian Stock Exchange, owned by the same real beneficiary, do not constitute income or occasional gain. , when said sale does not exceed 3% of the outstanding shares of the respective company during the same taxable year. Before Law 2277, this treatment was allowed for sales that did not exceed 10% of the outstanding shares.

- Article 32, modified article 313 of the Tax Statute to change the rate of the Occasional Earnings Tax from 10% to 15%.

- Modified article 115 of the Tax Statute, with which it will no longer be possible to take fifty percent (50%) of the industry and commerce tax, notices and boards paid as a tax discount on income tax. In exchange for this, 100% of the aforementioned tax may be taken as a deductible.

- In article 56, paragraph 1 of article 12-1 of the Tax Statute was modified, regarding the effective headquarters of administration of foreign companies: The previous rule considered that foreign companies should comply with tax obligations in Colombia, if in the country materially decisive and necessary business and management decisions were made to carry out the activities of the company or entity as a whole. The new Law changed this requirement, to determine the obligation in the event that such decisions are those of day to day.

- In article 21, article 256 of the Tax Statute was modified, with which the discount on income tax for investments made in research, technological development or innovation, goes from 25% to 30% of the value of the investment. In turn, it establishes that the costs and expenses that give rise to the discount may not be capitalized or taken as a cost or deduction again by the same taxpayer. At the same time, article 158-1 of the Tax Code was repealed, a rule that allowed investments in research, technological development and innovation to be taken as deductible. This standard is covered by the Legal Stability contract EJ-04 of 2008 for EPM's Power Generation activity, under the terms of the standard in 2008.

- In article 91, a reduced transitory moratorium interest rate was established, for tax and customs obligations that are paid in full until June thirty (30), 2023, equivalent to fifty percent (50%) of the interest rate. established in article 635 of the Tax Statute. The request for the subscription of the facilities or agreements for payment must be filed no later than May fifteen (15), 2023. The norm provides that any means of payment will be valid, including the offset of the balances in favor that are generated between the date of entry into force of the law and June thirty (30), 2023.

Other tax aspects

- Regarding the presumptive income rate, article 90 of Law 2010 of 2019, modified article 188 of the Tax Statute, to provide a rate of zero percent (0%) as of the taxable year 2021. For its part, article 191 of the same Statute, includes household public service companies within the presumptive income exclusions.

- On the other hand, article 51 of Law 2155 of 2021, incorporated in article 689-3 of the Tax Statute, the benefit of auditing for the taxable periods 2022 and 2023, establishing that if the private liquidation of the taxpayers of the tax on income and complementary taxes that increase your net income tax by at least a minimum percentage of thirty-five percent (35%), in relation to the net income tax of the immediately preceding year, will be final if within six (6) Months following the date of its presentation, there has been no notification of a summons to correct or special requirement or special summons or provisional liquidation, provided that the declaration is duly presented in a timely manner and full payment is made within the terms established for that purpose. set the national government.

- If the increase in the net income tax is at least a minimum percentage of twenty-five percent (25%), in relation to the net income tax of the immediately preceding year, the income statement will be firm if within twelve (12) In the months following the date of its presentation, no summons to correct or special requirement or special summons or provisional liquidation has been notified, provided that the declaration is duly presented in a timely manner and full payment is made within the terms established for that purpose. set the national government.

- Another issue that has been addressed by the tax authority in recent years is related to the definition of beneficial owner, which was developed by DIAN Resolutions 000164 of December 27, 2021 and 00037 of March 17, 2022. In numeral 1 of article 5 of resolution 000164, provides that decentralized entities in which the capital is

100% public, as is the case of EPM, are not obliged to identify, obtain, keep, supply and update in the Single Registry of Beneficiaries Final -RUB the information dealt with in the aforementioned resolution. The paragraph of said article clarifies that the exception does not extend to mixed economy companies.

- In 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 the components and spare parts of the vehicular 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 contracting will be that corresponding to the date of the resolution or award act, or subscription of the respective contract, the rate increases once they are modified or added with economic content.

- In relation to the jurisprudence and doctrine with impacts on the determination of the company's tax burden, 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 declares the nullity of Concept DIAN 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, and to the reconnections that occur in those cases , for example, that 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.

- In accordance with the provisions of article 258-1 of the Tax Statute, the VAT paid on the acquisition, import, construction and formation of real productive fixed assets is maintained as a discount on income tax, including the services necessary to put the good in conditions of use, and the assets acquired through leasing. The use of the discount according to the doctrine of the tax authority, Official Letter DIAN 100208221-1130, filed 907362 of July 26, 2021, can occur in the period in which the investment is made or in the following periods, in this official document, the authority incorporates its appreciations regarding the fractionation in several vigencias.

- The tax on dividends received by national companies that are an income that does not constitute income or occasional profit, whose rate is 10% as withholding at source on income, which will be transferable and attributable to the person, continues in force. resident natural or resident investor abroad.

- The sale of electricity generated based on wind energy, biomass or agricultural residues, solar, geothermal or from the seas carried out solely by generating companies, will continue to be considered exempt income for a term of 15 years from 2017. definitions of Law 1715 of 2014 and Decree 2755 of 2003.

- The regime of Colombian Holding Companies (CHC) continues to be in force, incorporated into the Colombian legal system through Law 1943 of 2018, to which national companies that have as one of their activities can benefit under the fulfillment of certain requirements determined in the current regulations. principally the possession of securities, the investment or holding of shares or participations in Colombian and/or foreign companies or entities, and/or the administration of said investments. The norm establishes, among other aspects, that dividends or participations distributed by non-resident entities in Colombia to a CHC will be exempt from income tax and income will be declared exempt from capital.

- The modifications made by Law 1943 of 2018 to the thin capitalization rule of article 118-1 of the Tax Code remain, limiting the deductibility of interest paid when there is over-indebtedness, specifying that such limitations only apply to debts contracted between economically related parties . For purposes of deducting interest, the taxpayer must be able to demonstrate to the DIAN, by means of certification from the resident or non-resident entity that acts as creditor, which shall be deemed to have been rendered under oath, that the credit or the Credits do not correspond to debt operations with related entities through a guarantee, back-to -back, or any other operation in which said related parties substantially act as creditors. It should be noted that this provision will not apply to the cases of financing of transport infrastructure or public services projects, provided that said projects are in charge of companies, entities or special purpose vehicles.

- In relation to the transfer pricing regime, our tax system establishes that all taxpayers of income and complementary taxes that carry out transactions with economic partners abroad or located in a free zone; they have the obligation to calculate, for the purposes of this tax, their income, costs, deductions, assets and liabilities, considering the Arm's Length Principle; in other words, that the operations are carried out at market prices, that is, complying with the conditions that would have been used in comparable operations with or between independent parties. The same treatment must be given to any transaction with persons or entities located in Non-Cooperative Jurisdictions of Low or Null Taxation and with entities subject to Preferential Tax Regimes, whether or not they are economically linked. There is for companies that carry out transactions subject to the transfer pricing regime during the fiscal period, the formal obligation to prepare and send to the DIAN, in addition to the informative declaration referred to in article 260-9 of the tax statute, the documentation verification referred to in article 260-5 of the same law and that is established of the local report, the master report and the country-by-country report. The standards indicate the requirements that must be followed.

- As of taxable year 2015, taxpayers of Income and Complementary Tax, subject to this tax with respect to their income from national and foreign sources, and their patrimony owned inside and outside the country, who have assets abroad of any nature, they will be obliged to present the annual declaration of assets abroad, an obligation that will be applicable when the equity value of the foreign assets held on January 1 of each year is greater than two thousand (2,000) UVT. All assets must be declared, among which are accounts receivable, temporary investments, bank accounts, advances, loans and other concepts that, according to their nature, are considered as assets. If the equity value of the assets to be reported is greater than 3,580 UVT, you must declare them separately, reporting their value, the jurisdiction where they are located and their nature. The assets owned at 1st. January of each year that do not comply with the indicated limit, must be declared in an aggregate manner according to the jurisdiction where they are located, for their patrimonial value.

- As for the Industry and Commerce tax, it is generated by the direct or indirect performance of an industrial, commercial or service activity in a municipal jurisdiction, either permanently or occasionally. The Framework Law that governs it is Law 14 of 1983 and Law 1819 of 2016 that introduced some changes. As it is a territorial tax, it is up to the municipal councils to issue agreements for its application. Its taxable base is determined based on income and the tax is settled according to the rates established for each activity by the municipalities where they are carried out.

  NThe income corresponding to exempt, excluded or not subject activities, as well as returns, rebates and discounts, exports and the sale of fixed assets and tax collection of those products whose price is regulated by the State and the receipt of subsidies.

The transportation of Natural Gas is exempt from the Industry and Commerce Tax.

The taxable base of the industry and commerce tax on the distribution of natural gas is the gross margin of commercialization of the fuel, understanding this as the difference between the income from fixed charges, consumption and use of networks, and the costs of purchase and transportation of gas (art. 67 Law 383/97).

The energy generation activity is regulated by Law 56 of 1981 and is taxed in those municipalities where the generation plant is located, from the moment the works start operating or functioning. In these cases, the rate corresponds to a few pesos for each Kilowatt installed, a figure that is readjusted annually by a percentage equal to the national growth index of the cost of living certified by DANE, corresponding to the immediately previous year.

The capacity of the generation plants is determined by the Ministry of Mines and Energy through a resolution, as well as the dates of initiation and termination or closure of activities. In the same way, the National Government will establish by decree, the proportion in which said tax must be distributed among the different affected municipalities where the works are carried out.

- Regarding the contribution of public works contracts, this was established by Legislative Decrees 2009 of December 14, 1992 and 265 of February 5, 1993, has been extended and modified by Laws 104 of December 30, 1993, 241 of December 26, 1995, 418 of December 26, 1997, 782 of December 23, 2002, 1106 of December 22, 2006, Regulatory Decree 3461 of September 11, 2007, Laws 1421 and 1430 of December of 2010 and Law 1738 of December 18, 2014.

  The paragraph of article 8 of Law 1738 of 2014 granted this contribution a permanent nature.

  Taxpayers of the contribution are all natural or legal persons and public-private associations that sign public works contracts, with public law entities or enter into contracts to add to the value of the existing ones, who must pay the aforementioned contribution, to favor of the Nation, department or municipality, according to the level to which the contracting public entity belongs.

Current regulations have established the withholding mechanism by contracting public entities, including EPM, discounting the value of the Contribution of each account paid to contractors, including advances.

Through Agreement No. 66 of 2017 of the Medellín Council, the "provisions related to the contribution of public works contracts or public works concessions and other concessions" were modified in the Municipal Tax Statute, naming it Special Contribution, establishing among other elements , as a fee of five percent (5%) on the total value of the contract or its addition .

A relevant aspect for the operations carried out by the Company is related to the stamps, which have been proliferating in recent years to such an extent that there are operations for the sale of energy 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, stating that for a maximum of two years from January 1, 2022, the national government must promote modifications before the Congress of the Republic. in the matter of stamps in such a way that limits are imposed on the requirement of this tribute.

In terms of electronic invoicing, the most recent changes are found in Resolution DIAN 012 of 2021, which provided for the issuance as of August 1, 2022 of the electronic equivalent document "Support Document for Purchases from Non-Required to Invoice". And in Resolution 1092 of July 2022, which establishes the limit of 5 UVT to issue POS documents as of February 1, 2023.

- Through Law 2023 of 2020, departmental assemblies, municipal and district councils were empowered to create the " Pro Sports and Recreation Tax".

  The Law determined, as a generating event, the signing of contracts and agreements carried out by the Central Administration of the Department, Municipality or District, its Public Establishments, the Industrial and Commercial Companies, and Social Companies of the State of the Department, Municipality or District, the Economic Societies Mixed where the Territorial Entity owns social or share capital greater than 50% and indirect decentralized entities with natural or legal persons, except for agreements and contracts of uniform conditions for residential public services, with a maximum rate of 2.5% of the value total of the contract, leaving the authority of the Departmental Assemblies or Municipal or District Councils, to determine the percentage amount thereof.

In the Municipality of Medellín, this tax was created through Agreement 018 of 2020, establishing in addition to the provisions of the law, which are exempt, among others: i) agreements and contracts of uniform conditions of residential public services, ii) those entered into with companies that provide residential public services and iii) the contracts of all kinds of users for the provision of residential public services dealt with by Laws 142 and 143 of 1994.

The Agreement also establishes, in its article 6, that all natural and/or legal persons who sign contracts, agreements or negotiate on an occasional, temporary or permanent basis, supplies, works, consultancies, consultancies, are taxpayers of the Rate. provisions and intermediations and other contractual forms with the Industrial and Commercial Companies. As in Law 2023, it is established that the entities indicated in this article 6 are also Tax Collecting Agents.

Agreement 070 of December 20, 2022 issued by the Council of Medellín specified that the Residential Public Service Companies -ESPD- are not withholding agents of this rate neither as a contracting party, nor as a contractor or contributors,

On the other hand, Article 8 of Agreement 018, determines the rate applicable to this rate, thus: "The Entities that compound the General Budget of the Municipality of Medellín, will be Withholding Agents of the Pro Sport Rate, at one point three percent (1.3%) [...]"

However, the exemption for contracts entered into with residential public service providers, within the framework of mandate contracts, when EPM acts as agent of an entity that is a withholding agent for this rate as a result of resource management or an inter-administrative agreement, when EPM assumes the fiscal qualities of the principal, it must withhold said rate on behalf of the entity.

39.2. 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 2022 and 2021 is as follows:

Income tax and complementary	2022	%	2021	
Profit before taxes	3,913,975		4,188,006	
Nominal rental rate		35%		31%
Income tax nominal rate	1,369,891		1,298,282	
Effect of permanent tax differences:	**(460,354)**	**-12%**	**(678,729)**	-16%
Dividend income	196,813	5%	193,777	5%
Impairment of subsidiary investments	371,339	9%	-	0%
Tax-only income	15,808	0%	1,005,222	24%
Non-deductible provisions	18,774	0%	103,577	2%
Loss on derecognition of assets	1,807	0%	4,171	0%
Equity method	(560,327)	-14%	(498,150)	-12%
Untaxed dividends	(137,529)	-4%	(109,665)	-3%
Consequential damage compensation	(7,996)	0%	(993,016)	-24%
Exempt income	(97,581)	-2%	(132,048)	-3%
Special deduction of productive real fixed assets	(310,182)	-8%	(262,130)	-6%
Net result other permanent differences	48,720	1%	9,532	0%
Rate difference (constant/deferred tax) and stabilized/nominal rate	(75,615)	-2%	53,974	1%
Deferred tax adjustment tax reform	55,452	1%	234,972	6%
Tax discounts	(41,241)	-1%	(32,906)	-1%
Occasional gains	50	0%	32	0%
Income adjustments from prior years	29,837	1%	(52,666)	-1%
Income tax at effective rate	**878,019**	**22%**	**822,960**	20%
Detail of current and deferred expenses				
Current tax	898,614	23%	494,651	12%
Deferred tax	(20,595)	-1%	328,309	8%
Income tax	**878,019**	**22%**	**822,960**	20%

- 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 foregoing, to get from the theoretical tax to the effective tax that will affect the result of the company, starting from the nominal rate, tax purifications are carried out in accordance with current regulations and the result is obtained, the tax charged to the entity.

Thus, in the years 2022 and 2021 it can be observed in the debugging, that there are several items that reduce the tax calculated at the nominal rate and that cause said 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 that make it 8 points below the nominal rate, is the special deduction of productive real fixed assets by virtue of the application of the Legal Stability contract. Another important point in this purification is the treatment of exempt income that is granted to dividends received from foreign subsidiaries, an exemption allowed under the Regime of Colombian Holding Companies (CHC).

As a relevant fact during the year 2022 and that affects the variation of the effective rate from one year to the next, there is the recognition of the value impairment in the UNE investment, a transaction without tax effect. Another aspect to consider and that impacts the income tax of the reporting period is the effect on the deferred tax due to the change in the rate for occasional earnings that Law 2277 of 2022 incorporated, going from 10% to 15% to from taxable year 2023. This adjustment meant a higher expense for the company of $55,452.

39.3. Income tax recognized on profit or loss

The most significant components of the income tax expense at the cut-off date are:

The deferred tax expense related to changes in tax rates originated from the new rates for occasional earnings incorporated by Law 2277 of 2022, going from 10% to 15% as of taxable year 2023.

In this regard, it is important to indicate that the Company registered the effect of the rate change in the result of the period, thus applying the provisions of paragraph 58 of IAS 12; In this way, the voluntary exception established in Decree 2617 of December 29, 2022, which allows recognizing this update within the entity's equity in the accumulated results of previous years, was not accepted.

Income tax	2022	2021
current income tax		
Expense (income) for current income tax	910,018	580,223
Adjustments recognized in the current period related to current income tax from prior periods	29,837	(52,666)
Tax benefits from tax losses, tax credits or temporary differences used in the period	(41,241)	(32,906)
Total current income tax	**898,614**	**494,651**
Deferred tax		
Net deferred tax expense (income) related to the origin and reversal of temporary differences	(455,955)	(194,458)
Net deferred tax expense (income) related to changes in tax rates or laws	55,452	234,972
Reclassification of deferred tax from other comprehensive income to profit for the year	379,908	287,795
Total deferred tax	**(20,595)**	**328,309**
Income tax	**878,019**	**822,960**

- Amounts stated in millions of Colombian pesos -

The rates used to determine the deferred tax are:

Year	2022	2023	2024
Income tax	35%	35%	35%
Occasional gains	15%	15%	15%

The deferred tax generated by the temporary differences associated with the Energy Generation business is determined by applying the stabilized rate of 33%. For land, the rate taken into account is 15%, corresponding to the current rate for occasional gains from 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	2022	2021
Asset or liability for current income tax		
Total income tax liabilities	**56,027**	**56,027**
Income tax	56,027	56,027
Total income tax asset	**340,687**	**322,496**
Balances in favor for income tax	340,687	322,496
Total income tax asset	**284,660**	**266,469**

- Amounts stated in millions of Colombian pesos -

39.5. Income tax recognized in other comprehensive income

he detail of the tax effect corresponding to each component of "other comprehensive income" of the statement of separate comprehensive income is as follows:

Other comprehensive income from the statement of comprehensive income	2022			2021		
	Gross	Tax effect	Net	Gross	Tax effect	Net
Items that will not be subsequently reclassified to profit or loss for the period						
New measurements of defined benefit plans	52,230	(20,040)	32,190	65,962	(23,739)	42,223
Equity investments measured at fair value through equity	(136,838)	(270,474)	(407,312)	(322,482)	-	(322,482)
Participation in the other comprehensive income of subsidiaries	(11,679)	(55,720)	(67,399)	(9,672)	(18,340)	(28,012)
Items that may be subsequently reclassified to profit or loss for the period						
Cash flow hedges	(596,324)	214,171	(382,153)	(517,549)	189,258	(328,291)
Participation in the other comprehensive income of subsidiaries	1,010,952	(308)	1,010,644	360,043	(1,099)	358,944
Hedges of net investments in foreign businesses	(216,145)	74,158	(141,987)	(61,509)	21,106	(40,403)
Total	**102,196**	**(58,214)**	**43,982**	**(485,207)**	**167,186**	**(318,021)**

- Amounts stated in millions of Colombian pesos -

39.6. Deferred tax

The detail of the deferred tax is as follows:

Deferred tax	2022	2021
Deferred tax asset	1,942,456	1,213,356
deferred tax liability	3,925,241	3,214,550
Total net deferred tax	**(1,982,785)**	**(2,001,194)**

- Amounts stated in millions of Colombian pesos -

39.6.1. Deferred tax asset

Deferred tax asset	Initial balance 2021	Net changes included in the 2021 profit or loss	Changes included in the OCI 2021	Final balance 2021	Net changes included in the 2022 profit or loss	Changes included in the OCI 2022	Final balance 2022
Assets	**365,740**	**39,901**	**-**	**405,641**	**159,590**	**-**	**565,231**
Property, plant and equipment	2	(1)	-	1	1	-	2
intangibles	-	-	-	-	2,883	-	2,883
Right-of-use assets	139,475	65,822	-	205,297	52,998	-	258,295
Investments and derivative instruments	75,634	(72,657)	-	2,977	30,029	-	33,006
Trade receivables	149,186	47,997	-	197,183	60,837	-	258,020
Cash and cash equivalents	1,231	(1,231)	-	-	1,651	-	1,651
Other assets	212	(29)	-	183	11,191	-	11,374
Liabilities	**508,020**	**80,195**	**219,500**	**807,715**	**176,105**	**393,405**	**1,377,225**
Loans and borrowings	104,721	358,330	21,106	484,157	471,427	74,158	1,029,742
Trade payables	24,364	(24,364)	-	-	8,627	-	8,627
Employee benefits	40,706	4,363	(18,957)	26,112	123	(5,455)	20,780
derivatives	127,061	(287,795)	217,351	56,617	(379,908)	324,702	1,411
Provisions	193,084	16,359	-	209,443	47,697	-	257,140
Other liabilities	18,084	13,302	-	31,386	28,139	-	59,525
Deferred tax asset	**873,760**	**120,096**	**219,500**	**1,213,356**	**335,695**	**393,405**	**1,942,456**

- Amounts stated in millions of Colombian pesos -

39.6.2. deferred tax liability

Deferred tax liability	Initial balance 2021	Net changes included in the 2021 profit or loss	Changes included in the OCE 2021	Final balance 2021	Net changes included in the 2022 Profit or loss	Changes included in the OCI 2022	Final balance 2022
Assets	**2,693,083**	**483,233**	**28,093**	**3,204,409**	**292,975**	**381,005**	**3,878,389**
Property, plant and equipment	2,525,057	430,547	-	2,955,604	196,206	-	3,151,810
intangibles	38,521	7,294	-	45,815	3,385	-	49,200
investment properties	15,009	(27)	-	14,982	11,792	-	26,774
Right-of-use assets	54,988	48,830	-	103,818	7,743	-	111,561
Investments and derivative instruments	19,026	6,102	28,093	53,221	(1)	381,005	434,225
Trade receivables	35,258	(12,979)	-	22,279	73,507	-	95,786
Cash and cash equivalents	-	1,651	-	1,651	-	-	1,651
Other assets	5,224	1,815	-	7,039	343	-	7,382
Liabilities	**40,187**	**(34,828)**	**4,782**	**10,141**	**22,125**	**14,586**	**46,852**
Loans and borrowings	34,114	(29,928)	-	4,186	(1)	-	4,185
Trade payables	6,073	(4,900)	-	1,173	200	-	1,373
Employee benefits	-	-	4,782	4,782	13,539	14,586	32,907
Provisions	-	-	-	-	493	-	493
Other liabilities	-	-	-	-	7,894	-	7,894
Deferred tax liability	**2,733,270**	**448,405**	**32,875**	**3,214,550**	**315,100**	**395,591**	**3,925,241**
Total deferred tax asset/liability	**1,859,510**	**328,309**	**(186,625)**	**2,001,194**	**(20,595)**	**2,186**	**1,982,785**

- 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 deferred tax liabilities have not been recognized, amount to $9,016,524 (2021 $7,102,285).

In assets, the greatest impact on deferred tax is due to temporary differences in property, plant and equipment, which is generated by significant differences in accounting and tax costs, due to the recognition of attributed cost, tax inflation adjustments and by the application of different useful lives and depreciation methods; in accounts receivable in relation to portfolio impairment due to the difference that occurs in the calculation between the accounting and tax regulations, due to the valuation at amortized cost and the implicit interest recognized in the accounting regulations. The unrealized exchange difference of accounts receivable is another representative item in temporary differences, a concept introduced by Law 1819/2016.

Regarding liabilities, the items that most impact the deferred tax calculation are: accounting provisions, long-term employee benefits and the unrealized exchange difference in credits and accounts payable. The effect of devaluation that the Colombian currency has experienced during the last taxable period close to 20.82%, generates a substantial increase in the carrying amount of liabilities and accounts payable in foreign currency, while its tax base remains stable and its effects They are only evidenced at the time of liquidation or partial payment of the obligations, based on the exchange difference actually made, as provided by articles 269 and 288 of the Tax Code. Another relevant point to consider is the deferred tax recognized in the result of the period in the concept of hedges, due to the reclassification of the exchange difference and interest that are made from other comprehensive income to the result of the period and in the debt, due to the reclassification that it is made from the income statement to other comprehensive income by applying net investment hedge accounting abroad.

The temporary differences on which deferred tax was not generated were, among others, due to investments in subsidiaries, associates and joint ventures, in accordance with paragraph 39 of IAS 12; likewise, in items that do not have future tax consequences, such as tax liabilities and financial returns generated from pension plan assets, since they are exempt.

The approval of dividends after the presentation date and before the financial statements were authorized for publication, does not generate income tax consequences, as it is an established policy for national subsidiaries, that only profits and non-refundable reserves are distributed. taxed. The tax effects that could be generated by dividends declared from foreign subsidiaries, with the entry into force of article 69 of Law 1943/2018, will be considered exempt capital income in 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, like its assets, is of a public nature. The mayor of Medellín chairs the EPM Board of Directors.

Related parties of EPM 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 total value of the transactions carried out by the company with its related parties during the corresponding period is presented below:

Transactions and balances with related parties	Revenue[1]	Costs/ Expenses[2]	Amounts receivable[3]	Amount payable	Guarantees and endorsements received
Subsidiaries of the EPM Group:					
December 31, 2022	534,143	422,580	1,046,093	97,460	-
December 31, 2021	813,097	445,051	1,086,469	108,935	-
Associates of the EPM Group:					
December 31, 2022	54,562	35,560	12,913	7,763	-
December 31, 2021	53,525	35,595	6,261	8,123	-
Key management employees:					
December 31, 2022	-	12,561	761	3,587	111
December 31, 2021	-	11,066	803	2,944	213
Other related parties:					
December 31, 2022	167,690	61,342	69,122	3,577	
December 31, 2021	131,968	92,831	56,994	4,084	

- Amounts stated in millions of Colombian pesos -

Transactions between EPM and its related parties are carried out under conditions equivalent to those that exist in transactions between independent parties, in terms of their object and conditions.

1. The detail of the income obtained by the company from its related parties is as follows:

	Revenue	2022	2021
subsidiaries	Sale of goods and services	395,765	632,709
	Interests	91,331	138,053
	Fee	7,429	6,414
	Others	39,618	35,921
Total Subsidiaries		**534,143**	**813,097**
Associates	Sale of goods and services	44,781	43,460
	Interests	53	6
	Others	9,728	10,059
Total Associates		**54,562**	**53,525**
Other related parties	Sale of goods and services	6,256	160,794
	Interests	67	134
	Fee	573	78
	Others	160,794	2,775
Total Other related parties		**167,690**	**163,781**

- Amounts stated in millions of Colombian pesos -

2. The detail of the costs and expenses incurred by the company with its related parties is as follows:

	Costs and expenses	2022	2021
subsidiaries	Acquisition of goods and services	417,200	439,980
	Fee	444	751
	Others	4,936	4,320
Total Subsidiaries		**422,580**	**445,051**
Associates	Acquisition of goods and services	33,443	33,003
	Fee	2,105	2,563
	Others	12	29
Total Associates		**35,560**	**35,595**
Other related parties	Acquisition of goods and services	678	40,930
	Interests	2	-
	Fee	1,522	992
	Others	59,140	50,909
Total Other related parties		**61,342**	**92,831**

- Amounts stated in millions of Colombian pesos -

3. The detail of the loans granted by the company to its related parties is as follows:

	Borrowings granted	original currency	Term	nominal interest rate	2022 Nominal amount	2022 amortized cost value	2022 Full Value	2021 Nominal value	2021 amortized cost value	2021 Full Value
HIDROSUR	Borrowing 1	CLP	8.5 YEARS	7.33%	934,808	(448)	934,360	935,551	(1,182)	934,369

Transactions between the company 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 total financial surpluses paid to the Municipality of Medellín as of December 2022 was $1,850,776 (2021 $1,396,953).

Remuneration of the Board of Directors and key personnel of the company:

Members of key management personnel at the company include:

Concept	2022	2021
Salaries and other short-term employee benefits	11,215	10,026
Other long-term employee benefits	1,346	1,041
Remuneration of key management personnel	**12,561**	**11,067**

- 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 41.
Capital management

The capital of the company includes indebtedness through the capital market, commercial banking, development banking, export credit agency and multilateral banking, nationally and internationally.

The company manages its capital through planning processes and management of the achievement of resources, one of the sources is through the national and international financial markets, to attend to strategic investments, and investment projects, accessing different alternatives that minimize the cost, which promote the maintenance of adequate financial indicators and risk rating, as well as financial risk management. To this end, it has defined the following capital management policies and processes:

Financing management: financing management includes carrying out 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, according to market conditions

The company has made no changes to its capital financing management objectives, policies and processes during the periods ended December 31, 2022 and December 31, 2021.

In order to face changes in economic conditions, the company implements proactive debt management mechanisms, enabling different financing alternatives to the extent feasible, so that, when it is required to execute a long-term credit operation, count on the availability of the source in competitive market conditions and in a timely manner.

The values that the company manages as capital are presented below:

Loans and borrowings	2022	2021
Commercial bank borrowings	2,664,683	2,371,547
Multilateral bank borrowings	1,163,243	1,326,950
Development bank borrowings	2,073,611	1,798,200
Bonds and titles issued	14,543,858	13,336,399
Total debt	**20,445,395**	**18,833,096**

- 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 an event occurring that negatively affects financial results, among which are market risk, liquidity risk, credit risk and operational 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 its 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 derived from contracts or financial transactions entered into.

Liquidity risk is the scarcity of funds and the inability to obtain resources at the time they are required to comply with 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 purpose of EPM's Comprehensive Risk Management Department is to lead the company in the definition and implementation of the strategy for comprehensive risk management, in order to achieve adequate protection and insurance of the assets, resources and interests of the company. . The company'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 compliance with the purpose, the strategy, the objectives and business 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 cash laundering and terrorist financing, which allows vulnerability to be reduced, and propose and implement effective mechanisms for the proper development of businesses, processes, projects and contracts. As assessment criteria, there are assessment tables of the consequences of the materialization of risks and probability tables, which are applicable to the different management levels defined in the methodological guide for comprehensive risk management.

The activity of monitoring and review of comprehensive risk management is aligned with the management monitoring 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 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.

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 category of financial risks, quantifies their impact and implements strategies for their mitigation.

Reform of the reference interest rate on financial instruments

The company evaluated the concepts that would be affected by the change in the reference rate, resulting in currently having instruments indexed to the LIBOR rate in dollars, such as: passive credits and contracts with suppliers.

Risks

The company is negotiating with the financial entities the transition scheme to the new reference rate. This process will require the updating of the contractual clauses of the loans indexed to Libor, a process that for the company will require the authorization of the Ministry of Finance and Public Credit.

The value of financial instruments pending the transition to an alternative reference rate is:

	Rate
	Libor
Non-derivative financial liabilities	987,274

Amounts in millions of Colombian pesos

To date, an analysis of the risks to which the company is exposed was carried out and the following risks were identified:

Risk code	Risk scenario	Relevant impact object	Probability	Consequence	Initial risk level
R1	Inefficiency in the hedge ratio	Reputation	Very low	Minima	Acceptable
R2	Difficulties in performing credit valuations	Quality	Very low	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 considerations) that include the LIBOR rate, for which reason it is managing the updating of the contract clauses, internal documentation, and the changes required in the systems to carry out valuations. and monitoring of the defined work plan to successfully complete the transition process to the new rate.

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 variations in market prices. The company has identified that the financial instruments affected by market risk include:

- Cash and cash equivalents
  - Trusteeship
- Other financial assets:

  - Fixed income securities
  - Investments pledged or delivered as guarantee
  - Options
  - Swaps

The methods and assumptions used in developing the sensitivity analysis consist of:

- For cash and cash equivalents, fixed-income securities and investments pledged or delivered as collateral: the methodology used to measure market risk is the Value at Risk, consisting of the quantification of the maximum loss that the portfolio could present in one month with a confidence level of 99%. To quantify the VaR, a methodology is used in which the historical volatility of the risk factors considers three methodologies: historical volatility, EWMA volatility (exponential weight) and Garch volatility . Additionally, the correlation of the risk factors is determined considering the daily data of these taking into account that for the assets with exposure to interest rates the variation of the rates is calculated and for the currency assets, the factor is calculated with the historical returns.

The sensitivity to market prices is detailed below:

	VaR Daily	VaR % COP
VaR Total Portfolio	445,153	0.069%

- For swaps, the sensitivity analyzes were carried out under the assumption of keeping the hedges contracted 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 equivalentso
  - Trusteeship

- Other financial assets:
  - fixed income securities
  - Investments pledged or delivered as guarantee
  - Options
  - Swaps

- Loans and borrowings

- Comercial debts and other counts under charge

The concentration of interest rate risk appears when there are large individual exposures and when there are significant exposures to counterparties whose probability of default is determined by factors such as the economic sector, currency and credit ratings. Interest rate risk management seeks to preserve capital and maintain or increase profitability. In EPM, risk policies have been defined, in interest rates, through the identification of risks, the determination of the position of rates and the simulation of possible hedging strategies. The foregoing supports decision-making, which are aimed at maintaining the position or covering it and later an analysis of the results of the executed strategies is carried out.

Interest Rate Sensitivity Analysis

The following table indicates the sensitivity to a possible reasonable change in interest rates of financial instruments exposed to this risk, without considering the effect of hedge accounting. Holding the other variables constant, EPM's profit/loss before taxes and equity would be affected by changes in variable interest rates as follows:

	Increase/decrease in basis points	Exposed Value	Financial effect	
			In profit before taxes	In equity
2022				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	*100*	645,135	*(2,355)*	*(1,884)*
	(100)	645,135	2,355	*1,884*
Financial assets measured at amortized cost				
Trade receivables in foreign currency				
Financial liabilities measured at amortized cost				
Loans and borrowings	*100*	4,957,078	*(49,571)*	*(39,657)*
	(100)	4,957,078	*49,571*	*39,657*
Financial liabilities measured at fair value through other comprehensive income				
derivative instruments	*100*	1,827,615	*(57,485)*	*(45,988)*
	(100)	*1,827,615*	*57,485*	*45,988*
2021				
Financial assets measured at fair value through profit or loss				
Investments 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				
Trade receivables in foreign currency	*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*

- Amounts stated in millions of Colombian pesos -

The company considers that the sensitivity analysis is representative of the interest rate risk exposure.

Exchange rate risk

Exchange 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 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
- Loans and borrowings
- Comercial debts and other counts under charge
- Loans to related parties

Exposure to exchange rate risk is related, firstly, to financing activities in a currency other than the functional currency and to hedging operations 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, so the conditions of the hedging derivative instruments replicate the conditions of the underlying in order to maximize the effectiveness of the hedging. EPM hedges its exposure to exchange rate fluctuations using different hedging instruments, including Swaps, Forwards and Options at different terms.

The company approved on July 1, 2021 to apply hedge accounting for net investments in foreign businesses. The coverage seeks to reduce the volatility of other comprehensive income by the equity 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 the investments in subsidiaries with a dollar functional currency 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 the hedging instrument an amount of debt denominated in USD equivalent to the value of the investment, for a total value of USD 342 million.

Analysis of sensitivity to exchange rates

The following table indicates the sensitivity to a possible reasonable change in exchange rates for $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 equity of the company would be affected by changes in the exchange rates as follows:

	Increase/decrease in basis points	Exposed Value	Financial effect	
			In profit before taxes	in equity
2022				
Financial assets measured at fair value through profit or loss				
Other financial assets - Fixed income securities	*100*	-	-	-
	(100)	-	-	-
Cash and cash equivalents	*100*	1,156,987	*24,053*	*19,242*
	(100)	1,156,987	*(24,053)*	*(19,242)*
Financial assets measured at amortized cost				
Trade receivables in foreign currency	*100*	934,360	*1,423*	*1,139*
	(100)	934,360	*(1,423)*	*(1,139)*
Financial liabilities measured at amortized cost				
Loans and borrowings	*100*	11,137,136	*(231,532)*	*(185,225)*
	(100)	11,137,136	*231,532*	*185,225*
Financial liabilities measured at fair value through other comprehensive income				
derivative instruments	*100*	*7,576,065*	*157,500*	*126,000*
	(100)	*7,576,065*	*(157,500)*	*(126,000)*
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				
Trade receivables in foreign currency	*100*	934,369	*1,620*	*1,296*
	(100)	934,369	*(1,620)*	*(1,296)*
Financial liabilities measured at amortized cost				
Loans and borrowings	*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)*

- Amounts stated in millions of Colombian pesos -

For the year 2022, the simulation does not apply to assets measured in foreign currency because the only credit that exists is with Hidrosur and it is contracted at a fixed rate.

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 derived from a financial instrument or purchase contract and this translates into 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 delivered as guarantee*
  - *Options*
  - *Swaps*
- Comercial debts and other counts under charge

Credit risk management by type of financial instrument is detailed below:

- **Cash and cash equivalents, fixed-income securities, and investments pledged or delivered as collateral:** At EPM, for credit risk management, 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 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 risk concentration is detailed below:
  - The quotas are updated quarterly based on the latest financial statements available from 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 with current regulations.
  - Securities market intermediaries, other than supervised

banking establishments, may act as counterparties to carry out operations, but they cannot be considered as admissible issuers.
- Stock brokerage firms that act as counterparty to treasury operations must have at least the second risk rating in terms of strength or quality in portfolio management.
- Bank-backed stock brokerage firms, that is, bank counterparties, must have a minimum equity of 30,000 SMLMV.

Finally, the efforts 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, the justifications related to the need to temporarily exceed the quotas are submitted for approval.

The investments to which reference is made 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 establishment must have a current rating corresponding to the highest category for the short term in accordance with the scales used by the rating agencies that grant it 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 establishment must have the maximum current rating 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 purpose term.

- Options, forwards and Swaps: EPM is exposed to the risk that a counterparty does not recognize the right and to mitigate it, the risk level of each of the entities with which it is estimated to carry out an operation is previously evaluated.

- Trade and other receivable: EPM is exposed to the risk that users of residential public services fall into arrears or non-payment of said services. Accounts receivable from household public service debtors are classified into two large groups: those originating from late payment and the other group corresponds to financing or payment agreements with customers that are carried out as a portfolio recovery strategy or to the connection of new clients.

EPM evaluates at the end of each period the behavior and value of accounts receivable 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 two (2) or more collection accounts.
- It is known or there is evidence that the client enters into business restructuring processes or insolvency or liquidation.
- Social disturbances, public order or natural disasters occur, which according to experience are directly correlated with non-payment of collection accounts.

In order to avoid an excessive concentration of risk, EPM has developed and put into operation various strategies that allow it to mitigate the risk of non-payment of the portfolio, among which the following stand out:

- Persuasive collection by making phone calls and sending letters to clients with the support of specialized collection agencies.
- Segmentation of clients that allow identifying 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 exposed capital.
- Offset of accounts receivable against accounts payable by EPM with clients-suppliers.
- When the previous strategies do not generate satisfactory results, we proceed with coercive collection actions through the suspension and cut-off of the service.
- If the previous strategies do not give satisfactory results, I proceed with the collection of the portfolio through the courts.

Likewise, it seeks to expand the product portfolio to customers in such a way that debt payment is facilitated, for example prepaid energy and water.

As mentioned, EPM makes payment or financing agreements, which are carried out as a portfolio recovery strategy or to link new clients.

These give the right to fixed or determinable payments and are included in current assets, except for those maturing in more than 12 months from the balance sheet date, in which case they are classified in non-current assets.

In general terms, to guarantee client debts, blank promissory notes are constituted with letters of instructions, and when the value of the financing exceeds pre-established amounts in internal regulations, real or bank guarantees are requested, and in cases in which the client Whether it is a state entity, the resources that EPM, with prior agreement, collects from the client 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 commercial and financial policies, in order to achieve a comprehensive and customer sustainability.

To leverage the stages of the credit risk cycle, there are different statistical methodologies that allow obtaining an estimate of the future payment behavior of the accounts. These methodologies are described below:

- ***CREDIT SCORING***

  It makes it possible to obtain a customer's risk profile based on their payment behavior and their own characteristics, which helps in segmenting the population, suggesting the optimal candidates for allocation offers of basic services and/or added value.

- ***APPROVAL SCORING FOR VALUE-ADDED PRODUCTS***

  It profiles the clients that request a value-added credit, it assigns a level of risk to the applicants and, in accordance with the established business rules, they 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 subscribed services, in order to design collection prioritization strategies.

- ***MODEL FOR CALCULATION OF EXPECTED LOSS***

  It allows finding the probability that the subscribed services may default in a period of 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	2022	2021
Cash and cash equivalents	2,084,449	1,798,087
Investments in debt instruments	296,807	166,413
Investments in equity instruments	2,059,062	2,195,900
Trade receivable*	(529,131)	(380,991)
Other accounts receivable*	(208,377)	(193,968)
Maximum exposure to credit risk	**3,702,811**	**3,585,441**

- Amounts stated in millions of Colombian pesos -

* Corresponds to impairment of trade receivable.

42.3. Liquidity risk

It refers to the possibility that there are insufficient resources for the timely payment of the obligations and commitments of the entity, and that for this reason EPM is 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 titles.

EPM has identified that the financial instruments affected by liquidity risk include:

- Cash and cash equivalents

- Other financial assets::
  - Fixed income securities
  - Investments pledged or delivered as guarantee
  - Swaps

- Comercial debts and other counts under charge

To control liquidity risk, temporary comparisons of figures, reference indicators and liquidity levels are made at different time horizons. Based on said analysis, investment strategies are developed that do not affect the liquidity of the Companies taking into account the cash budget and market risk analysis to consider the diversification of the 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:

- Liquidity of the titles: the characteristics of the issuer, amount of the issuance 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 concentration of titles 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	2 to 3 years	from 3 to 4 years	more than 4 years	Total contractual obligation
2022							
Non-derivative financial liabilities variable interest rate	12.65%	525,831	289,354	85,603	1,911,383	2,478,417	5,290,588
Non-derivative financial liabilities fixed interest rate	6.04%	487,717	1,242,942	275,358	227,896	12,722,352	14,956,265
Non-derivative financial assets	11.07%	1,343,602	28,312	22,029			
Non-derivative financial assets - portfolio	9.88%	210,132	323,888	474,636	298,154	476,606	1,783,417
Total		**2,567,282**	**1,884,495**	**857,626**	**2,437,434**	**15,677,375**	**22,030,270**
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**	**1,800,939**	**750,021**	**14,859,883**	**21,297,480**

- 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 fluctuations in the variable interest rate in relation to the estimated interest rate at the end of the reporting period. The company considers that cash flows cannot occur earlier than previously indicated.

The following table shows the contractual maturity analysis of remaining derivative financial liabilities:

	Less than 1 year	from 1 to 2 years	2 to 3 years	from 3 to 4 years	more than 4 years	Total contractual obligation
2022						
Options						
contracts swap	598,093	647,106	644,870	651,619	473,684	3,015,372
Total	598,093	647,106	644,870	651,619	473,684	3,015,372
2021						
Options	3,673					3,673
contracts swap	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

- Amounts stated in millions of Colombian pesos -

The main method for measuring and monitoring liquidity is the cash flow forecast, which is carried out at EPM and is consolidated in the cash budget. Derived from this, a daily monitoring of its cash position is carried out and projections are made continuously, 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 and/or obtain new credits, according to EPM's cash flow generation capacity.

These projections take into account 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 to determine fair value are observable or unobservable. The company determines 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 company 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 discounted cash flow valuation techniques or other valuation models, using unobservable variables estimated by the company for the asset or liability, in the absence of variables observed in the market (level 3).

Valuation techniques and variables used by the company in the measurement of fair value for recognition and disclosure:

Cash and cash equivalents: include cash on hand and in banks and highly liquid investments, easily convertible into a determined amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of its acquisition. EPM uses the market approach as a valuation technique for this item; these items are classified at level 1 of the fair value hierarchy.

Investments at fair value through profit or loss and through equity:

includes investments made to optimize excess liquidity, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the company. EPM uses the market approach as a valuation technique; these items are classified at level 1 of the fair value hierarchy.

Equity investments: corresponds to the resources placed in participatory titles of national or foreign entities, represented in shares or shares of social interest. The methodologies used are: the market price for those listed on the stock market (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 trust contracts. EPM uses the market approach as a valuation technique, these items are classified at level 1.

Derivative instruments: EPM uses derivative financial instruments, such as forward contracts ("Forward"), futures contracts, financial swaps ("Swaps") and options, to hedge various financial risks, mainly interest rate risk, foreign exchange and price of basic products (" commodities "). Such derivative financial instruments are initially recognized at their fair values on the date the derivative contract is entered into, and are subsequently remeasured at their fair value. EPM 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 Foreign 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.

With regard to Zero Cost Collar options, the Black and Scholes model is used as a reference since it analyzes the value of options based on the price of the asset underlying the option, which follows a continuous stochastic process of Gauss-Wiener evolution, with constant mean and instantaneous variance. These items are classified in level 2 of the fair value hierarchy.

Additionally, for the put option of the climate derivative, the Monte Carlo method is used as a valuation technique, which simulates the non-financial variable (rainfall measured at 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.

Investment properties: are properties (land or buildings, considered in whole or in part, or both) that are held (by EPM in its own name or as part of a financial lease) to obtain rents, capit al gains or both, in place of stop:

- Its use in the production or supply of goods or services, or for administrative purposes; either
- Its sale in the ordinary course of operations.

EPM 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 properties, prior time, conformation, and location adjustments. 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: originated by the business combinations in the acquisitions of the subsidiaries Espíritu Santo Energy S. de RL and Empresas Varias de Medellín S.A. E.S.P. – EMVARIAS, the discount of the payment flows is considered 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 contemplates 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 data in the market are used, such as own credit risk.

The following table shows for each of the levels of the fair value hierarchy, the company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and December 2021:

2022	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	349,643	-	-	349,643
Total traded or designated at fair value	349,643	-	-	349,643
Other investments in debt securities				
Fixed Income Securities	63,803	-	-	63,803
Variable Income Securities	167,992	-	-	167,992
Investments pledged or delivered as guarantee	233,004	-	-	233,004
Total other investments at fair value (See Note 11)	464,799	-	-	464,799
Other equity investments				
Equity securities	2,052,329		6,733	2,059,062
Total other equity investments (See Note 11)	2,052,329	-	6,733	2,059,062
Fiduciary rights				
Trust in administration	317,201	-	-	317,201
Total trust rights (See Note 11)	317,201	-	-	317,201
derivatives				
Swaps	-	464,000	-	464,000
Put Options	-	-	67,870	67,870
Necklace Options		-	-	-
Total derivatives (See Note 11)	-	464,000	67,870	531,870
Other accounts receivable				
Other accounts receivable	-	-	47,105	47,105
Total trade receivables (See Note 10)			47,105	47,105
investment properties				
Urban and rural land	-	-	132,619	132,619
buildings and houses	-	-	36,668	36,668
Total investment properties	-	-	169,287	169,287
Liabilities				
Swaps	-	4,065	-	4,065
Total derivative liabilities	-	4,065	-	4,065
contingent consideration				
Provisions-business combination	-	-	164,112	164,112
Total contingent consideration (See Note 14)	-	-	164,112	164,112
Other accounts payable - Disclosure				
Total other accounts payable	-	-	49,090	49,090
Total Other accounts payable	-	-	49,090	49,090
Total	**3,183,972**	**459,935**	**77,793**	**3,721,700**
- Amounts stated in millions of Colombian pesos -	**86%**	**12%**	**2%**	

2021	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	682,123	-	-	682,123
Total traded or designated at fair value	682,123	-	-	682,123
Other investments in debt securities				
Fixed Income Securities	165,709	-	-	165,709
Variable Income Securities	137,029	-	-	137,029
Investments pledged or delivered as guarantee	704	-	-	704
Total other investments at fair value (See Note 11)	303,442	-	-	303,442
Other equity investments				
Equity securities	2,189,167	-	6,733	2,195,900
Total other equity investments (See Note 11)	2,189,167	-	6,733	2,195,900
Fiduciary rights				
Trust in administration	362,316	-	-	362,316
Total trust rights (See Note 11)	362,316	-	-	362,316
Derivatives				
Swaps	-	131,577	-	131,577
Put Option	-	-	102,210	102,210
Necklace Option		3,672		3,672
Total derivatives (See Note 11)	-	135,249	102,210	237,459
Other trade receivable				
Other trade receivable	-	-	23,187	23,187
Total trade receivables (See Note 10)			23,187	23,187
investment properties				
Urban and rural land	-	-	121,339	121,339
buildings and houses	-	-	31,000	31,000
Total investment properties	-	-	152,339	152,339
Liabilities				
derivatives				
Swaps	-	164,270	-	164,270
Total derivative liabilities	-	164,270	-	164,270
contingent consideration				
Provisions-business combination	-	-	165,214	165,214
Total contingent consideration (See Note 14)	-	-	165,214	165,214
Other accounts payable - Disclosure				
Total other accounts payable	-	-	91,317	91,317
Total Other accounts payable	-	-	91,317	91,317
Total	**3,537,049**	**(29,021)**	**27,938**	**3,535,965**
- Amounts stated in millions of Colombian pesos -	**100%**	**-1%**	**1%**	

The carrying amount and estimated fair value 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, 2022 and December 2021 is as follows:

Concept	Carrying amount	2022		2021	
		Estimated fair value		Estimated fair value	
		Level 2	Total	Level 2	Total
Assets					
Public service trade receivable	3,342,156	3,298,042	3,298,042	2,374,698	2,374,698
Employee loans	164,429	138,844	138,844	148,427	148,427
Related parties	934,362	934,362	934,362	934,372	934,372
Other accounts receivable	321,711	315,555	315,555	2,787,374	2,787,374
total assets	4,762,658	4,686,803	4,686,803	6,244,871	6,244,871
Liabilities					
Commercial bank borrowings	2,664,683	2,674,913	2,674,913	2,371,546	2,371,546
Multilateral bank borrowings	1,163,243	991,796	991,796	1,326,950	1,326,950
Development bank borrowings	2,073,611	1,954,742	1,954,742	1,798,200	1,798,200
Bonds and titles issued	14,543,858	11,672,302	11,672,302	12,638,410	12,638,410
total liabilities	20,445,395	17,293,753	17,293,753	18,135,106	18,135,106
Total	(15,682,737)	(12,606,950)	(12,606,950)	(11,890,235)	(11,890,235)
- Amounts stated in millions of Colombian pesos -		100%		100%	

Note 44.
Service concession arrangement

As of December 31, 2022, the company manages as operator various 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 applicable regulations.

The remaining period of the concessions where the company acts as operator is detailed below:

Company/agreement	Activity	Country	Concession period	Initial Remaining Period
Empresas Públicas de Medellín - Municipality of Caldas	The Municipality undertakes to make available and facilitate the use of networks and other infrastructure for the provision of aqueduct and sewerage services.	Colombia	30 years (extendable)	6 years
Empresas Públicas de Medellín - Municipality of Sabaneta	The Municipality undertakes to make available and facilitate the use of networks and other infrastructure for the provision of aqueduct and sewerage services.	Colombia	10 years (extendable)	2 years
Empresas Públicas de Medellín - Municipality of La Estrella	Execution of works and provision of drinking water supply and sewerage services.	Colombia	10 years (extendable)	2 years
Empresas Públicas de Medellín - Municipality of Envigado	Provision of the aqueduct and sewerage service and construction of works for the provision of the Aqueduct and Sewerage service.	Colombia	10 years (extendable)	5 years
Empresas Públicas de Medellín - Municipality of Itagüí	Construction of the aqueduct and sewage networks for the provision of the service in the assigned neighborhoods. Construction of a collector parallel to the La Justa stream and Sewerage system on 36th Street at Ditaires Park. Construction of the collector parallel to the coverage of the La Muñoz stream. Assignment of Hydraulic structures to provide the sewerage service in the municipality and provide sanitation to the Medellín River.	Colombia	30 years (extendable)	25 years
Empresas Públicas de Medellín - Municipality of Bello	Execution of works and provision of aqueduct and sewage service.	Colombia	10 years (extendable)	1 year
Empresas Públicas de Medellín - Municipality of Copacabana	Execution of works for the supply of drinking water, sewerage and provision of such services.	Colombia	20 years (extendable)	8 years
Empresas Públicas de Medellín - Municipality of Girardota	Provision of the Aqueduct and Sewerage service.	Colombia	20 years (extendable)	10 years
Empresas Públicas de Medellín - Municipality of Barbosa	The Municipality undertakes to make available and facilitate the use of networks and other infrastructure for the provision of Aqueduct and Sewerage services.	Colombia	30 years (extendable)	5 years

As of the cut-off date, income and costs incurred for construction services exchanged for a financial asset or an intangible asset have not 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 treatment services to its inhabitants, under the terms, conditions and rates established by the Drinking Water and Basic Sanitation Regulation Commission – CRA –.

The user is charged via tariff according to the intervention of replacement, expansion or interventions in the networks with the execution of the projects under construction (Constructions 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 operator in the service concession agreement:

- Right to receive from the Municipality the totality of the aqueduct and sewerage networks and to have exclusivity as operator of the system.
- 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.

Upon termination of the concession, EPM must return the aqueduct and sewage networks without any consideration to the Municipalities. There have been no changes to 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

After the date of presentation of the separate financial statements and before the date of authorization for their publication, there were no other relevant events that imply adjustments to the figures.

6 AGUA LIMPIA Y SANEAMIENTO | 7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE | 8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO | 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA | 10 REDUCCIÓN DE LAS DESIGUALDADES | 11 CIUDADES Y COMUNIDADES SOSTENIBLES | 12 PRODUCCIÓN Y CONSUMO RESPONSABLES | 13 ACCIÓN POR EL CLIMA | 14 VIDA SUBMARINA | 15 VIDA DE ECOSISTEMAS TERRESTRES | 16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS | 17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

SUSTAINABLE DEVELOPMENT GOALS

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