

Grupo•epm

Sustainability
2014 • Report



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Grupo•epm



Our Group



Who we are

The EPM Group emerged from EPM, a company of public nature owned by the Municipality of Medellín, which was incorporated in 1955 to provide the city's population with public utility services of electrical power, water supply, and telecommunications. The company gradually broadened its coverage to 10 municipalities located in the geographical area known as "Valle de Aburrá" (Aburrá Valley), and it later reached other sub-regions of the State of Antioquia.

Its administrative and budgetary autonomy, its long-term vision, the quality of its services, the talent of its people, and the changes in the Colombian public utility legislation, allowed it to widen its horizon into other national markets, and diversify its business portfolio.

In 2003, the EPM Group started its growth process in the States of Caldas and Quindío, with the acquisition of the share majority in the Caldas Hydroelectric Power Station (CHEC, for its abbreviation in Spanish), and in the Quindío Power Company (EDEQ, from its abbreviation in Spanish), which are located in the Colombian region known as coffee-growing axis.

Also in 2003, the company made its first international transaction by acquiring the share majority of the Panamanian company "Hidroecológica del Teribe," which is currently building the Bonyic hydroelectric project in that country.

In the regional and national context, the EPM Group operates in several regions of Antioquia with its water supply companies: Aguas de Occidente, Aguas de Oriente, and Aguas de Urabá. In the State of Atlántico, located in the Colombian north coast, the Group owns Aguas de Malambo and, in the State of Chocó (in the zone of the border with Panama), it is executing an agreement through its subsidiary Aguas Nacionales, which is also responsible for developing the Bello waste water treatment plant project, in the north of the Aburrá Valley.

In 2009, the EPM Group acquired the electric power companies CENS and ESSA in Norte de Santander and Santander, accordingly, two Colombian states located to the East of the country. In 2010, it expanded to Central America with the acquisition of DECA II, a corporation that gathers several Guatemalan companies (EEGSA, Comegsa, Trelec, AMESA, Enérgica, Ideamsa, Credieegsa), continuing then in 2011 with Delsur in El Salvador, and ENSA in Panama.

In 2013, the Group entered the Chilean market with the construction of "Los Cururos" wind farm, and ventured into Mexico with the capitalization of Ticsa, holding company that owns shares in companies that design, build, operate, and start up waste water treatment plants. Furthermore, it recently expanded its service portfolio to sanitation and solid waste collection, with the acquisition of Empresas Varias de Medellín, Emvarias, also in 2013.

Conclusively, the EPM Group is currently a multi-Latin business group comprising 48 companies, with a clear growth horizon towards the year 2022, focusing on being a reference of operational excellence, reputation and transparency. It also aims at contributing to the well-being and equitable development in the settings where it operates by responsibly and comprehensively providing solutions in the fields of electric power, gas, water supply and sanitation.

EPM is a 100% public company, incorporated in 1955. Today, we are a business group with 7 businesses in 7 countries through 48 companies, 13 in Colombia and 35 in countries such as Panama, Mexico, the Cayman Islands, Bermuda, Guatemala, El Salvador, and Chile.



Our history

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Our History



1997

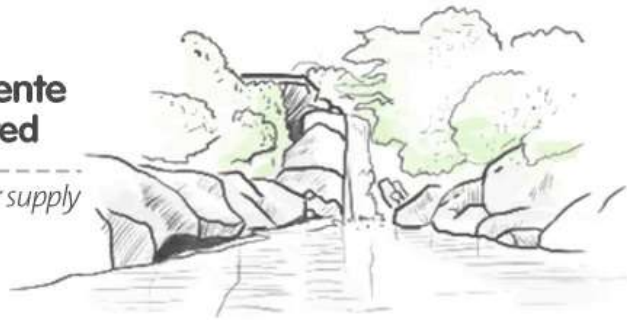
EPM became an industrial and commercial company owned by the State

pursuant to Law 142 of 1994.

1999

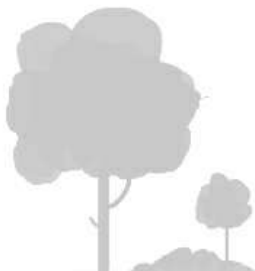
Aguas del Oriente was incorporated

to cover the Municipality of El Retiro's water supply and sewerage service demand.



2000

EPM became the parent company of a business group.



2002

EPM Bogotá Aguas was incorporated, which later became:



2003

EPM acquired
and incorporated EPM Inversiones S.A.



chec

(Central Hidroeléctrica de Caldas)

edeq

(Empresa de Energía del Quindío)



(Hidroecológica del Teribe, Panamá)

2005

EPM implemented a new strategy and changed its organizational structure.



une

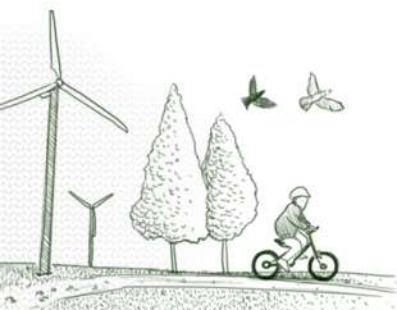
UNE EPM Telecomunicaciones S.A. E.S.P. was incorporated.

2006

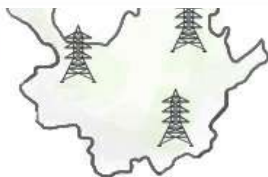
2006 - 2007

EPM ventured into partnership with the regional companies

Aguas de Urabá and Aguas de Occidente.



2007



The regional energy market
of Antioquia was integrated.



2009

EPM acquired

and participated in the incorporation
of Empresas Públicas de Oriente.



(Centrales Eléctricas del Norte
de Santander)

ESSA

(Electrificadora
de Santander S.A.)



2010

**EPM invested in
Central American energy
companies**

that were already well positioned in the region's
market, and acquired the

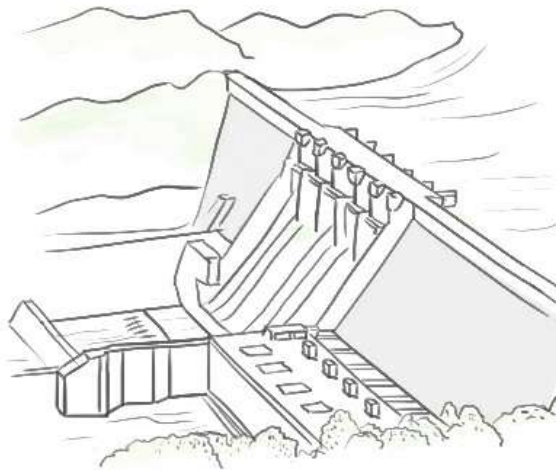
holding company DECA II
and its subsidiaries.

2011

EPM acquired,
through DECA II, the company
El Salvador Holdings Ltd.,
which in turn owns the company Delsur
(Electricidad Del Sur) in El Salvador.

And, by acquiring the company
Panamá Distribution
Group S.A. ENSA
(Elektra Noreste S.A.)
in Panamá





EPM formally assumed the funding, construction, maintenance, operation, and commercial exploitation of the Ituango Hydroelectric Project

which will be the largest power station in Colombia with a 2,400-megawatt capacity and will start operating in 2018.

The Group acquired 85% of the state-owned company Aguas de Malambo S.A. E.S.P.

2012



EPM México was incorporated as a platform for the diverse projects that can be carried out in that country.

After the anticipated fulfillment of its Great and Ambitious Goal in 2011, the Group defined a new strategic planning projected to the year 2022; and it undertook a transformation process through the

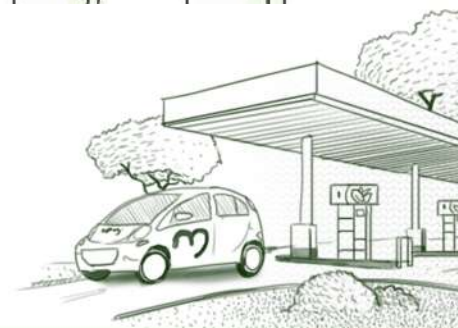
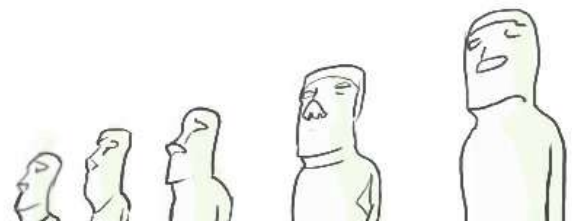
"EPM Group without Borders" program *which will allow defining a new organizational model for ensuring its growth and sustainability.*

2013

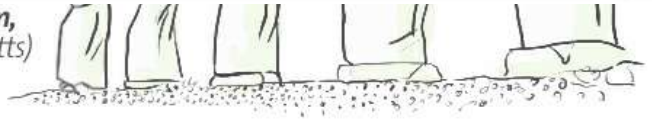
EPM Chile was incorporated as a holding company

in order to boost the organization's growth plan in the south of the American continent.

Through this holding company, EPM started



the construction of the Los Cúruos wind farm, (which will have a capacity of 109.6 megawatts) in the Coquimbo region in Northern Chile, by means of a turnkey contract with the Danish firm Vestas.



The EPM Group transformed to fulfill its goals towards the year 2022.

In Mexico, the Group acquired the stock majority of Ticsa, which is a holding company that provides services in the fields of design, construction, operation, and starting up of waste water treatment plants.

With the acquisition of Emvarias,

the EPM Group expanded its service portfolio to sanitation and solid waste collection.



2014

Through its EPM Chile subsidiary, the EPM Group

opened the 110-MW Los Cúruos wind farm.





EPM incorporated its first branch in Costa Rica.

By means of the “EPM Group without Borders” program,

the Group consolidates its new administrative structure.



UNE – Millicom completed their merger to create

a new digital alternative in Colombia.

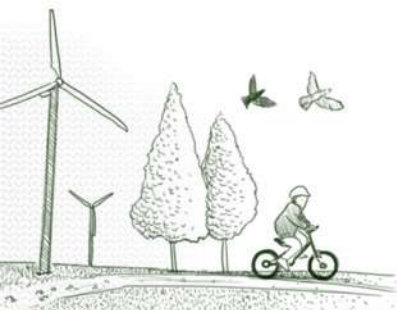
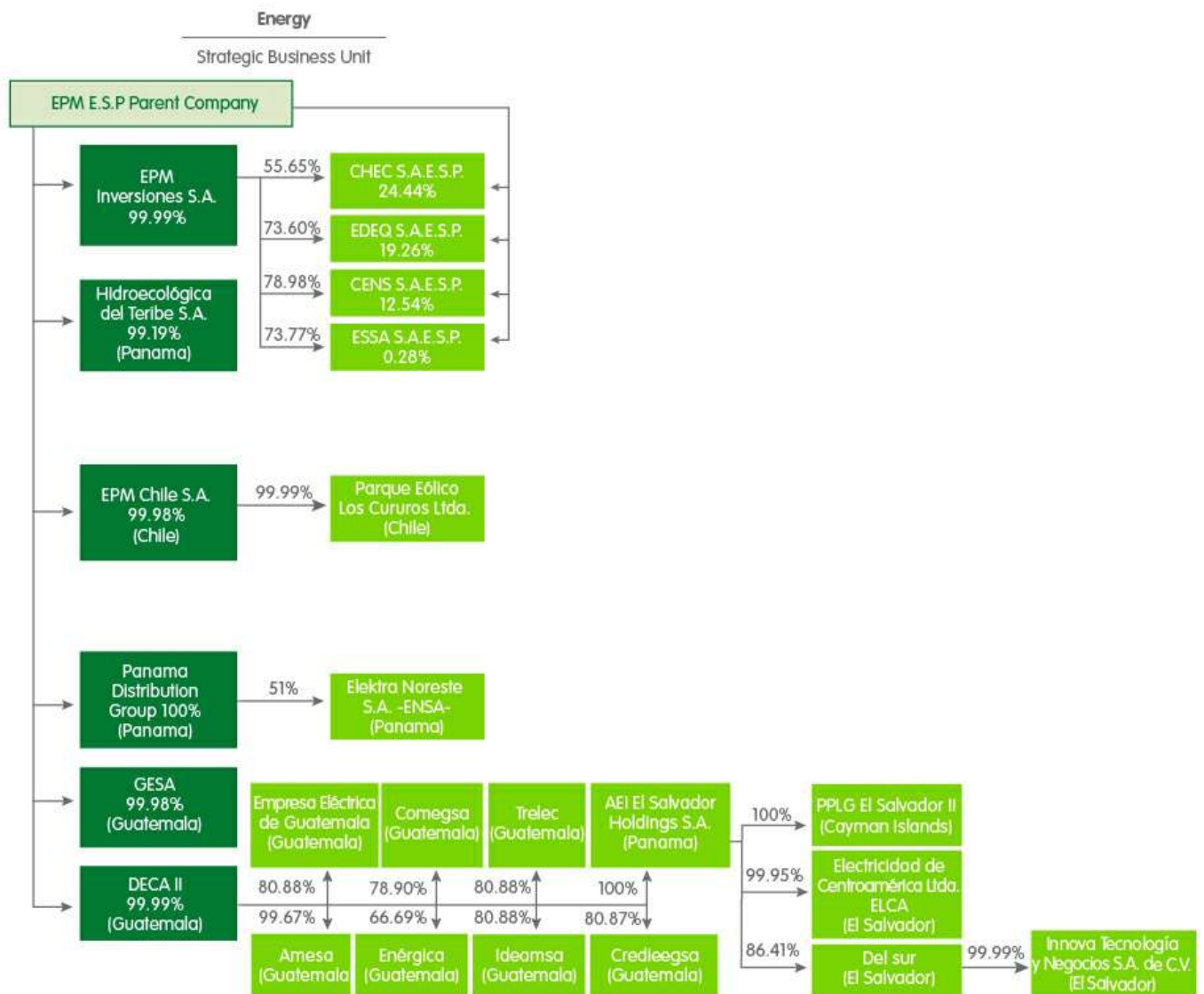
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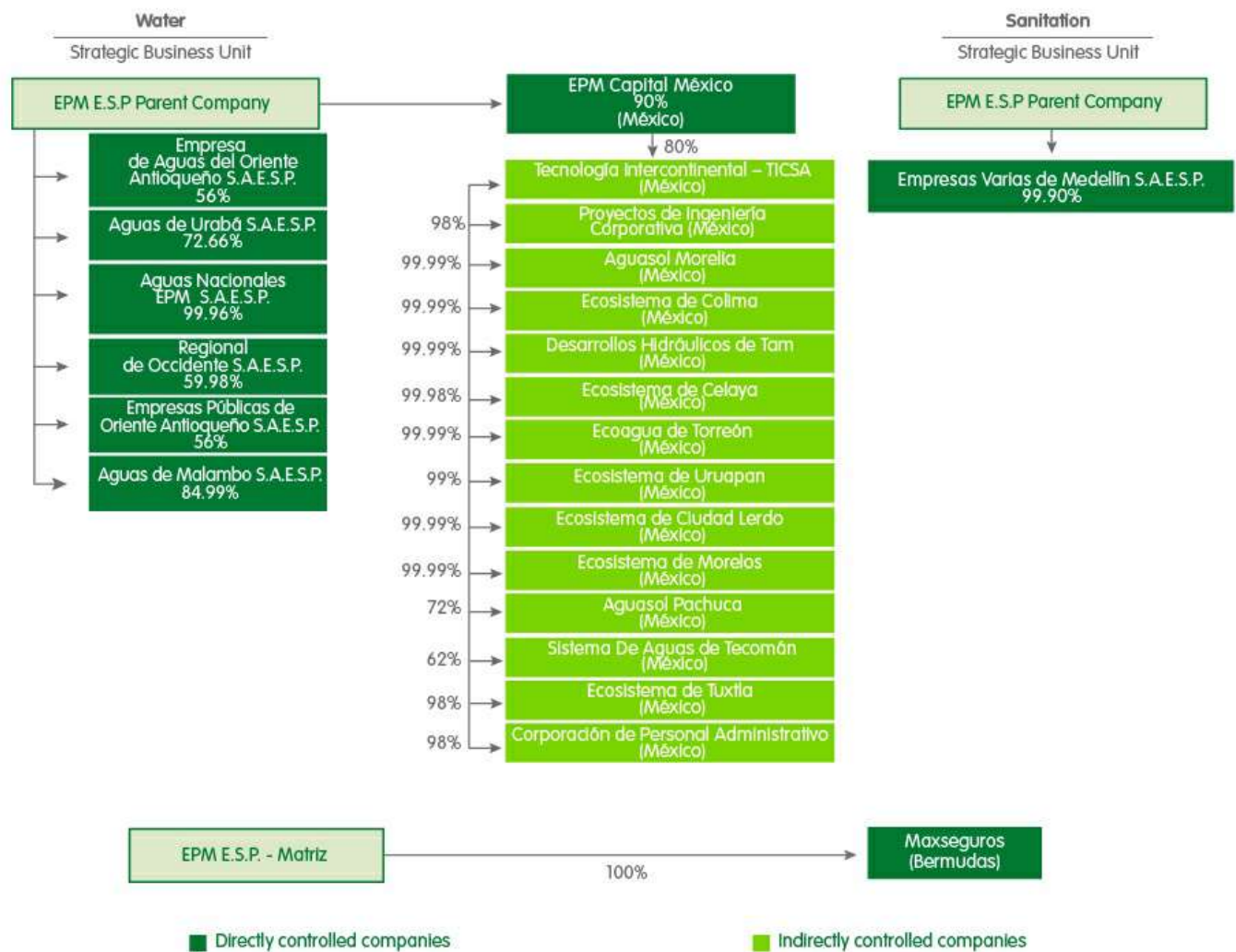


What we do

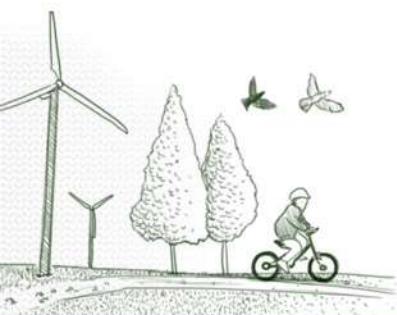
The EPM Group comprises 48 companies, 13 located in Colombia and 35 in countries such as Panama, Mexico, the Cayman Islands, Bermuda, Guatemala, El Salvador, and Chile. The following chart shows the ownership structure of the companies that are part of the EPM Group, as well as the control percentage that the Group has over each one.

EPM's shareholding in the Group's companies





- We develop infrastructure projects and provide offers for our Users, supplying them with comprehensive solutions of electric power, gas, water supply and sanitation services.
- We work on generating well-being and development with equity in the settings where we operate.



Corporate strategic planning

The business group has transformed in tune with the dynamism of globalization and the changes that have occurred in the way of planning and building strategies. From 1998 to 2013, the organization has included different strategic planning methodologies, which has lead to having diverse directing elements.

With the purpose of making the strategic planning model easier to understand, several structural adjustments have been made, such as: reorganizing adaptability matters; simplifying and revising the elements of all the methodologies that were crossed, and aligning them with all the plans; and defining the company's strategic focal points. These actions allowed the construction of a simpler model that is replicable and flexible with regard to the market, and that is also focused on the growth and the fulfillment of the goals.

The strategic planning model comprises three elements: identity, action and results. Its content is the following:

Corporate Strategic Planning of the EPM Group

Identity
What we say we
ARE:
Values
Purpose



Transparency / Responsibility /
Innovation / Commitment / Warmth /
Trustworthiness / Service

The EPM Group looks to remain through time by means of the **contribution to developing sustainable and competitive territories, generating well-being and development with equity** in the environments where it operates. Therefore, the Group focuses on developing infrastructure projects and offering **our customers and users** electricity, gas, water and sanitation solutions supported on business agreements and information and communications technology services comprising **business activities that harmonize the financial, social and environmental results**.

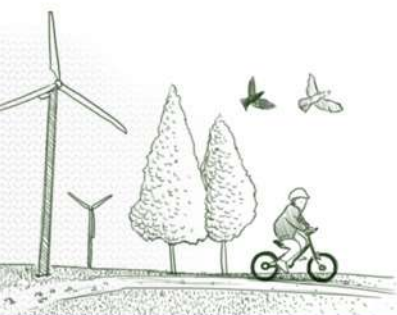
Action
How we decide to
DO IT:
Businesses
Strategy



Results
What we decide to
ACHIEVE:
Strategic Objectives
MEGA

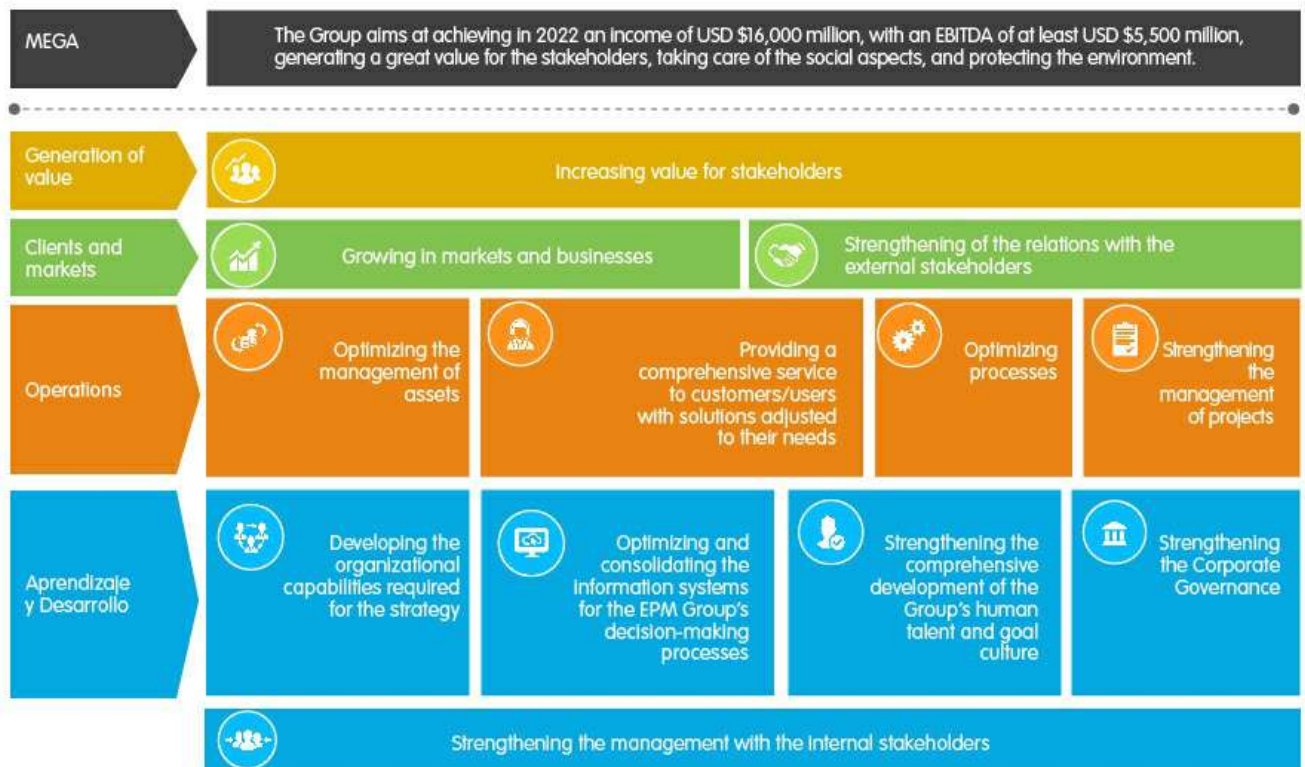


The Group aims at achieving in 2022 an income of USD \$16,000 million, with an EBITDA of at least USD \$5,500 million, generating a great value for the stakeholders, taking care of the social aspects, and protecting the environment.



Strategic objectives of the Group

The Map of Strategic Objectives presents the strategy by means of the four basic perspectives of the Balanced Scorecard, two of results (Generation of value, and Customers and Market), and two of action (Operations, and Learning and Development). The description of the strategic objectives and dimensions is the following:



Corporate planning

- We contribute to the development of sustainable and competitive territories.
- Our strategy is to grow with Corporate Social Responsibility in our seven businesses.

Strategic objectives

- 4 strategic perspectives and 12 strategic objectives.



Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

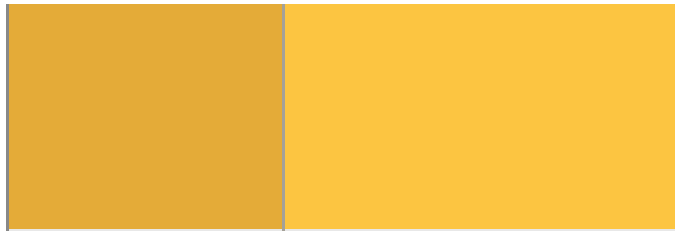
CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Value creation	Increasing value for stakeholders	EBITDA	Million pesos	EPM Group	3,561,221	3,518,381
				EPM	2,562,075	2,297,566
				CENS	101,726	88,589
				CHEC	167,036	135,898
				EDEQ	108,836	34,069
				ESSA	180,415	205,295
				Aguas de Malambo	-365	-3,503
				Aguas de Occidente	2,680	3,106
				Aguas del Oriente	829	595
				Aguas Nacionales EPM	-17,731	-7,132
				Aguas de Urabá	3,487	7,005
				Emvarias	30,213	ND
				EEGSA - Guatemala	169,613	186,171



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COMEGSA Comercialización (EEGSA)	15,413	8,253
ENSA - Panamá	180,124	152,143
DELSUR - El Salvador	44,090	54,018
TRELEC (EEGSA) - Guatemala	40,296	43,955
TICSA - México	1,085	ND



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Value creation	Increasing value for stakeholders	Net income	Million pesos	EPM Group	1,783,232	2,078,010
				EPM	1,802,071	1,278,669
				CENS	33,133	25,753
				CHEC	106,043	62,362
				EDEQ	63,195	15,820
				ESSA	71,190	94,164
				Aguas de Malambo	-3,131	-3,672
				Aguas de Occidente	1,134	916
				Aguas del Oriente	272	129
				Aguas Nacionales EPM	4,402	1,945
				Aguas de Urabá	-196	260
				Emvarias	19,705	ND
				EEGSA - Guatemala	102,275	95,211
				COMEGSA Comercialización (EEGSA)	15,530	7,868



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ENSA - Panamá	76,482	73,129
DELSUR - El Salvador	25,829	25,925
TRELEC (EEGSA) - Guatemala	30,345	31,852
TICSA - México	-3,027	ND



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Value creation	Increasing value for stakeholders	Dow Jones Sustainability Index	Points	EPM	78 (Bronze)	To Remain within 10% of best performing companies in the Water and Multiservice sector.



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Clients and markets	Growing in markets and businesses.	Operating income	Million pesos	EPM Group	11,519,303	12,704,092
				EPM	5,845,331	5,991,568
				CENS	517,488	507,067
				CHEC	500,033	553,547
				EDEQ	529,476	167,988
				ESSA	828,084	884,628
				Aguas de Malambo	6,874	8,571
				Aguas de Occidente	7,102	7,981
				Aguas del Oriente	1,692	1,535
				Aguas Nacionales EPM	6,017	1,383
				Aguas de Urabá	26,940	28,494
				Emvarias	149,116	ND
				EEGSA - Guatemala	1,416,115	1,237,617
				COMEGSA Comercialización (EEGSA)	311,459	266,371



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			ENSA - Panamá	1,345,096	1,521,349
			DELSUR - El Salvador	679,606	723,543



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Clients and markets	Growing in markets and businesses.	Operating income	Million pesos	TRELEC (EEGSA) - Guatemala	48,263	52,820
				TICSA - México	67,374	ND
	Strengthening relations with external stakeholders.	Satisfaction index	%	EPM Group	79,2%	81,3%
				EPM	80,4%	84,0%
				CHEC	81,8%	83,2%
				ESSA	76,5%	80,0%
				EDEQ	78,8%	86,5%
				CENS	79,7%	81,0%
				Aguas de Occidente	79,0%	82,3%
				Aguas del Oriente	86,2%	88,0%
				Aguas de Malambo	48,5%	50,5%
				Aguas de Urabá	59,1%	62,0%
				Aguas Nacionales (Atrato)	40,5%	45,0%



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		Transparency	Index	EPM Group	82,53	86,12
				EPM	93,23	94,75
				CHEC	86,73	89,50
				ESSA	82,91	86,50
				EDEQ	87,78	90,25
				CENS	85,79	88,75



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Clients and markets	Strengthening relations with external stakeholders.	Transparency	Index	Aguas de Occidente	72,48	78,25
				Aguas del Oriente	78,66	82,75
				Aguas de Malambo	47,22	58,75
				Aguas de Urabá	63,19	70,75
				Aguas Nacionales (Atrato)	78,52	82,00
		Global Corporate Reputation Index (IGR)	1-1000 Scale	EPM Group	847	(2016 Goal)=859
				EPM	875	(2016 Goal)=879
				CENS	823	(2016 Goal)=839
				CHEC	844	(2016 Goal)=855
				EDEQ	823	(2016 Goal)=839
				ESSA	784	(2016 Goal)=821



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Operations	Optimizing processes	Index of Corporate Environmental Management	%	EPM	88,4%	89,0%
				CENS	88,3%	88,0%



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Operations	Optimizing processes	Index of Corporate Environmental Management	%	CHEC	81,1%	84,0%
				EDEQ	89,0%	89,0%
				ESSA	80,8%	81,0%
				Aguas de Malambo	40,9%	47,0%
				Aguas de Occidente	66,4%	66,0%
				Aguas del Oriente	48,0%	51,0%
				Aguas de Urabá	56,2%	56,0%
				EEGSA - Guatemala	61,3%	61,0%
				ENSA - Panamá	80,8%	81,0%
				DELSUR - El Salvador	58,2%	58,0%
				EPM	61,18%	76%
				CENS	47,9%	53,0%



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RSE trajectory

%	CHEC	50,1%	61,0%
	EDEQ	73,1%	86,0%
	ESSA	41,1%	51,0%
	Aguas de Malambo	37,1%	38,0%



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Scorecard Indicators
2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Operations	Optimizing processes	RSE trajectory	%	Aguas de Occidente	38,7%	51,0%
				Aguas del Oriente	68,7%	68,0%
				Aguas Nacionales EPM	39,6%	48,0%
				Aguas de Urabá	44,6%	64,0%
				EEGSA - Guatemala	38,2%	44,0%
				ENSA - Panamá	54,29%	ND
	Investments in infrastructure			EPM	1,512,685	1,898,161
				CENS	25,260	79,185
				CHEC	41,162	48,446
				EDEQ	7,119	13,623
				ESSA	75,617	167,023
				Aguas de Malambo	8,285	215
				Aguas de Occidente	4,471	1,951



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Aguas del Oriente	638	703
Aguas Nacionales EPM	175,336	553,572
Aguas de Urabá	5,982	3,128



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2014 Results and 2015 Goals - EPM GROUP

CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Learning and development	Strengthening the management with internal stakeholders	Organizational climate	%	EPM	54,9	To increase 1 point in 2014 measurement or its equivalent concerning the reference of the corresponding population.
		Effectiveness internal communication level	%	EPM Group	61,6%	(2016 Goal) = 65%



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CMI Perspective	Strategic Objective 2015	Indicator	Measurement unit	Measured Object	2014 Result	2015 Goal
Learning and development	Strengthening the management with internal stakeholders	Effectiveness internal communication level	%	EPM	61,21%	(2016 Goal) = 64,7%
				CENS	70,96%	(2016 Goal) = 75,2%
				ESSA	59,43%	(2016 Goal) = 62,7%
				CHEC	60,03%	(2016 Goal) = 63,1%
				EDEQ	72,19%	(2016 Goal) = 75,9%
				Aguas Nacionales EPM	81,23%	(2016 Goal) = 85,4%
				Aguas de Malambo	70,50%	(2016 Goal) = 74,6%
				Aguas de Occidente	78,43%	(2016 Goal) = 82,9%
				Aguas de Urabá	49,09%	(2016 Goal) = 53%
				EMVARIAS	48,86%	(2016 Goal) = 51,5%



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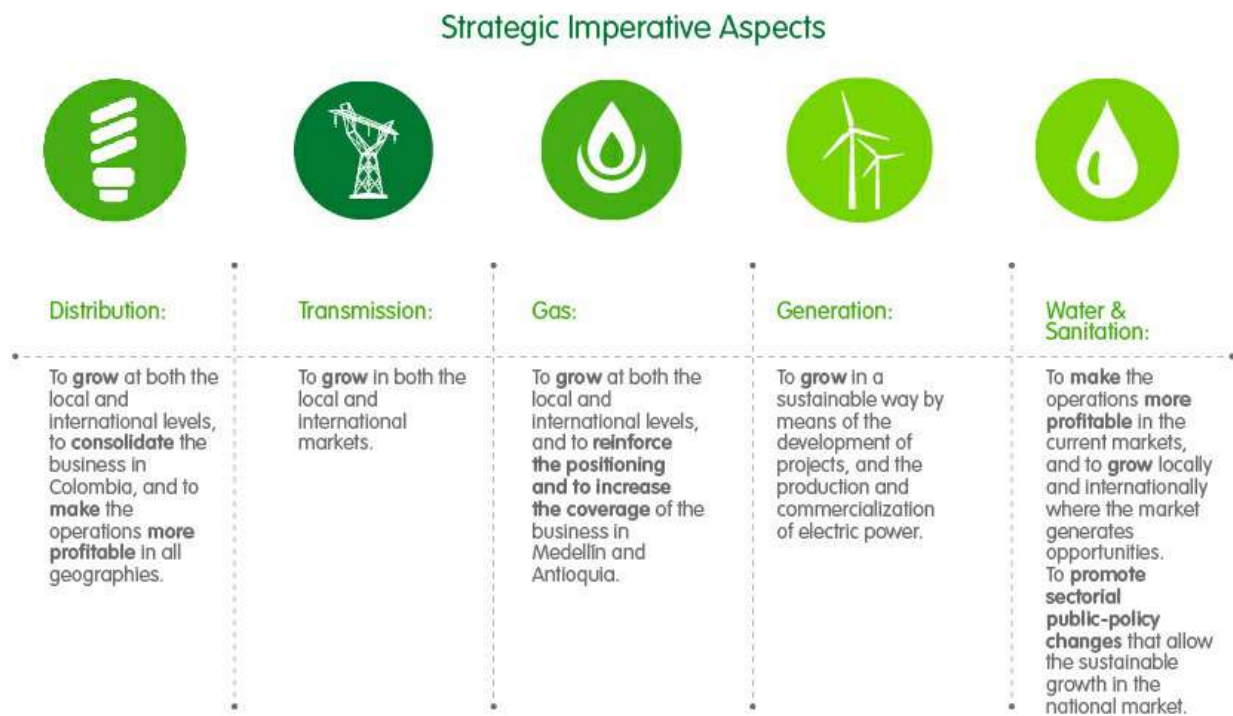


Competitive strategic planning

This corporate mandate is implemented in the businesses by means of the competitive planning, which has the following elements:

a) Strategic Imperative Aspects

The businesses receive the mandate (what is expected from them) through the Board of Directors.



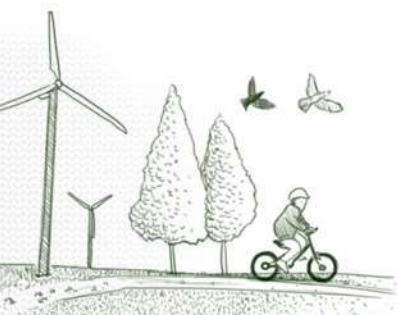
b) Business Model

For the definition of the Business Model, the “Canvas” methodology was used, which was introduced by Alexander Osterwalder and Yves Pigneur in their book “Business Model Generation.” This matter is currently being developed by the businesses.

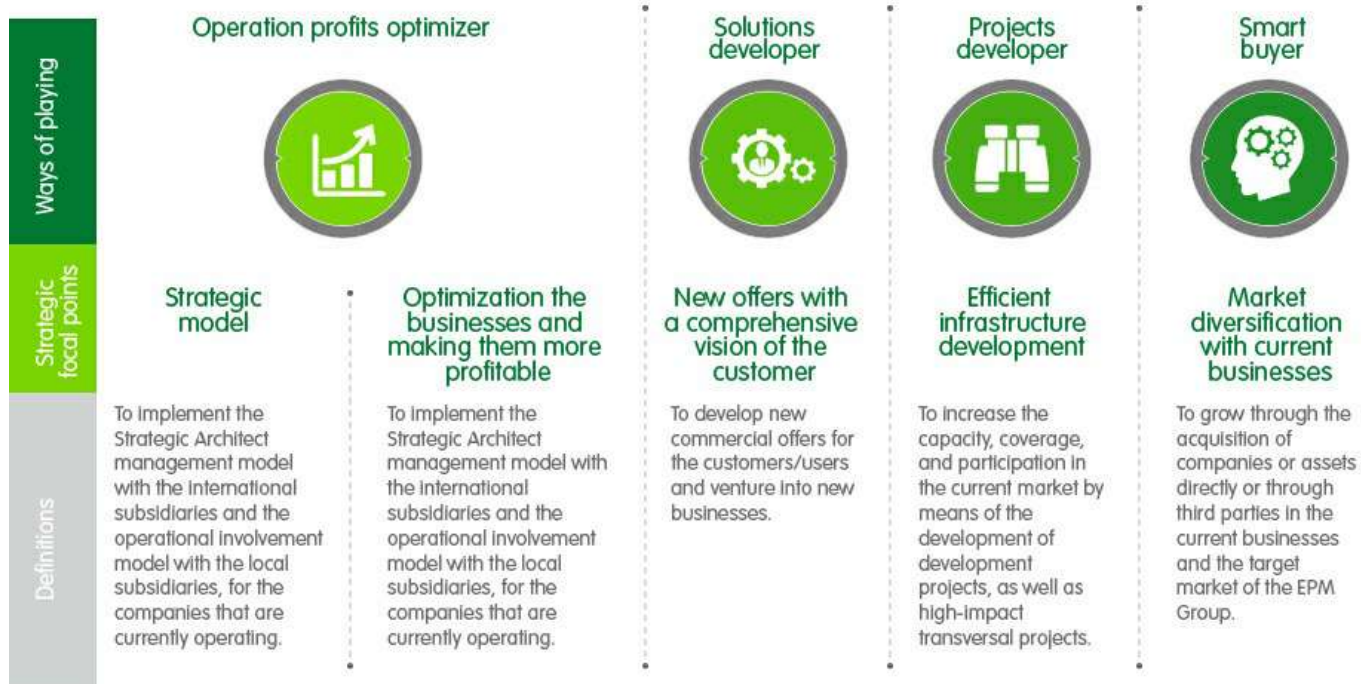
c) Strategic focal points of the Group

The strategic focal points constitute the North established by the Group for building, directing and focusing the management and growth vectors of the business.

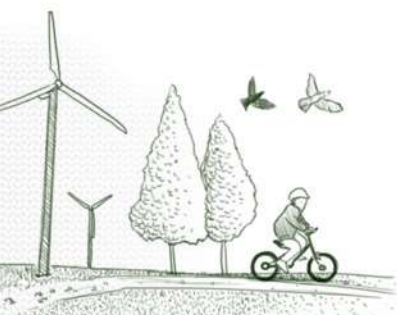
Strategic focal points of the businesses:



Strategic focal points of the business management



Strategic focal points of the corporate services:



Strategic focal points of the corporate service management

Operation profits optimizer



Ways of playing

Strategic focal points

Definitions

Unity of purpose and direction of the Group

Ensuring the deployment and alignment of the actions of the Corporate Core and the Businesses Bases with the Business Purpose

Capabilities for the consolidation of the Group

Developing the set of technologies, knowledge and skills that allow setting up the development of the corporate and business strategy of the EPM Group, focusing on the comprehensive growth of both the people and the sustainability of the business

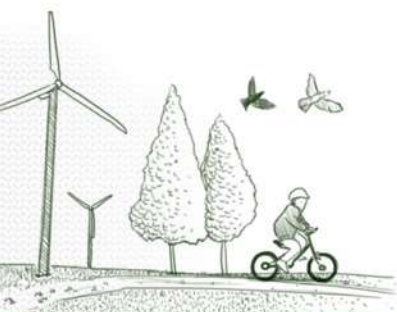


Challenges

The following are the main challenges that the organization faces:

- To be consolidated as a business group.
- To grow in the field of generation in Central America, influencing changes in the regulation in countries such as Panama.
- To enter the field of distributed generation and the ESCO (Energy Services Company) sector.
- To move at the pace of our challenges in the fields of support.
- To prepare our future teams.
- To establish teamwork as an entire culture.

EPM Group's challenges for 2015 will be the following: to be consolidated as a business group, to grow in the field of generation in Central America, to enter the field of distributed generation and the ESCO sector, and to prepare our future teams.



Macro-trends

The following are the descriptions of the main signals and trends of the commercial setting of the Group, its businesses and its possible impact on its strategy in terms of opportunities and risks. This exercise is essential for the task of strengthening the actions established in the EPM Group Business Plan for the 2015-2022 term.

Commercial signals

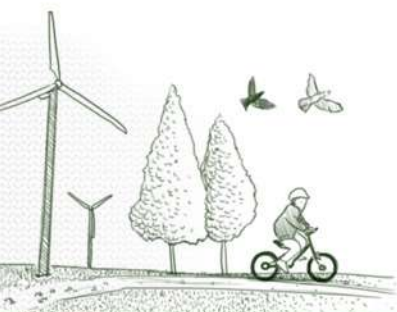
- Pressures of the demand due to lower electric power prices: this is a worldwide trend that, in some regions, is supported by means of subsidies granted to the offer and the demand through public policies.
- Regulatory obligations in Colombia: equal frequency for the reading and billing of the services is a barrier for the adaptation of the billing process to the needs of the customers.
- Scarce bank service accessibility and use of virtual mobile networks by low-income Users.
- Potential efficiency in the joint billing service for public utilities and related activities in Antioquia aimed at benefiting the Users.

International political context

- The recent presidential elections in the region generate new development plans: in Brazil, reelected President, Dilma Russeff (2014-2018), will face the challenges of a possible recession and the need to increase the growth rate of both demand and private investments, boosting the investment in the local infrastructure, thus generating productive activity growth. In Chile, President Michelle Bachelet will face challenges of the energy sector, inequality, and education and cost-of-life demands.
- In Colombia, the 2014-2018 National Development Plan from the administration of President Juan Manuel Santos is based on three pillars: equity, peace and education. The execution implies important demands of public infrastructure for water supply, sewerage and natural gas services, among other.
- In Colombia, the next state and municipal elections can generate pivoting impacts on the public order, apart from printing a bit of uncertainty on the executions of the Land Use Plans (LUP) and the regional development plans.
- The political interference in the sectors of the services provided by the EPM Group persists on its target market.

Social context

- Peace process in Colombia. Reduction of the public expenditure on defense; increase in the national productivity, competitiveness, demand and direct foreign investment. The post-conflict will demand investment pressures on the most affected regions.
- Unemployment, poverty and inequality. Colombia's unemployment rate was at 8.9% as of August 2014, the lowest in the past 14 years, and the perspective in this regard is a decreasing trend.
- Poverty keeps decreasing in Colombia, according to the results for the July 2013-June 2014 term. At the national level, the percentage of people in poverty conditions was 29.3%, that is 25.6% in the urban districts and 41.6% in the rest of the country.
- Special public-order conditions in the region. Social and environmental pressures and claims in the



project areas in Colombia, as well as strikes by energy and mining company employees and demonstrations by the poorest population and the youth due to the cost of life and the quality of education in Chile and Brazil.

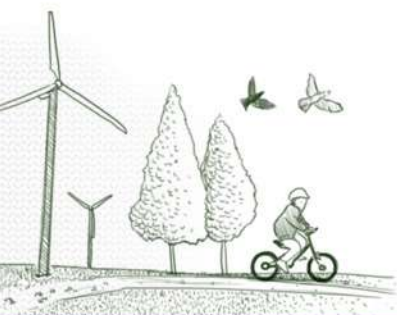
- In Mexico and Central America: latent events of violence and drug trafficking, illegal migration and population displacement, and product of high corruption levels and low institutionalism are issues that affect the Group's investment interest.

Economic context

- Colombia grew about 4% in 2014, an outstanding rate in comparison to other Latin American countries. Unemployment is one point lower and poverty decreased at higher rates than in other countries (IMF). In the case of the United States, the IMF forecasted a progress of 2.2% for 2014 and 3.1% in 2015, results that achieved as the employment and household balances improve. Additionally, the IMF forecasted a 0.3% growth in 2014 and 1.4% in 2015 in Brazil; while in the case of Mexico, the outlooks are more favorable, with an economic growth of 2.4% for 2014 and 3.5% in 2015.
- Exchange rate volatility, tending towards the devaluation of the Colombian Peso in relation to the American Dollar, similar to the dynamics of the currencies from the other countries in the region.
- International M&A business transactions, creating business groups with great financial and cost-competitiveness capacity. The reorganization of GE and Alstom, the restructuring of ENEL-Endesa, and the consolidation of Duke Energy, among other, are examples in the energy sector that have an impact on its competitiveness position in the target market. The Agbar-Proactiva acquisition is one of the examples in the water sector.
- Pressure on the competing markets and from the User on the prices and fees.
- Development of the regions: Urabá offers interesting development opportunities for EPM, with investment possibilities in infrastructure.

Environmental and social outlook

- Projects to reform the demands for the licensing of the projects, the community participation and the institutional development. In countries such as Chile, the reforms tend to speed up the process of getting concessions with a higher flexibility, which also happens in Colombia. The regulatory and social difficulties persist in Central American countries.
- Incentive for the entry of non-conventional renewable energies (NCRE) —geothermal, wind, solar, nuclear— and tendency to punish non-renewable energies (NRE) through public policies in the United States and Europe. In Colombia, Chile and Brazil, laws have been enacted to stimulate the entry of these technologies, while they have already been present over several years in Mexico and they are getting consolidated with new energy-related policies. In Central America, the incentive is evidenced by its opportunity cost in relation to fossil fuels and their by-products, traditional basis of most of this region. Diverse international cooperation programs support the governments in the promotion and development of this cause.
- Shortage and changes on the availability patterns of the hydrological resources due to the climate change, inadequate use of the soils, and disproportionate growth of the demand related to population displacement or lack of estimates. In this same sense, with the climate change and a lesser availability of the water resource, the companies or municipalities must become more efficient in using it. There is a great opportunity for the water sector.



Legal and regulatory outlook

- Institutional framework of the public utilities sector clearly established and with roles defined in Colombia.
- Tax instabilities in target countries with a high economic dependence on commodities, produced by volatility in the prices, the offer and the demand of raw materials: oil, gas, coal, copper, steel, agricultural products, etc.
- Regulatory obligations that are not adapted to the market needs, for instance: consumption reading and billing frequencies. Scarce bank service accessibility and little use of virtual mobile networks by low-income Users.

Technological outlook

- Increase in the incentives to the use of state-of-the-art technologies in the public utility chain (upstream and downstream).
- Research and innovation incentives and needs in all the activities related to public utilities. The biggest companies in the world are forming alliances to create and develop innovation centers with the purpose of improving the efficiency and meeting the needs of Users, who are increasingly closer to state-of-the-art technology.
- The path is being cleared for new generation sources, new products and services, and the reuse and inclusion of more efficient ways to provide the services.



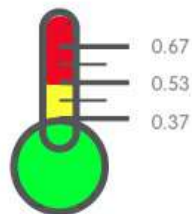
Risks

With the assessment of the signs of the setting and their impact on the strategic objectives, the following strategic risk map was created for the EPM Group:

Risk matrix – EPM Group's risk levels

Probability	Consequence				
	Minimum	Minor	Moderate	Higher	Maximum
Very high					
High			11 - 15	1 - 3	
Intermediate			19 - 23	4 - 10	
Low				16 - 18	
Very low					

Risk index



0.626 High

Risk quantity

Risk quantity	
Extreme	3
High	15
Tolerable	5
Acceptable	0
Total risks	23

Risk level	
High	High priority; short-term actions are required. It should be communicated to the Group Management. Conduct cost-benefit studies for control procedures that imply an economic investment.



Risk Map

N°	Risks	Risk description
1	Changes in the regulations related to public utility services in the current target markets.	Regulatory instability, plurality of regulatory frameworks as per different autonomies, lack of awareness or inability to comply with the regulations.
2	Changes in norms and instability in their application to current target markets.	Legal instability, existence of legal frameworks established by the different states or interpretation-related differences in current target markets.
3	Weaknesses in the management and execution of investment projects.	Lack of organizational capabilities to control the budgets, schedules and scopes of the projects.
4	Implementation or design of the business group management model.	Failures in the implementation of the business group model, inadequate implementation or disclosure, or the design does not meet the management expectations of the EPM Group.
5	Lack of coherence in the actions of the company, its workers and contractors.	Not achieving coherence in the actions of the Group, the behaviors of the EPM Group people and the image projected on the stakeholders regarding the commitments acquired, causing loss of trust and positioning.
6	Restrictions or difficulty to venturing into or increasing the share in the businesses or in the target market, or to fulfilling the business plan expectations.	Deficiencies in the planning and management of investments, or lack of knowledge on the forces existing in the markets.
7	Inadequacy and lack of information needed for making decisions.	Weaknesses in the availability, reliability and integrity of the information.



8	Limitation in the access to natural resources for the provision of the services.	Hydro-meteorological and climate conditions or situations related to natural phenomena or the will of the governments to execute projects limiting the access to the resources (water, gas, etc.).
9	EPM Group people and third parties that use the activities carried out by the EPM Group companies to disguise illicit resources as legal.	Exposure to money laundering.
10	Incorrect actions carried out by an employee of any of the EPM Group companies or by a related stakeholder aimed at supporting the maintenance or the activities of outlawed armed groups.	Exposure to the funding of terrorism.



Risk Map

11	Interference by political agents in the management of the business group hindering the fulfillment of the strategic objectives.	Intervention by the political agents who act in the environment of the Group opposed to the strategic planning of the EPM Group, whether it is due to its ownership structure, the nature of its corporate purpose or its relevance in the markets where it operates.
12	Generation of conflicts when venturing into target markets or project intervention areas.	Lack or failure of business capabilities to legitimately entering the territories of interest and establishing relations with the social agents without generating power disputes that hamper the development of the strategy.
13	Public order problems that generate insecurity in the areas of influence and target markets.	Outlaw armed group actions in EPM Group's current or target areas of influence.
14	Loss of key knowledge due to retirement or resignation of employees.	Loss of knowledge due to lack of documentation, knowledge transfer and generational relief training.
15	Detriment of the health and well-being of the employees due to work-related conditions and situations.	Labor tension situations arising from the implementation of the governance model, processes, work overload and labor stability.
16	Loss of long-term sustainability due to competitive territory development policies.	Not knowing the social reality or attempting to supply shortages that exceed the corporate competence.
17	Shortage of funds, inability to obtain the necessary economic resources.	Difficulty in the acquisition of economic resources to fulfill the contract obligations and execute the investment strategies of the EPM Group.
18	Incorrect actions by any EPM Group employee or third party that imply personal or third party benefits.	Incorrect use of the power, resources or information that could harm the Group's interests, for getting a particular benefit, profit or advantage.
19	Changes in the market variables that could cause economic losses for the EPM Group.	Deterioration of the expected future cash flow due to changes in the market variables (reduction of the demand, increase of the offer, exchange rate, interest rate, Consumer Price Index, PPI, among other).
20	Non-compliance of the payment obligations by third parties related to contracts or financial transactions carried out with the EPM Group.	Non-compliance or deterioration of the portfolio due to subsidies, value added financing products, refinancing operations, or contracts signed with third parties.
21	Inadequate execution of the processes and procedures.	Not executing the processes and procedures according to the dispositions established by the EPM Group, without the intention to cause harm or obtain a personal benefit.
22	Deficiencies in the supply of goods and services that are critical for the operation of the EPM Group companies.	Lack of opportunity, differences in the technical specifications requested, lack of standardization, existence of immobilized supplies in the warehouses.
23	Inefficiencies in the management of assets.	Difficulties in the conceptualization and unification of technical, financial and administrative organizational criteria for the management of assets.



Conventions

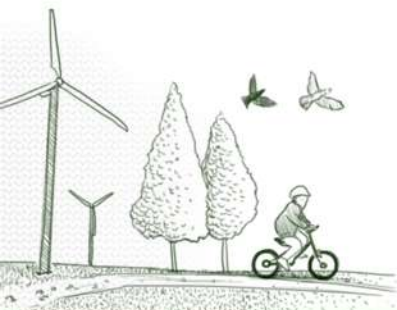
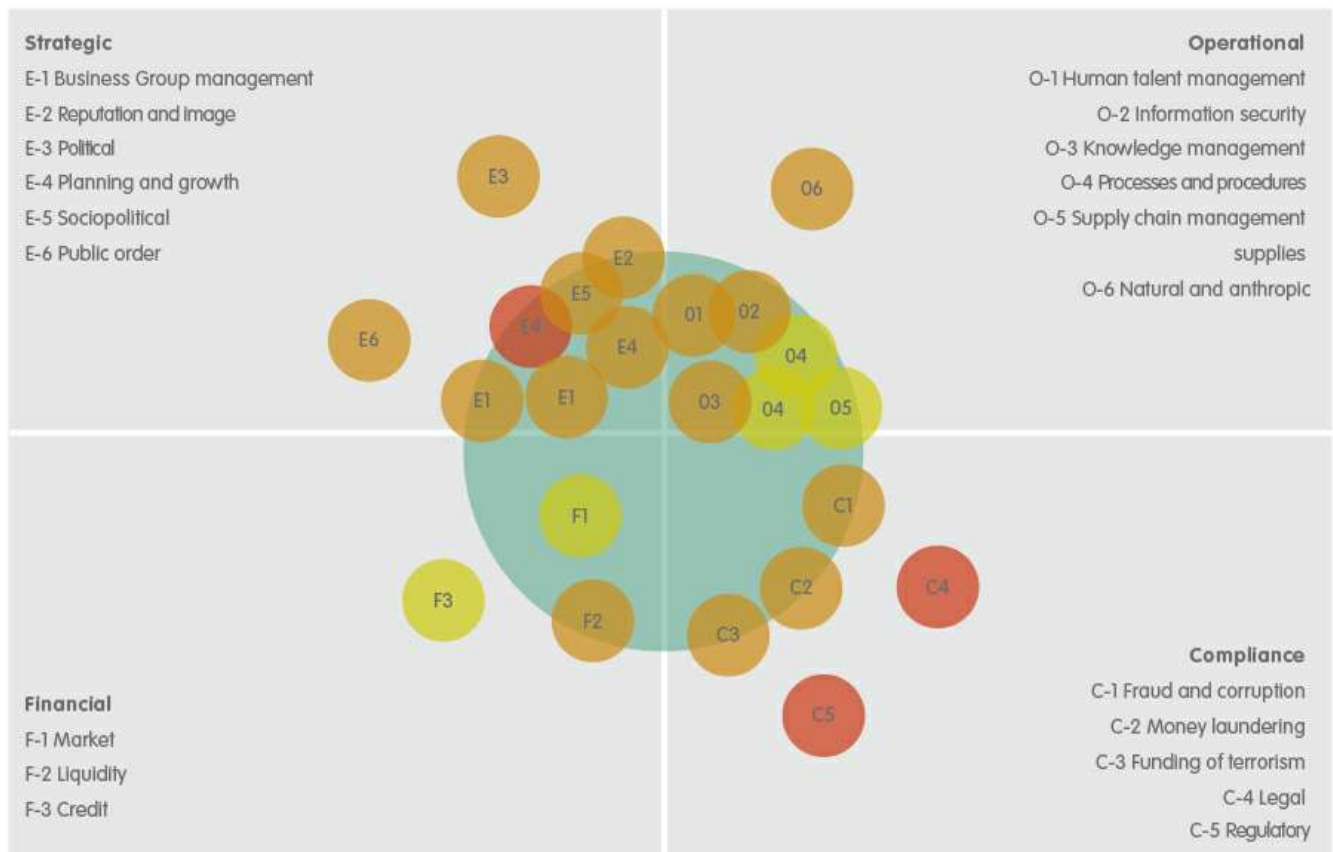
	Extreme
	High
	Tolerable
	Acceptable



Comprehensive risk management

The EPM Group risk map was designed in 2014, and it is a fundamental piece for the comprehensive management of risks and the Group's decision-making process

Risk classification



The following achievements were attained:

- Approval of the policy and guidelines in the local companies of the EPM Group.
- Execution of the analysis and evaluation of the Group's risks in the following businesses: Generation, Transmission & Distribution, Gas, Water Supply, Wastewater Management and Solid Waste Management; in the following companies: EPM, EPM Inversiones, CHEC, ESSA, CENS, EDEQ, Aguas de Urabá, Empresas Públicas de Oriente, Aguas de Malambo, Aguas de Occidente, Aguas de Oriente, and TICSÁ.
- Documentation of EPM's processes.
- Risk analysis of 60 contracts (whose amounts were greater than 5,000 SMMLV [Colombian legal minimum monthly salary in force]) in EPM, CHEC, EDEQ, CENS, and ESSA.
- Consolidation of the multi-Latin material damages and profit loss policy with the participation of EPM, ESSA, CHEC, DelSur, Bonyic and Parque Eólico Los Cururos, which resulted in important savings in terms of premiums and better coverage.
- Consolidation of the creation of specialized quantitative risk-related EBITDA models that measure the market risk of the diverse businesses, stochastic models that simulate climate change risk coverage for the generation business, and risk modelling for determining the optimal size/amount of the resources needed.



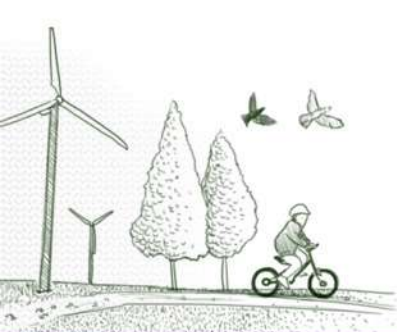
Our brands

Grupo·epm

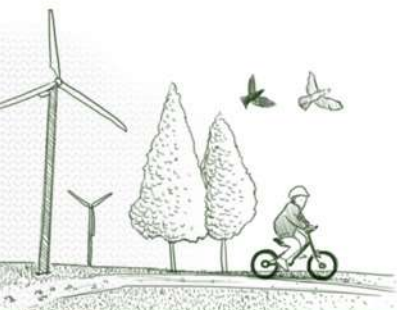
Institucional:

epm® EPM Inversiones S.A. max seguros epm® Fundación epm®

Aguas	Energía		Gas	Residuos sólidos
         	         	     	 	



Where we are



Aguas de Malambo

EPM acquired 85% of this public utility company in 2011. Investments totaling COP 12,701 million are being studied for the coming years.

Services provided by Aguas de Malambo: water supply and sewerage.

Population covered: 21,244 water supply service users and 16,908 sewerage service users.

Geographic coverage: the Municipality of Malambo in the State of Atlántico.



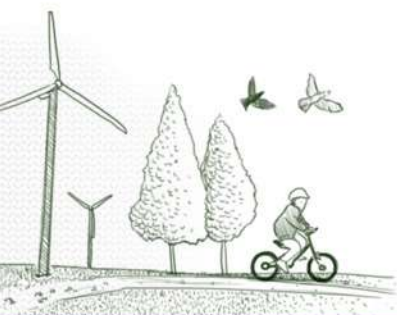
Aguas de Occidente

This company was incorporated on December 26, 2006. The following municipalities and entities are its shareholders and their corresponding share: Santa Fe de Antioquia (10.92%), San Jerónimo (3.06%), Sopetrán (4.24%), Olaya (0.72%), the State of Antioquia (18.94%), EPM Inversiones (2.14%), and EPM (59.98%).

Services provided by Aguas de Occidente: water supply and sewerage.

Population covered: 14,522 water supply service users and 11,198 sewerage service users.

Geographic coverage: the municipalities of Santa Fe de Antioquia, San Jerónimo, Sopetrán, Olaya and its rural district Sucre, in Antioquia.



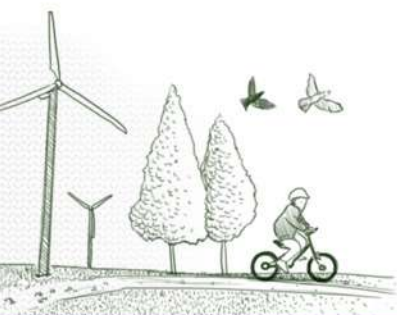
Aguas de Urabá

This company was incorporated on January 18, 2006. Its shareholding structure is divided among the State of Antioquia (12.27%), EPM (72.66%), EPM Inversiones (2.79%), and the municipalities of Apartadó (5.01%), Chigorodó (2.76%), Mutatá (0.25%), Turbo (3.01%) and Carepa (1.25%).

Services provided: water supply and sewerage

Coverage: 57,290 water supply customers and 42,906 sewerage customers.

Geographical coverage: the municipalities of Apartadó, Carepa, Chigorodó, Mutatá and Turbo, as well as the rural settlements of El Reposo (Apartadó) and Belén de Bajirá (Mutatá).



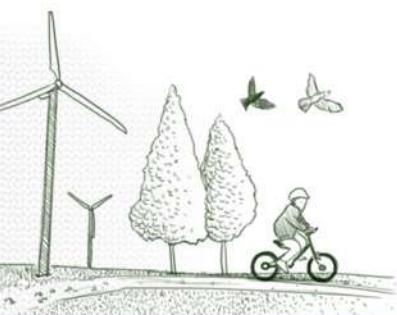
Aguas del Oriente

It was incorporated on November 22, 1999, with the purpose of providing water supply and sewerage services in the Municipality of El Retiro (Antioquia).

Services provided by Aguas del Oriente: water supply and sewerage.

Population covered: 4,020 water supply service users and 4,141 sewerage service users.

Geographic coverage: the Municipality of El Retiro.



Aguas Nacionales EPM

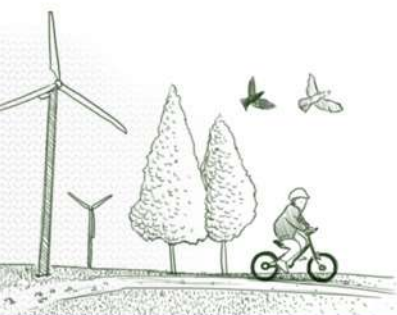
Aguas Nacionales EPM, formerly known as EPM Bogotá Aguas, was incorporated in 2002 as a subsidiary of the EPM Group. The company was renamed Aguas Nacionales EPM S.A. E.S.P. in 2009, and its headquarters are located in Medellín.

Services provided by Aguas Nacionales EPM: water supply, sewerage, sanitation, treatment and exploitation of solid waste, as well as complementary engineering activities and services related to the mentioned public utility services. It is certified under the ISO.9001/2008 standard, a certification awarded by Icontec.

Aguas Nacionales is in charge of constructing the Bello Wastewater Treatment Plant (located in the north of the Aburrá Valley metropolitan area), which will have a treatment capacity of five cubic meters per second, and will process more than 80% of the wastewater in EPM's sewage system of EPM. Along with the San Fernando Plant (located in the south of the metropolitan area), both plants will cover a total of 95% of the collected water.

The Bello WWTP will be one of the most modern plants in Latin America due to its odor control system, sludge treatment, and electrical energy generation from biogas.

As part of this same project, the company is also in charge of the construction of the Medellín River North Interceptor, which will be 7.7 km long, with a diameter ranging between 2.2 and 2.4 meters. Due to its size and characteristics (six meters under the Medellín riverbed), its compliance with and respect for the environmental regulations, as well as its state-of-the-art technology, this is an unprecedented civil work in the history of Antioquia's engineering.



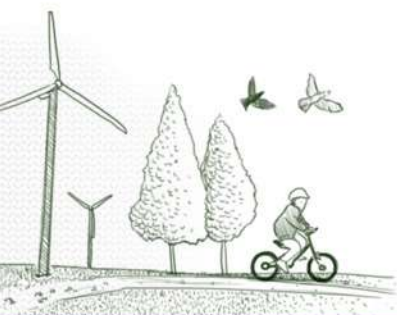
CENS

CENS was incorporated in Cúcuta in October 1952, and it started operating on January 1953. It was first called Centrales Eléctricas de Cúcuta S.A., but the name was changed to Centrales Eléctricas del Norte de Santander S.A. in 1955 because it acquired new infrastructure and broadened its service, with the mission of providing it across the entire state.

Services provided by CENS: transmission, distribution, and commercialization of electric power.

Population served in Norte de Santander: the market served by CENS comprises 437,246 users.

Geographic coverage: the company covers 99.99% of the urban areas and 84.5% of the rural sector. It provide its services to 47 municipalities (40 in Norte de Santander, 6 in southern Cesar, and 1 in southern Bolívar).

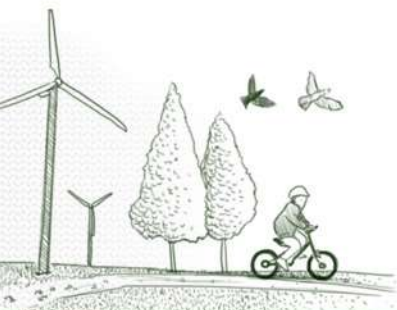


CHEC

Services provided: CHEC states in its corporate purpose that it provides electric power services, along with its complementary activities, and it carries out the activities inherent to public utility services and the commercialization of all kinds of products, goods or services that benefit its users.

Population covered: 446,631 users.

Geographic coverage: 40 municipalities, 41 rural districts, and 14 indigenous reservations in the states of Caldas and Risaralda, except for the city of Pereira. The company covers a total area of 10,412 km² of the national territory.



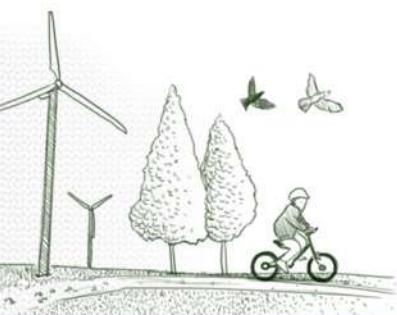
EDEQ

The Quindío Energy Company (EDEQ) S.A. E.S.P., was incorporated in December 1988 to provide the electric energy service in the State of Quindío, and it started operating in January 1989.

Services provided: distribution and commercialization of electric energy.

Coverage: the market served by EDEQ comprises 168,548 customers from the residential (social-economic strata 1-6), commercial, industrial and official sectors, both in the regulated and non-regulated markets.

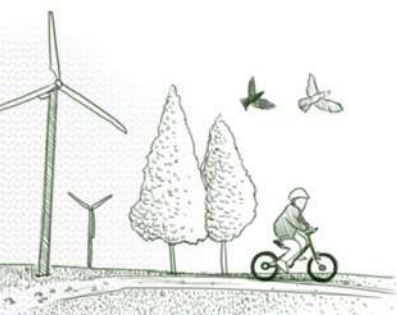
Geographical coverage: regarding the electric energy service, the company has a coverage of 99.86% in the 1,962-km² area of the state, which comprises the following 12 municipalities: Armenia, Calarcá, Circasia, Salento, Filandia, Montenegro, Quimbaya, Génova, Buenavista, Córdoba, Pijao, and La Tebaida.



Empresas Públicas de Oriente

Services provided: it was created on November 12, 2009, with the purpose of providing water supply and sanitation services in rural and suburban areas of the San Nicolás Valley, Eastern Antioquia. Its main goals are: supporting the organized development of Antioquia's Eastern region, contributing to the conservation of the water resources, and preparing this region for the challenges related to the forecasted growth of housing and business.

Geographical coverage: inhabitants of rural and suburban areas of Rionegro, El Retiro, and Envigado.



Emvarias

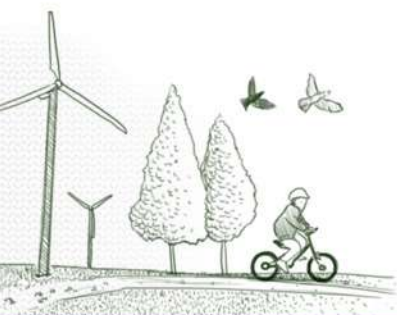
Services provided: this company was incorporated on September 11, 1964, by means of Agreement 59, which comprised the creation of “Empresas Varias Municipales de Medellín” as an autonomous body, with legal capacity and its own equity. On January 5, 1998, the body was transformed into an industrial and commercial company owned by the State pursuant to Agreement 001. Finally, on October 23, 2013, a public deed was signed with the purpose of transforming again the company into a joint-stock company called Empresas Varias de Medellín S.A. E.S.P. (abbreviated Emvarias).

The company provides the public utility service of sanitation and its related and supplementary activities in accordance with Law 142 of 1994 and its regulatory decrees.

Population covered: 731,813 users.

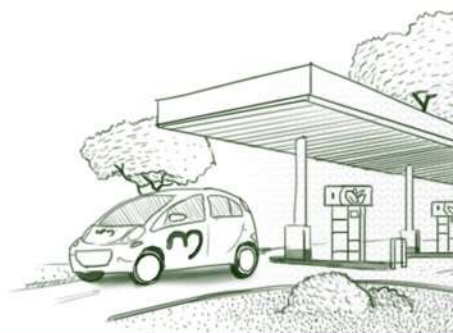
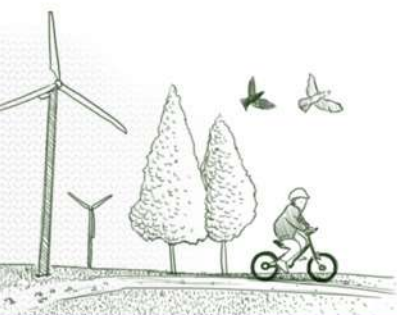
Geographic coverage: residential users in the municipality of Medellín, the metropolitan area, Antioquia's near east area, users of big generators.

The final disposal is made in La Pradera, in the municipality of Donmatías, and Guacal, in the municipality of Heliconia.



EPM Inversiones S.A.

EPM Inversiones S.A. was incorporated on August 25, 2003, and its corporate purpose is the investment of capital in local or foreign companies.



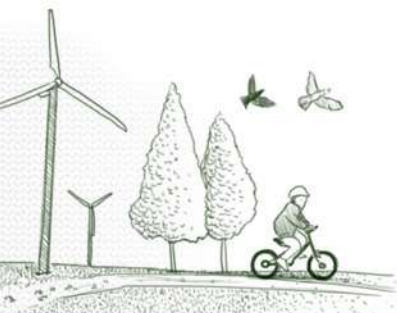
ESSA

Electrificadora de Santander S. A. E. S. P. (ESSA) has 123 years of experience in the Colombian electric energy sector. It was incorporated on August 30, 1891, in Bucaramanga, which was the second city in the country to have electric energy service.

Services provided: generation, transmission, distribution, and commercialization of electric energy.

Coverage: 702,555 Users.

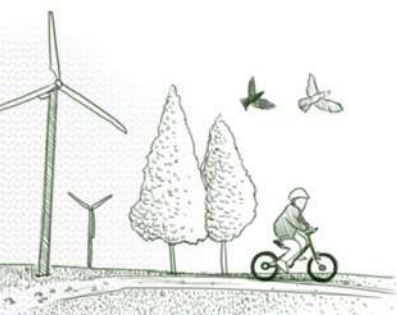
Geographical coverage: 94 municipalities in Santander, Norte de Santander, Cesar, and Bolívar, with a 99.2% urban and 90.68% rural coverage in an area of 30,537 km². 77.78% of the total customers are concentrated in the urban area of Bucaramanga and Barrancabermeja.



Maxseguros EPM

The EPM Group has a captive reinsurance company that acts as Special Purpose Vehicle in the transference and retention of risks, in order to protect its equity, interests, and assets.

Maxseguros constitutes an excellent option for the EPM Group in the optimization of different risk transference alternatives, through the global reinsurance market. This means acquiring technical and economic conditions adjusted to the needs of its subsidiaries, thus generating corporate value.



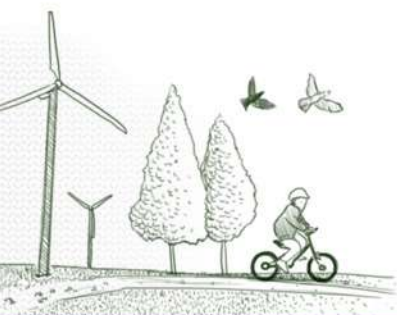
Proyecto Aguas del Atrato

On March 31, 2008, an inter-administrative collaboration agreement was signed focused on investment management, supervision, maintenance and operation of the aqueduct, sewage and sanitation systems in the urban area of the Municipality of Quibdó, in the State of Chocó. This agreement will be executed by Aguas Nacionales EPM by means of the brand “Aguas del Atrato” for a 7-year period, which started on July 1, 2008.

Services provided: investment management, supervision, maintenance, and operation of the aqueduct, sewage and sanitation systems in the urban area of the municipality of Quibdó. The services provided by the company have enabled the improvement of continuity indicators related to the water supply and sanitation services.

Population covered: 7,296 water supply service users and 26,066 sewerage service users.

Geographic coverage: the Municipality of Quibdó (urban area) in the State of Chocó.



EPM

Drinking water



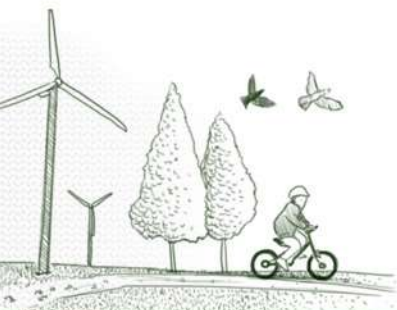
The water supply service currently provided in Medellín and other municipalities in Valle de Aburrá comprises: 263 km of pipelines, 85 distribution circuits, 36 pumping stations, 110 storage tanks with a 429,754 m³ capacity, 11 purification plants with a treatment capacity of 17.25 m³/s and 3,406 km of secondary pipelines. The number of installations totals 1,028,043.

EPM has an interconnected aqueduct service that covers these municipalities: La Estrella, Sabaneta, Itagüí, Envigado, Medellín, Bello, Copacabana and Girardota, in the Aburrá Valley. The systems in Caldas and Barbosa work independently.

Electric energy generation



EPM has 25 power generation plants in operation (hydroelectric: 23, thermal: 1, wind: 1). It is the main electric power generator in Colombia, with a net effective capacity of 3,279 MW.



EPM is currently constructing the Ituango Project, which will gradually supply the country with 2,400 MW, starting 2018. This project is a concession made by Sociedad Hidroituango, whose partners are Antioquia Governor's Office, the Institute for the Development of Antioquia (IDEA), and other small stakeholders. It is also expanding its investment portfolio in Colombia and Latin America, in order to meet its growth and diversification goals.

As a warranty to its customers, it has certified the quality of its processes: "Power generation" in the main generation plants, and "Energy commercialization" in the wholesale energy market and the unregulated market.

In addition, it was granted with an ISO 14001 certification for electricity generation in the hydraulic system Guadalupe-Troneras, North of Antioquia.

EPM plays an important role in the electricity business panorama in Colombia. It has taken up new corporate challenges with investigation on alternative energy sources. This is the case of the pioneer experience "Jerípachi", which harnesses wind power, and the mini hydroelectric plants La Vuelta and La Herradura, which comply with the requirements set out in the Kyoto Protocol, as a Clean Development Mechanism (CDM).

In accordance with its commitment to sustainability, EPM does preventive and participative environmental and social work, from the early stages of the project up to the construction and operation of the plants. This work is aimed at minimizing the impact, complying with the legal requirements in Colombia, improving the quality of life of the communities, and contributing to local, regional, and national development. This is clean environmentally-friendly energy, resulting from innovative visionary governance, and a work team committed to the country.

Bello wastewater treatment plant



The Bello Wastewater Treatment Plant, under the administration of the subsidiary Aguas Nacionales EPM, will be in charge of treating the residential wastewater from Medellín and Bello, before being discharged into Medellín River. This plant will be three times bigger than the currently operating San Fernando plant, thus improving the quality of the water going into the river, and enabling us to compete with big cities in the world with decontaminated rivers.

As of December 2014, the physical progress of the plant is 27.9% and the North Interceptor progress is 83.7% which equals to 6,485 linear meters of tunnel excavation and coating. Additionally, 5 wells out of the 26



scheduled for collectors joint and future system inspection and maintenance were completed, including proper finishes and internal structures.

Sanitation

For wastewater final disposal EPM has 4,472 km of sewerage system pipelines, composed of: 1,232 km of rainwater pipelines, 1,577 km of sewage pipelines, and 1,663 km of combined sewers.

The 4,472 km of sewers network is composed of: 4,116 km of secondary pipelines, 322 km of collection sewers and 34 km of interceptor sewers, which gather residential wastewater to transport it to the treatment plants.

San Fernando Plant is operated to treat residential wastewater. Its installed capacity is 1.8 m³/s, and the number of installations totals 1,032,819.

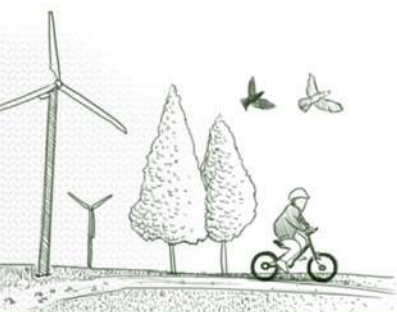
Natural gas service



Through a concession contract signed by EPM and the Ministry of Mines and Energy, the company was authorized in 1994 to construct, operate, and maintain the distribution gas pipeline in Valle de Aburrá, covering Barbosa, Girardota, Copacabana, Bello, Medellín, Envigado, Sabaneta, Itagüí, La Estrella, and Caldas municipalities.

Regarding gas, EPM's share in the Colombian market is 11.9%. We currently have 6,342 km of polyethylene networks, 66 regulation stations, and 2 decompression stations; but it is expected that over a period of nine years (2014-2023) 1,670 km of polyethylene networks will be built, and 2 regulation stations and 25 decompression stations will be acquired, for a growth of 334,229 customers.

During 2014 EPM addressed the needs of 36 new villages in 6 sub-regions in Antioquia. In 2015, it will reach other 21 villages for which cooperation plans are in progress with regional and state organizations, thus leveraging the coverage expansion.



Water supply service

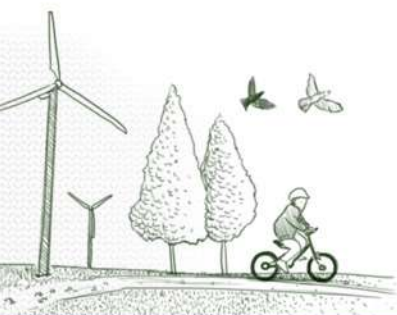


EPM provides welfare to inhabitants of Medellín and other municipalities in the Valle del Aburrá metropolitan area, through a comprehensive water cycle management: excellent quality water supply, sewerage services, and wastewater treatment.

Water services and wastewater treatment by EPM involve complementary activities, such as: water collection, processing, treatment, storage, piping, and transportation, sewage treatment and final disposal, as well as infrastructure maintenance and optimization. All of these processes have quality certifications.

Electric energy services

EPM participates in the chain of power generation, transmission, distribution and commercialization of electric energy in Colombia.



Energy transmission & distribution



EPM supplies and markets electricity to reach 1,996,000 homes in 123 municipalities in Antioquia, and one municipalities in Chocó for a 60,728 km² approximate area, through the grid of the Local Distribution System (LDS) and the Regional Transmission System, RTS.

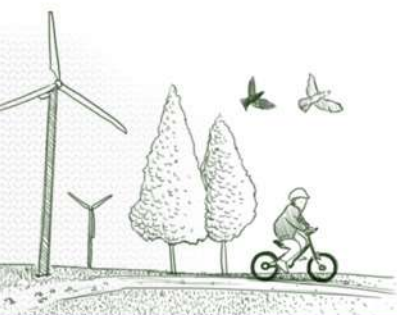
EPM uses 85,397 km of transmission lines and distribution grids, and has 128,452 transformers installed in the system.

“Antioquia Iluminada” Program

This program seeks to improve the quality of life of the rural communities by providing them with electrical energy through the connection to the grid. In its sixth anniversary, the “Antioquia Iluminada” program provided 15,053 homes with electricity, with a direct impact on 64,427 people and an investment of COP 65,817 million. The program surpassed the goal set for 2014 (14,000 facilities), reaching a performance of 107.5%.

Prepaid Electric Energy

This is a program designed to offer an energy service purchase solution for those customers who have a hard time paying the bills, so that they use what they can afford, according to their income. In 2014, EPM enrolled 14,677 members to the Prepaid Electric Energy service scheme. As of December, 174,646 Users were provided with this service, of which 171,719 are still active.



EPM Chile

EPM Chile S.A. was incorporated in 2013 with the purpose of developing projects involving any type of infrastructure related to electric power, lighting, gas, telecommunications, sanitation, water purification plants, sewage systems, wastewater treatment plants, and wells. It can also participate in public and private tenders, calls for bids, and auctions.

EPM Chile acquired the wind farm companies known as “Pacífico” and “Cebada,” and merged them into a complex that has been called Los Cururos Wind Farm. This complex started operating in 2014 according to the terms of the contract that was signed with Vestas, a Danish company that also constructed the wind farm.

The Los Cururos Wind Farm consists of an power station that harnesses the kinetic energy of the wind. It comprises 57 wind turbines of 1.8 to 2 megawatt each, with 80-meter high towers and a rotor diameter of 100 meters. Its total installed capacity of 109.6 megawatts, which feed the Central Interconnected System, is equivalent to the average electric power consumption of about 30,000 Chilean households.



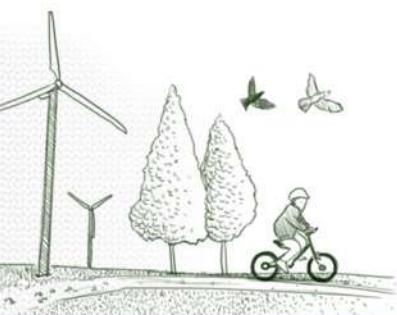
Delsur

This company started operating in January 1996. Its current majority shareholding belongs to the EPM Group (86.4%).

Services provided: Delsur provides electric energy transformation, distribution and commercialization services.

Population covered: The company serves 360,765 residential, commercial, industrial, and other customers.

Geographical coverage: The mid-south region of El Salvador, which covers the states of San Salvador, La Libertad, La Paz, San Vicente, and Cuscatlán, equivalent to an area of 4,287 km².



Empresa de Electricidad de Guatemala, Eegsa

DECA II group's history is linked to EEGSA, Empresa de Electricidad de Guatemala S.A., which was incorporated as a private company in 1894 to generate and distribute electric energy across the states of Guatemala and Sacatepéquez. In October 2010, EPM and EPM Inversiones S.A. acquired 100% of DECA II's stock.

Services provided: Electric energy distribution.

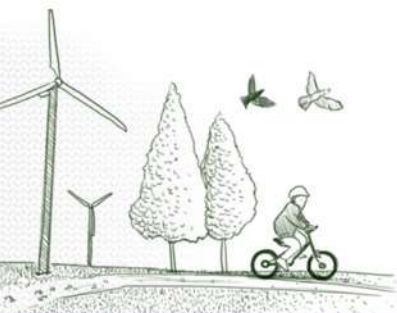
Population covered: 1,107,516 Usuarios.

Geographical coverage: EEGSA's distribution operations cover a territory of 2 km², including the states of Guatemala (which in turn includes the country's capital, Guatemala City), Sacatepéquez and Escuintla, which are the most populated Guatemalan regions.



EPM México

Capital México S.A. de C.V., commercially known as EPM México, was incorporated on May 4, 2012. Its purpose is to serve as a platform for the diverse investment projects in this country regarding services such as: gas, drinkable water, sewage collection and disposal, and sanitation.



Tecnología Intercontinental SAPI de C.V., Ticsa

With EPM México as intermediary, in September 2013, the EPM Group capitalized an 80% of the firm TICSА, Tecnología Intercontinental SAPI de C. V. This company has 24 years of experience in designing, building, and operating wastewater treatment plants; besides, it certifies more than 250 plants for industrial and residential wastewater treatment.

TICSА is a holding company composed of 13 companies. Eleven of them are devoted to the design, construction, and operation of wastewater treatment plants with presence in the States of: Durango, Coahuila, Colima, Michoacán, Morelos, Guanajuato, Hidalgo, Chiapas, and Tamaulipas, where the direct client has been the administration of the municipalities.

With its headquarters located in Mexico City, TICSА is widely recognized in its country. It currently operates 11 wastewater treatment plants with a total capacity of 10,030 l/s, and it is constructing other seven plants at different stages.



Elektra Noreste S. A. ENSA

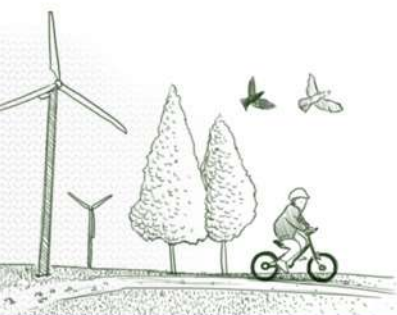
This company started operating in Panama in 1998. Its shareholding structure is composed by the EPM Group with 51%, the Panamanian State with 48.25%, and current and former employees of the company with 0.75%.

It currently is the second largest electric energy distributor in Panama, and thanks to a call-for-bids process carried out in 2013, its concession was renewed for a 15-year term, until 2028.

Services provided: distribution and commercialization of electric energy.

Coverage: 406,902 Users.

Geographical coverage: The Provinces of Panamá, Colón, Darién, the Guna Yala District and the Pacific Islands.



Teribe Hidroecológica S.A. HET

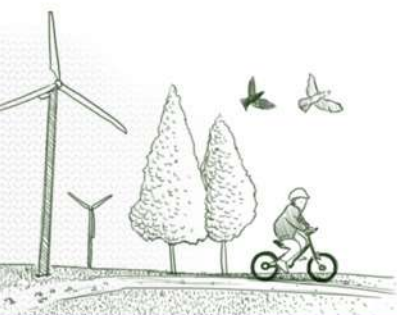
Hidroecológica del Teribe S.A. (HET) is the company that built the Bonyic hydroelectric project, with a capacity of 31.8 MW. The goals are to satisfy the growing demand for green and renewable energy in Panama and to facilitate its presence in the Central American system to be interconnected.

The low-cost renewable resources of Bonyic creek, affluent of Teribe River, are used in a socially and environmentally sustainable way for the country. It is started operation in February 2015 and contributes with 2% of the electricity in Panamá.

As a result of the institutional presence in this area of the Central American country, the profits for more than 2.2 million dollars are invested in different projects aimed at improving the quality of life of the 12 Naso communities settled in the area of influence.

Services provided: Electric energy generation.

Geographical Coverage: Northwestern area of the Republic of Panama, in the Bocas del Toro Province, District of Changuinola.



Our numbers and figures

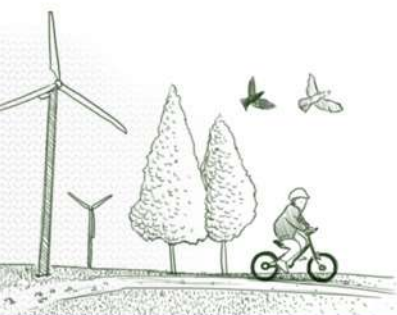
EPM Group Ownership

- EPM Group has a total net income of COP 11,968,463 million and net profit of COP 1,783,232 million. Additionally, the business group has assets that amount to COP 38,750,255 million, liabilities for COP 16,645,997 million and equity and minority interest for COP 22,104,258 million.
- The EPM Group has 10,025 employees, including national and international subsidiaries.
- The Group has a total of 5,777,741 residential and non-residential (industrial, commercial and official) customers in the field of energy service. In the water service field, the Group has 1,173,291 drinking water service users, and 1,125,541 users in the basic sanitation (sewage and sanitation) service.

In EPM

- EPM has a total net income of COP 6,546,381 million and net profit of COP 1,802,071 million. Additionally, EPM has assets that amount to COP 33,736,588 million, liabilities for COP 12,390,020 million and equity for COP 21,346,568 million.
- EPM has 5,627 employees in total.
- EMP has a total of 2,147,578 electric energy users, 1,076,215 users of the water distribution service, 1,050,590 basic sanitation (sewage and sanitation) users and 927,580 gas installations.

Efficiency indicators



EPM's efficiency indicators

Indicator	Descriptor	2014
Hydraulic energy availability efficiency	Real availability / projected availability	101.80%
Hydraulic energy efficiency indicator	Penalized energy / Energy generated	99.91%
Thermal energy generation efficiency	Real availability / projected availability	97.30%
Thermal energy efficiency indicator	Penalized energy / Energy generated	99.52%
Wind power generation efficiency	Power station use at full capacity	41.10%
Loss index*	Network operator losses	12.62%
Water treatment efficiency	Water treated / flow rate received	96.70%
Non-revenue water index	Non-revenue water / water delivered for distribution	31.83%
* The value reported for EPM corresponds to the commercial loss index (relation between purchases and sales of energy in the regulated market).		

EMP Group is the second most important business group in Colombia, and the first in the field of public utilities. The Group provides diverse services to 13 million Colombians, and another 7 million people in Central America.



Members of the Board of Directors

EPM Board of Directors



Aníbal Gaviria Correa
Position: Chairman
Profile: Mayor of Medellín
Member since: 01/01/2012
Capacity: non-independent



Rubén Hernando Fernández Andrade
Position: Regular Member
Profile: Public Management
Member since: 03/03/2006
Capacity: independent



Luis Fernando Arbeláez Sierra
Position: Regular Member
Profile: Public Management
Member since: 06/02/2012
Capacity: independent



Gabriel Ricardo Maya Maya
Position: Controlling Member
Profile: Legal
Member since: 22/02/2008
Capacity: independent



Alberto Arroyave Lema
Position: Controlling Member
Profile: Social Involvement and Control
Member since: 22/02/2008
Capacity: independent



Manuel Santiago Mejía Correa
Position: Regular Member
Profile: Business Management
Member since: 30/04/2012
Capacity: independent



Andrés Bernal Correa
Position: Regular Member
Profile: Financial
Member since: 06/02/2012
Capacity: independent



Beatriz Restrepo Gallego
Position: Regular Member
Profile: Ethics and Corporate Social Responsibility
Member since: 06/02/2012
Capacity: independent



More: Composition of the Board of Directors..



EPM Directors

EPM Senior Management



Juan Esteban Calle Restrepo
CEO and leader of the EPM Group



Ana Mercedes Villegas Mejía
Business Management
Executive Vice-President



Luis Javier Vélez Duque
Energy Generation Projects
Vice-President



Wilson Chinchilla Herrera
Projects and Engineering
Executive Vice-President



Diana Rúa Jaramillo
Corporate Finance
Vice-President



Gabriel Jaime Betancourt Mesa
Strategy and Growth Executive
Vice-President



Ana María Restrepo Botero
Human Development and
Organizational Capabilities
Vice-President



Jorge Andrés Tabares Ángel
Corporate Finance and
Investment Management
Executive Vice-President



María Fanery Sucerquia Jaramillo
Shared Services and Supplies
Vice-President



Carlos Alberto Solano Bonnett
Energy Generation
Vice-President



Ana María González Gómez
(A) Communication and Corporate
Relations Vice-President



Inés Helena Vélez Pérez
Energy Transmission &
Distribution Vice-President



Maritza Alzate Buitrago
Secretary General





Carlos Arturo Díaz Romero
Gas Vice-President



Alejandro José Jaramillo Arango
Growth Vice-President



Santiago Ochoa Posada
Water & Sanitation
Vice-President



Luis Alberto Sánchez Correa
Corporate Strategy
Vice-President



María Isabel Jaramillo Fernández
Commercial Vice-President

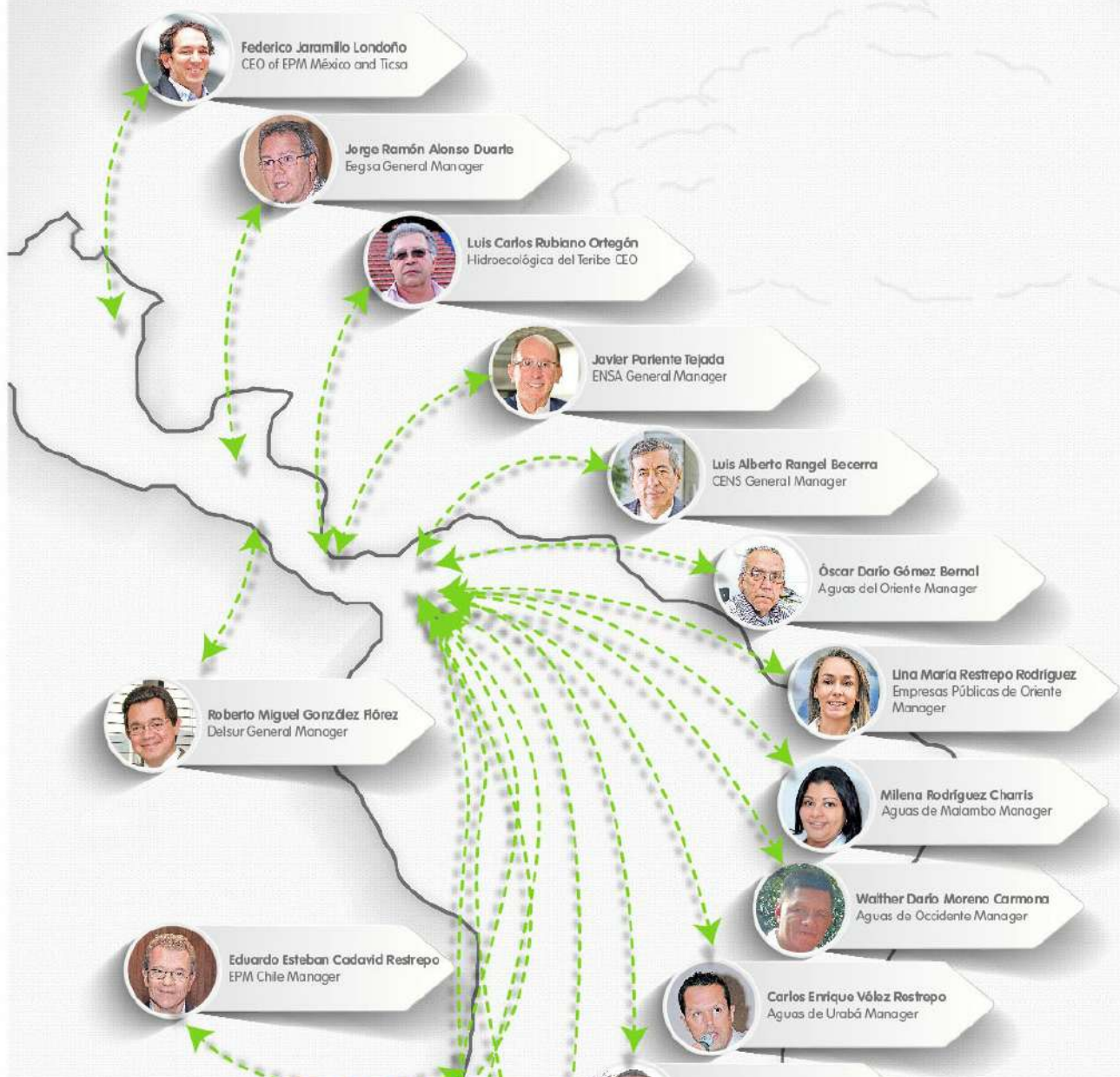


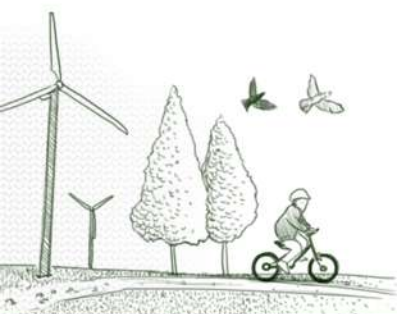
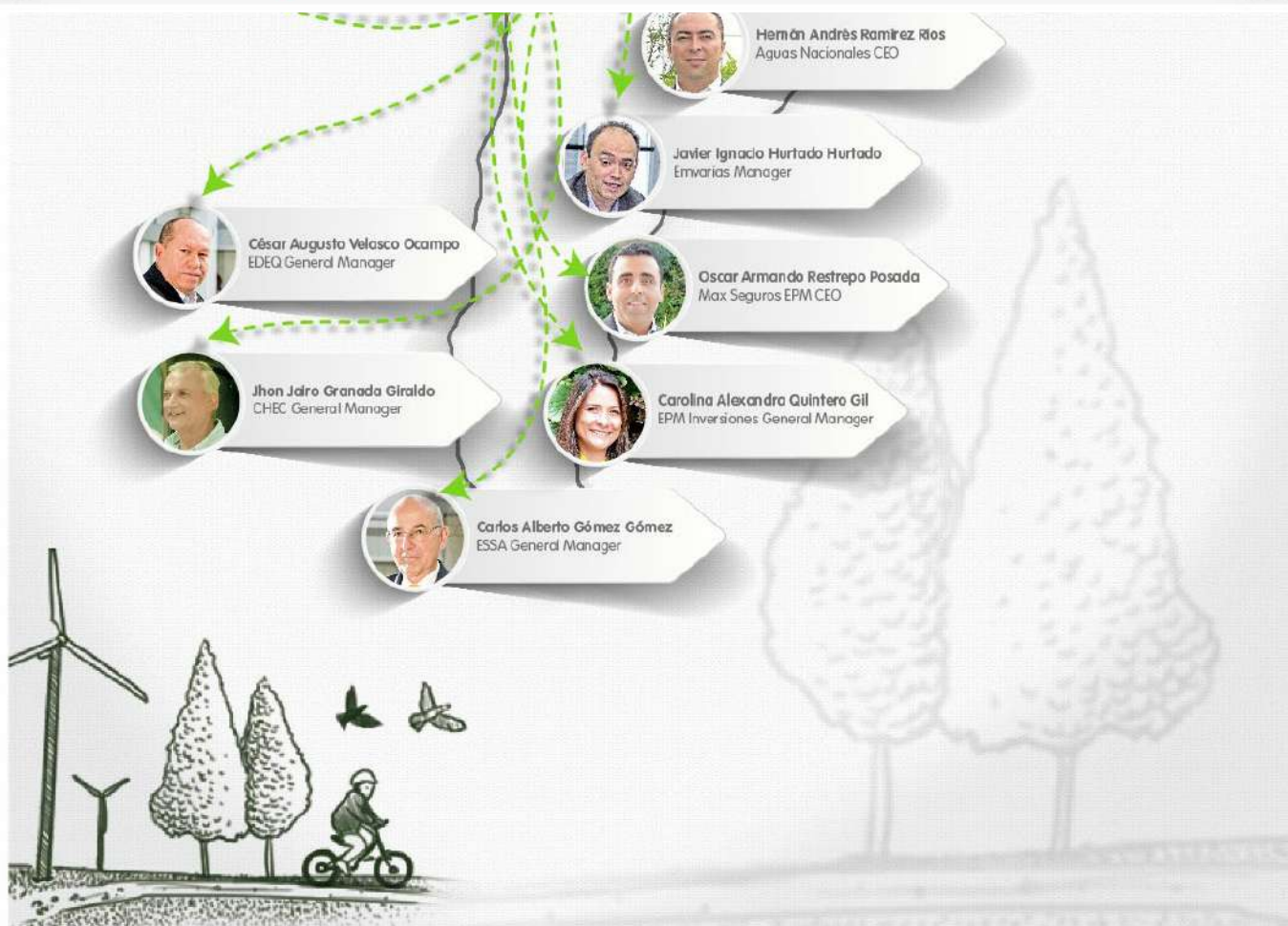
Hernán Darío Vergara Castro
Corporate Auditor



EPM Group Directors

EPM Group Senior Managers

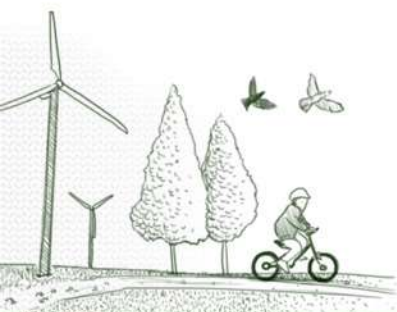
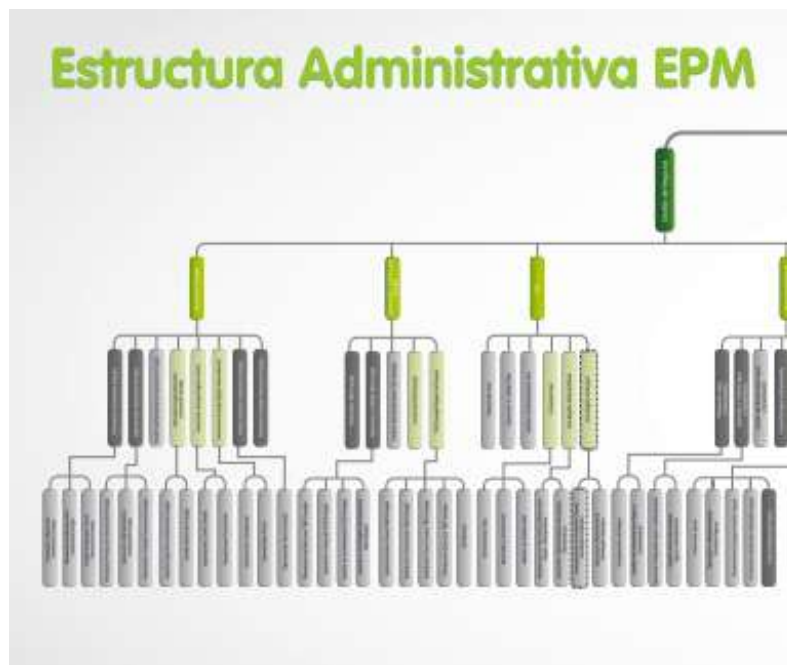




Our organization

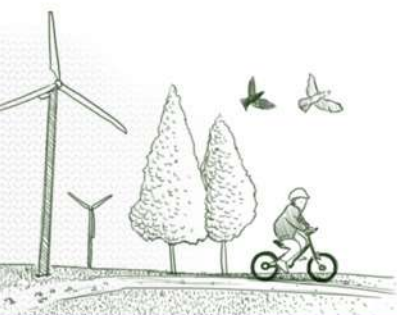
A new structure was implemented in November 2013 as one of the results of the EPM Group without Borders program, which is being carried out to start up the strategic planning of the organization. This structure is composed in its first level by the Board of Directors, the General Management, and the following vice-presidencies:

- **Executive Vice-Presidencies:** Business Management, Projects and Engineering, Strategy and Growth, Corporate Finance and Investment Management (recently updated in September 2014).
- **Business Vice-Presidencies:** Energy Generation, Energy Transmission and Distribution, Gas, Water and Sanitation, Commercial, Ituango Project, Corporate Strategy, Growth.
- **Support Vice-Presidencies:** Corporate Finances, Human Development and Organizational Capabilities, Shared Services and Supplies, Communication and Corporate Relations, Secretariat General, Corporate Auditor.



Our involvement in Colombia

- The EPM Group accounts for 23.40% of the commercialization of electric energy in Colombia, which is very close to the 25.5% cap imposed by regulations.
- The net effective capacity of the EPM Group in Colombia is 3,463 MW, which are equivalent to 23.07% of the National Interconnected System capacity.
- EPM's share in firm electric energy of the SIN in 2014 was 13,800.4 GWh, which are equivalent to 21.5%
- In 2014 EPM had a generation of 13,557.6 GWh, which accounted for 21.1% of total generation in the SIN.
- In the electric energy transmission (STN), EPM Group's income market share in Colombia is 6.46%.
- In Energy Distribution (SDL), EPM Group's income market share in Colombia is 23.99%.
- In terms of drinking water and sanitation, EPM's share is 13.7% according to the number of users subscribed.



Energy generation

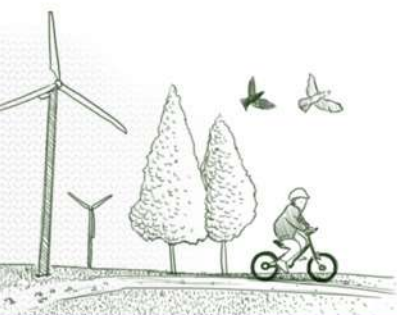


EPM

- EPM has a power generation capacity of 3,279 MW by means of 25 power stations: 23 of hydraulic generation, 1 wind farm, and 1 thermal station in a combined cycle (generation with gas or combustible fuel and steam), with a total real power generation of 14,476 GWh, which correspond to 24% of the total power generation in Colombia during the term.
- High levels of availability of its generation stations were maintained in 2014, surpassing the average of the National Interconnected System. Currently, EPM is building the Ituango Hydroelectric Plant Project Ituango, which has 2,400 MW of installed capacity and will start generating power in December 2018. An important project milestone was the diversion of the Cauca river in February, which allowed to start the construction of the hydroelectric dam.
- With the implementation of a rigorous program of maintenance and modernization of its plants in operation, by 2015 EPM will implement projects to modernize the Central Playas, in eastern Antioquia; to rehabilitate the Central Dolores and will also carry out civil works for complying with environmental obligations regarding water use in the Guadalupe-Troneras generation chain.

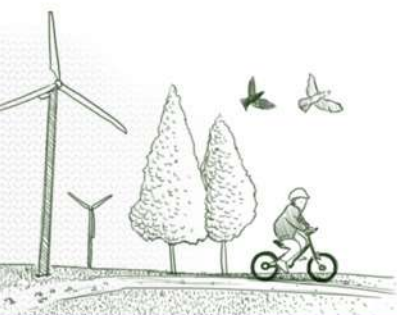
EPM Group

- The EPM, ESSA and CHEC companies, that are part of the EPM Group in Colombia, have a power generation capacity distributed as follows: EPM 3,279 MW, ESSA 110 MW and CHEC 240 MW. In addition, the business group's energy is generated by 36 plants, 25 of these belong to EPM (23



hydroelectric generation, 1 wind farm and 1 combined-cycle thermal), 8 belong to the CHEC subsidiary (7 hydroelectric generation stations and one thermal) and 3 belong to the ESSA subsidiary (2 hydraulic stations and 1 thermal).

- During the 2014 EPM Group has excelled in Colombia for maintaining a policy of operational excellence and high levels of availability of the generation plants, becoming the number one business group in power generation in the country.
- This year Los Cururos Wind Park was also inaugurated. It represents EPM's first investment in Chile, which was developed by the subsidiary EPM Chile S.A. Los Cururos has 57 wind turbines of 1.8 MW and 2.0 distributed in two adjoining properties: Pacífico, with 496 hectares and with a rated capacity of 68.2 MW; and Cebada with a 916-hectare useful area and with a rated capacity of 41.4 MW. Each group of individual wind turbines has individual power transformers that connect to a 33-kV network bus driving power to La Cebada substation, where electricity on 220 kV are injected to the Central Interconnected System.



Energy transmission & distribution

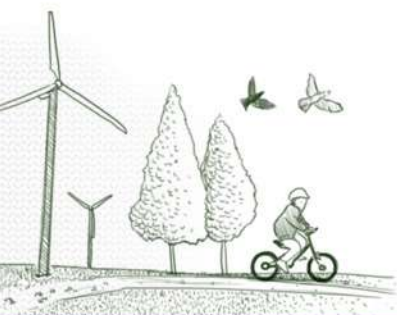


EPM

- EPM has a total transformation capacity of 6,751 megavolt-ampere (MVA) through 145 substations and power lines totaling 85,397 km.
- The company increased the rural covering indicator, going from 93.04% in 2013 to 95.38% in el 2014. All requested installations were connected in the metropolitan area.
- During 2014 EPM was issued the second of the environmental licenses required for the construction of the project “Nueva Esperanza” in the department of Cundinamarca; this power transmission project will benefit at least 12 million people in 2015 . Also, the company won the contract for the Bello-Guayabal-Ancón Transmission Line, the project includes the construction of the new Guayabal substation 230,000volts in Medellin and two lines, totaling 48 km between Bello-Guayabal and Guayabal-Ancon substations.

For the period 2015-2022 COP \$1.45 trillion will be invested in system expansion and replacement, loss recovery and loss control; quality service improvement, electrification of 14,400 homes for the “Antioquia Iluminada” program, Bello – Guayabal – Ancon230 kV project; Magdalena Medio 230 kV project;; finishing “Nueva Esperanza” project in Cundinamarca; and implementation of Regional Transmission System projects of EPM power system expansion, approved by the Mining and Energy Planning Unit (UPME, for its initials in Spanish), among others.

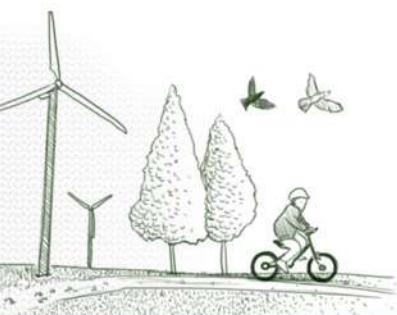
- EPM improved its rural elctrification program “Antioquia Iluminada” which in its sixth anniversary provided 15,053 homes with electricity, with a direct impact on 64,427 people and an investment of COP 65,817 million.





EPM Group

- EPM, ESSA, CENS, CHEC and EDEQ, companies with transmission and distribution services, have the following transformation capacity: 6,751 MVA in EPM, 2,071 MVA in ESSA, 857 MVA in CENS, 762 MVA in CHEC, 179 MVA EDEQ. Additionally, they have a total of 255,340 km countrywide.
- During 2014, EPM service supplier companies in Colombia achieved great goals:
 - CHEC participated in 129 expansion projects, exceeding its target numbers by 8%, and guaranteeing then its continuation in the distribution business by registering 4.462 users and 104 transformers to the system, and ensuring a good service to the customers.
 - ■ ESSA advanced a 50% of Basic Engineering for project Líneas Piedecuesta-La Granja-Chicamocha 34.5 kV and the double circuit line Piedecuesta-Palogordo 34.5 kV. Besides, the double circuit project 34.5 kV Puerto Wilches-Cantagallo shows a progress of 60% in basic engineering. Essa has also taken care of the environmental management, basic engineering studies and the acquisition of materials for the construction projects; installation and commissioning of a 34.5kv line in El Llanito, municipality of Barrancabermeja, department of Santander, a 115 kV line and a 115 kV substation (Isla VI) in El Centro, Puerto Wilches municipality, department of Santander, and a 115 kv line and a 115 kV substation (El Cóndor) in Casabe, Yondo municipality, department of Antioquia.
 - CENS expanded its energy networks for social housing projects, located in all que municipalities within its coverage area as Estoraques, Buena Vista, Cormoranes , Avellanas Parte II and Los Naranjos. Additionally, some expansions were developed and the medium and low tension network was expanded to subnormal areas in Aguachica regional fot the CRPE team.
 - EDEQ built the electrical infrastructure required to increase the urban electric energy service coverage area to a 100% and the rural one to a 97.9% resulting in a coverage of 98.94%.

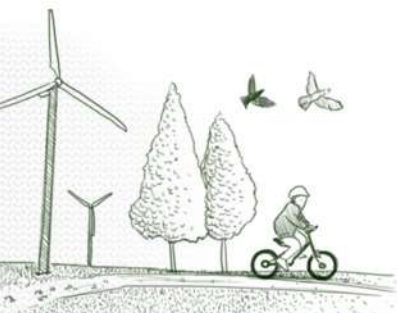


Gas



EPM

- In Gas, EPM has a national market share of 11.9%. Currently the network of polyethylene has 6,342 km, there are 66 regulating stations and 2 stations decompression, but it is expected that over a period of nine years (2014-2023), 1,670 km of polyethylene networks will be build, and 2 regulating stations and 25 decompression stations will be acquired.
- EPM has contracted until 2020 the gas transportation capacities it requires in function of its projection of demand from the different production fields in the country, in particular from the Ballena gas production site in La Guajira and the Casanare gas production sites.
- In relation to the business growth, during 2014 EPM addressed the needs of 36 new communities in 6 subregions in Antioquia. In 2015, it will reach other 21 communities. For this expansion, cooperation plans are in progress with regional and state organizations, thus leveraging the coverage expansion.
- This year EPM opened four natural gas vehicle (NGV) stations with its own brand, thus completing a total of 13 stations. In addition, the company has partnerships with the garages Autofrancia, Eurogas, Gasexpress, Gasinyección and Suragas where users can request system installation, maintenance, security annual recertification and five-year security recertification.

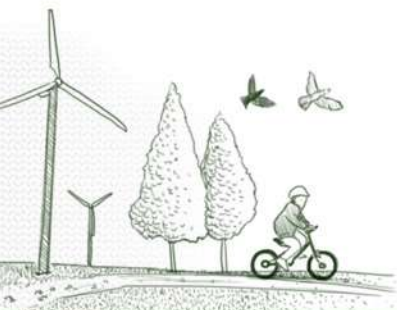


Water & Sanitation



EPM

- EPM has 11 drinking-water production plants with a purification capacity of 17.25 m³/s, and a net production of 8.94 m³/s. The company also has a wastewater treatment plant with a capacity of 1.80 m³/s, and a net treatment of 1.35 m³/s.
- As a mechanism for ensuring the supply, medium and long-term investment plans are used, as well as its monitoring, focused on quality, continuity, and service coverage. For that purpose, the company has indexes that control the most critical variables of the operation, the losses per user invoiced, the volume of not-accounted-for water, the continuity and quality of the water, and water supply and sewage system coverage.
- Investments for expansion for the 2014-2017 period show the increase in the offer in the interconnected water supply system of 8,000 hectares in the Valle de San Nicolas and 145 in the Valle de Aburra.
- With the Dignifying Homes Program, 8,490 homes were connected to the water services and 8,640 homes were connected to the sewer dwellings in 2014.



EPM Group

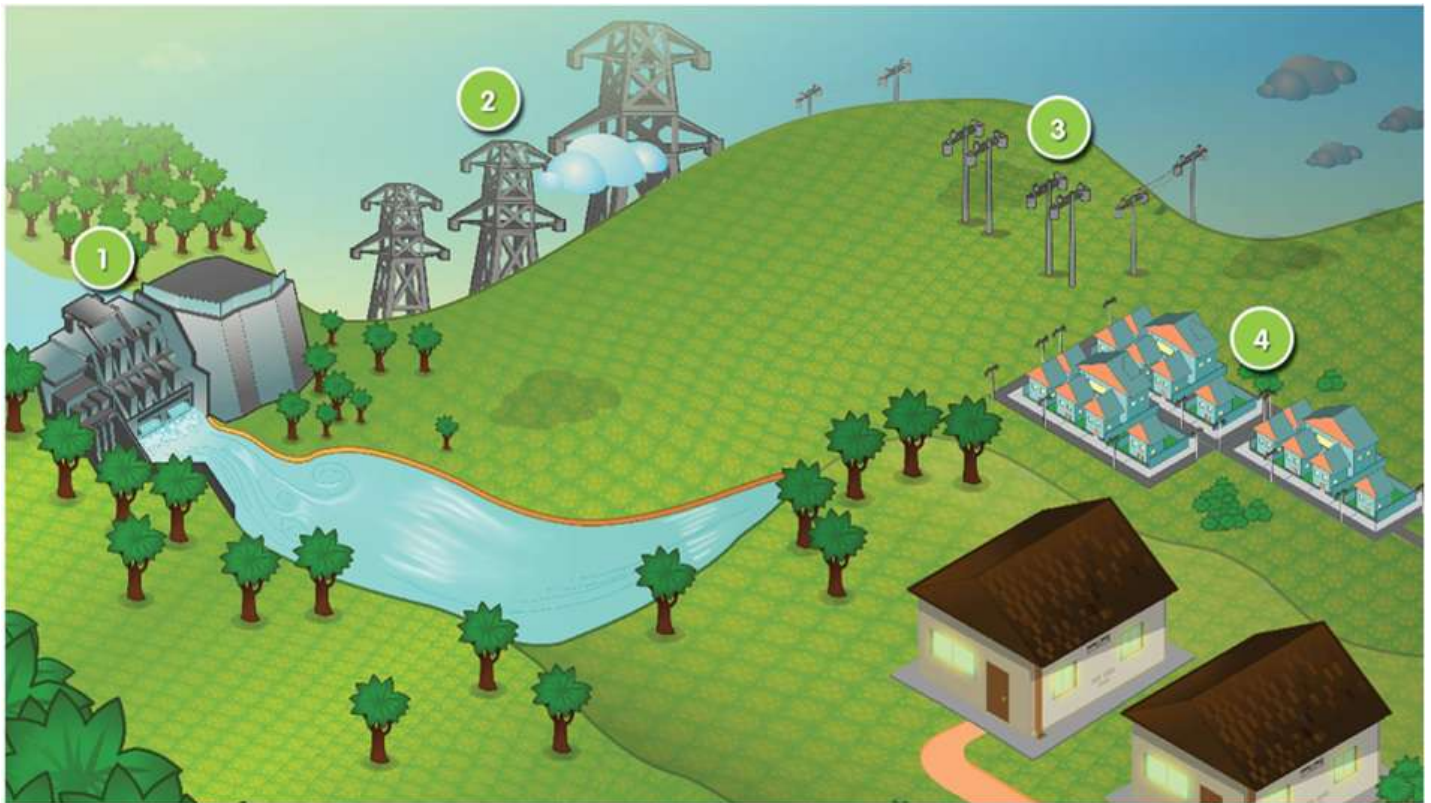
- Increase in the number of users of the water services. The EPM Group finished in 2014 with a total of 1,152,822 of aqueduct users, 1,107,972 sewer customers and 731.813 clients of sanitation services.
- Currently, the EPM group has 26 drinking-water treatment plant, including:
 - EPM owns 11 drinking-water production plants with a purification capacity of 17.25 m³/s and a net production of 8.94 (m³/s).
 - Agua de Malambo owns 2 drinking-water production plants with a purification capacity of 0.49 m³/s and a net production of 0.25 (m³/s).
 - Agua de Occidente owns 5 drinking-water production plants with a purification capacity of 0.30 m³/s and a net production of 0.14 (m³/s).
 - Agua de Urabá owns 7 drinking-water production plants with a purification capacity of 8.49 m³/s and a net production of 0.68 (m³/s).
 - Agua de Oriente owns 1 drinking-water production plants with a purification capacity of 0.05 m³/s and a net production of 0.02 (m³/s).

During 2014 our subsidiaries had outstanding achievements:

- EPM continued the implementation of the projects in the San Nicolas Valley (municipalities of Envigado, Rionegro and El Retiro) and Llanaditas (municipality of Medellin) to provide access to water and sewer services to residents in non-covered sectors.
- Aguas del Oriente performed the operation management through the establishment of execution times in the tasks arising from the commercial role.
- Aguas de Occidente optimized the aqueduct network in El Espinal in Santa Fe de Antioquia and continued the aqueduct in the urban area of San Jeronimo.
- Aguas de Urabá made approaches with four communities in informal settlements in the municipalities of Apartado, Carepa and Mutatá, providing alternatives to solve the legalization of the services.
- Aguas de Malambo reached 97.49% of aqueduct coverage compared to an established target of 95%. The total number of linked users was 21,244, thus complying with the stated goal of 20,700.
- Emvarias reached a percentage of coverage of 98.9% in 2014.
- In the same year, TICSA, a subsidiary of EPM Group in Mexico, won the tender for the expansion of the wastewater treatment plant of the Compañía Cervecería de Coahuila, which amounts for about USD 20 million.



Energy generation



1. Generation

Production of electric energy by means of a hydraulic plant or a thermal unit.

2. Transmission

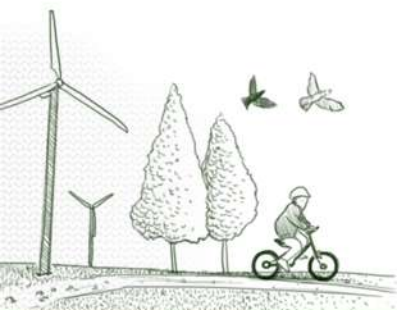
Transportation of electric energy through the National Transmission System (abbreviated STN in Spanish), which comprises a group of lines with their corresponding connection equipment that operate at voltages equal to or higher than 220 kV (kilovolts).

3. Distribution

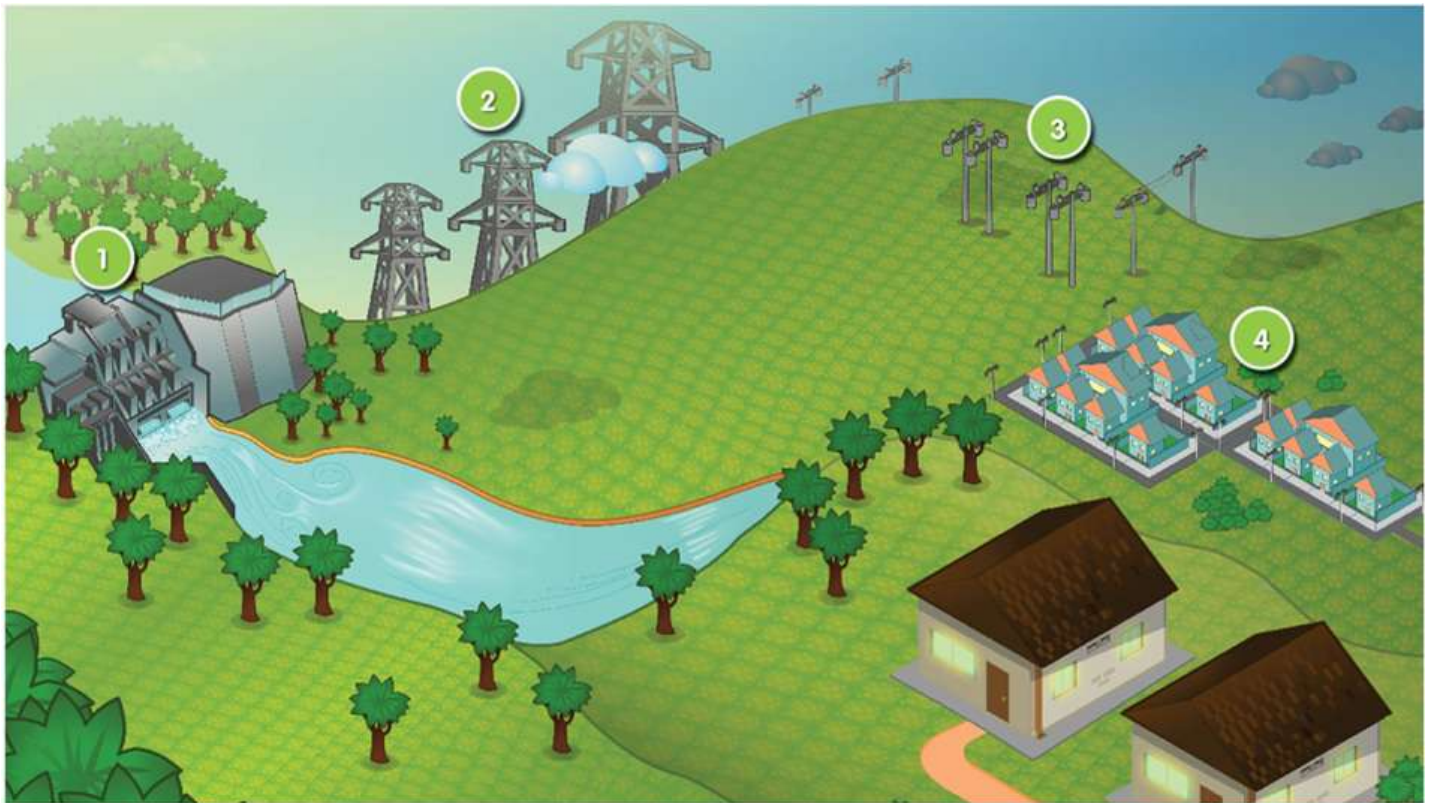
Transportation of electric energy by means of a group of lines and substations, with their corresponding equipment, which operates at voltages lower than 220 kV.

4. Commercialization

Purchase of electric energy in the Wholesale Market, and its sale to other market agents or to the end users, both regulated and unregulated.



Energy distribution



1. Generation

Production of electric energy by means of a hydraulic plant or a thermal unit.

2. Transmission

Transportation of electric energy through the National Transmission System (abbreviated STN in Spanish), which comprises a group of lines with their corresponding connection equipment that operate at voltages equal to or higher than 220 kV (kilovolts).

3. Distribution

Transportation of electric energy by means of a group of lines and substations, with their corresponding equipment, which operates at voltages lower than 220 kV.

4. Commercialization

Purchase of electric energy in the Wholesale Market, and its sale to other market agents or to the end users, both regulated and unregulated.



Gas



1. Production

Supply of natural gas extracted from deposits where it can be found mixed with oil (associated gas) or by itself (non-associated gas). EPM is not a producer.

2. Transportation

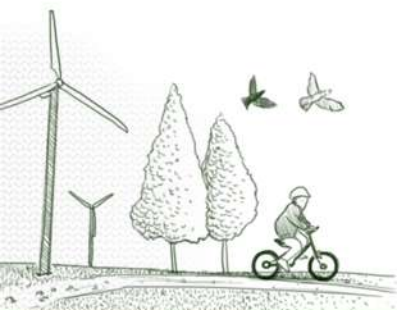
Conveyance of natural gas through the high-pressure steel pipes of the National Transportation System to the intakes of large cities (city doors) and to large consumers (for instance thermoelectric plants).

3. Distribution

Conveyance of the gas from the city door to the end user through low pressure pipes.

4. Commercialization

Activity performed by the companies that buy and sell the gas, measure the consumption by reading meters, and issue and deliver invoices to end users.



Water supply



1. Production of drinking water

Collection:

Activities focused on the collection and transportation of crude water from the supply sources to the intake of the purification plants.

Purification:

Process in which crude water operations are carried out by means of physical and chemical principles to transform it into water with adequate characteristics for human consumption.

2. Distribution of drinking water

Primary Distribution:

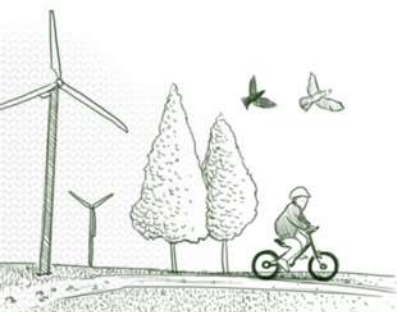
Activities focused on the transportation and storage of drinking water from the purification plants to the output of the storage tanks.

Secondary Distribution:

Transportation of drinking water from the storage tanks to the containment valve.

3. Commercial Management

It corresponds to the marketing activities and sale to other market agents or to end users. It includes the reading, billing, collection, customer service, education, and sale logistics activities.



Sewerage



1. Collection and transportation of wastewater

Process through which the collection, evacuation and transportation of residential and industrial wastewater and rainwater are separately or jointly carried out. The transportation can be carried out by gravity or by pumping. Wastewaters are piped to the treatment plants and rain water is piped to the reservoirs.

2. Wastewater treatment

It corresponds to the set of actions that are carried out on wastewater through a group of treatment methods, which mostly consists in applying physical forces and chemical and biological actions. It includes activities for the comprehensive management of the resulting muds.

3. Commercial Management

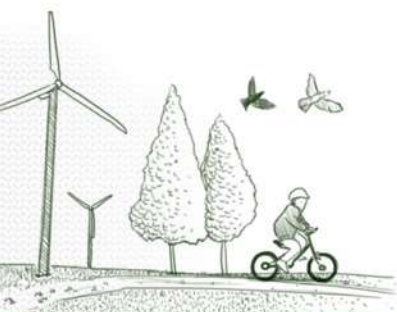
It corresponds to the marketing activities and sale to other market agents or to end users. It includes the reading, billing, collection, customer service, education, and sale logistics activities.



Our supply chain

Description of the process of acquisition of goods and services

EPM has a process for acquiring the goods and services needed by the company for fulfilling its purpose. Through this process, the acquisition of goods and services is planned and contracted, the contracts are managed, and the supplier's performance is evaluated.



General vision of the goods and service supply process

Process objective	To supply the goods and services (required by the Group) in optimal conditions of quality, quantity, opportunity and price, with the purpose of achieving the consolidation of their businesses in the market, increasing thus the value for the stakeholders.
Process description	Process aimed at ensuring the availability of the goods and services necessary for the carrying out of the businesses and the operation of the Group by means of an adequate planning, market knowledge, formulation and application of negotiation strategies, storage, logistics, distribution and disposition.
Process scope start and ending	It starts with the identification of the needs of goods and services required.
	It ends with the delivery of tangible goods to the supply chain customer or the sale of the tangible goods that were ruled out.

General vision of the supply chain planning process.

Process description	Process aimed at integrating the Group's detailed needs of goods and services to manage them through the supply chain plan, which contemplates the resources in the chain for timely satisfying the needs.
Process objective	To lead the planning of the short and long-term supply chain, monitor its compliance and make the required adjustments.



Process scope start and ending	Start: request the business and structured corporate service plans to the EPM Group's Vice-Presidents Offices (materials and detailed services requirements and execution plans) for terms ranging from 12 to 36 months.
	End: long-term supply chain plan adjusted according the restrictions, consolidated by category and approved.

General vision of the category management process

Process description	Process aimed at analyzing and categorizing the expenditure by means of the Group's internal demands and sharing a common environment, allowing to have a deep knowledge of the market of the goods and services required.
Process objective	To identify the possibilities to capture synergies and optimize the operation costs by means of the specialized knowledge of the elements that form the goods and services required.
Process scope	Start: definition and prioritization of supply chain categories.
	End: definition of category targets / objectives.

General vision of the contracting process

Process description	Process aimed at negotiating the acquisition of goods and services for the operation and maintenance in the provision of public utility services by the Group's companies and the Antioquia subsidiary.
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Process objective	To sign and maintain contracts in force in order to satisfy the needs of each specific company and the Group as a whole with the greatest savings and synergies possible for the supply chain.
Process scope	Start: approval of the long-term plan with detailed requirements.
	End: formalization of the contracting process and verification of the completeness of the information in the systems.

General vision of the contract administration process

Process description	Technical, administrative, financial and legal follow-up on the fulfillment of the contract purpose in accordance with the established or appointed terms, depending on the case.
Process objective	To control and lead the supply chain contract administration and the definition of guidelines for the technical and administrative control of the contracts.
Process scope start and ending	Start: appointment of the work team within the contract administration planning.
	It ends with the delivery of the goods or the provision of the service in the required place or with the formalization of the contract liquidation, depending on the case.

General vision of the materials management process

Process description	It consists in managing the operations associated with the logistics of the tangible goods required; receiving, restocking, watching over, delivering the tangible goods to the company users, verifying the physical inventory, and selling the tangible goods that were ruled out.
Process objective	To manage the logistics of the tangible goods required; and receiving, restocking, watching over, and supplying the tangible goods to the users.



Process scope start and ending	It starts with the logistic management of the goods required.
	It ends with the delivery of the tangible goods to the user or the sale of the tangible goods that were ruled out.

General vision of the Suppliers management process

Process description	Process aimed at registering, pre-rating, and classifying the Suppliers; administering the performance; coordinating the interactions in all the hierarchical levels; and leading initiatives for the improvement and maximization of the economic, social and environmental values for the parties involved.
Process objective	To improve the performance and satisfaction of the suppliers in its engagement with the EPM Group.
Process scope start and ending	Start: registration, pre-rating and classification of suppliers.
	End: execution of the program of engagement with Suppliers and Contractors.

See more: Responsible contracting.
Quality of the contracting process.
Responsible contracting for local development.
Relations with Suppliers and Contractors



Corporate Governance Report



Institutional presentation of the report



Governance Agreement Ambassadors

The growth of EPM, going from a municipal public company, responsible for the rendering of water, energy and telecommunications public services, to becoming the main Colombian public utilities company and the parent company of the second largest business group in the country, with international operations, entails important challenges from the viewpoint of the corporate governance. In compliance with the corporate governance practices, EPM presents this report as a commitment to the disclosure of information and transparency with investors and other stakeholders. This document describes the main advances and achievements regarding the corporate governance achieved by EPM Group in 2014. For such purpose, this report has been divided into seven chapters:

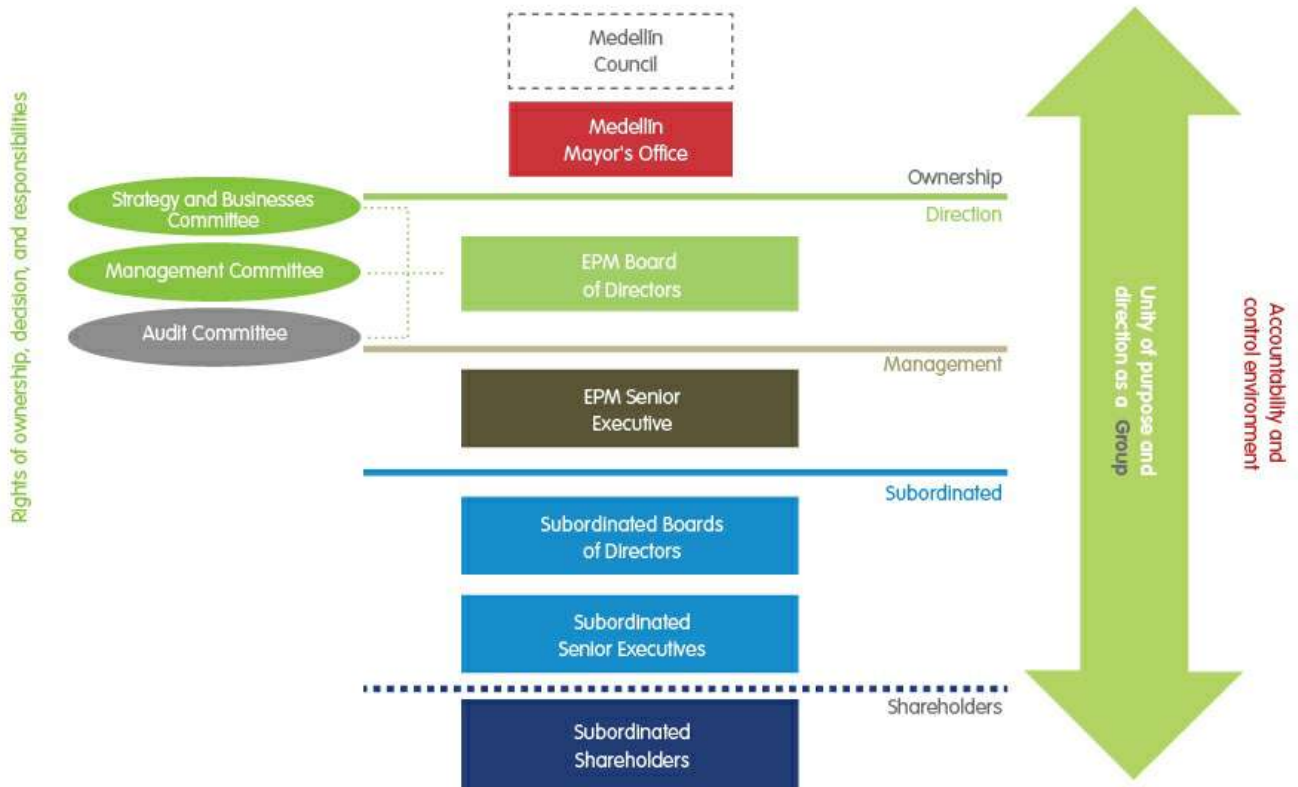
- Chapter 1: Conceptual framework of EPM corporate governance
- Chapter 2: Corporate governance in EPM
- Chapter 3: Corporate governance in the EPM Group
- Chapter 4: EPM Group's governance mechanisms
- Chapter 5: Accountability
- Chapter 6: Company management within EPM's investment portfolio
- Chapter 7: EPM Group's corporate governance plan



Conceptual framework of the corporate governance in EPM

EPM understands corporate governance as a set of practices and standards that establish an appropriate and necessary balance between the ownership, the direction and the management of the company, allowing it to ensure an adequate business administration in an environment of transparency regarding the stakeholders and the market in general. The corporate governance in EPM defines the ground rules for exercising ownership, making decisions, and establishing the scope of responsibilities of each governance body, aiming to preserve the unity of purpose and direction of the business group, always looking to achieve sustainability and generation of value.

EPM Group governance bodies



The interaction among the diverse levels of governance in the company EPM Group should ensure an adequate exercise of the rights of ownership and decision, and the responsibilities at each level, always within an environment of control and accountability, in such a way that the governance model optimizes the generation of value for the business group.



Ownership: Municipality of Medellin



Aníbal Gaviria Correa, Mayor of Medellín, and Juan Esteban Calle Restrepo, EPM CEO.

All ownership rights of EPM are held by the Municipality of Medellín, represented by the Mayor of Medellín, who appoints the CEO, presides over the Board of Directors and directly appoints its members pursuant to the Law 142 of 1994 and the company bylaws. The relations with the Municipality of Medellín, as the owner of EPM, only occurs through the involvement of the Mayor of the city in the EPM Board of Directors, as well as in the transfer of part of the financial surplus generated in the business management.

The Municipal Agreement N.º69 of 1997 of the Medellín Council establishes that EPM shall ordinarily transfer up to 30% of the profit to the Municipality every year. However, in exceptional cases, additional transfers beyond the defined amount can be decreed, provided prior approval by the Medellín Council.

In order to proceed with additional transfers established jointly by both entities, the financial requirements of the Municipality for specific investment programs and EPM's financial needs for its own management must be consulted to avoid putting the business viability or its expansion projects at risk. The additional transfers must be authorized by means of an agreement with the Municipal Council, with the due support document from the Mayor, expressly listing the effects such extraordinary transfers will have on EPM's finances.



Principles of the relation with the owner: Agreement Frame of Relations

The Relations Framework Agreement signed by EPM and the Municipality of Medellín in 2007 explicitly includes a self-limitation mechanism for the municipality regarding the exercise of its ownership rights in favor of the sustainability of the EPM business conglomerate, and it formalizes its self-regulation statement by explicitly establishing the following:

- The respect for the administrative autonomy of the company.
- The guarantee of the appointment of directors with the greatest personal and professional qualities.
- The maintenance of the independence in the operating management of the financial resources.
- The alignment of the Municipal Development Plan with the long-term investment plans of the company.

The limitation on the ownership rights of the Municipality imposes conditions on EPM. Thus, through the Relations Framework Agreement, the company commits to:

- Perform an efficient and productive management of its assets;
- Agree upon the plan of transfers to its owner;
- Use the legally established means for the company-owner communication;
- Always act with transparency, impartiality and objectivity.

The Municipal Administration intends that EPM:

- Has appropriate corporate governance mechanisms allowing it to have an adequate management.
- Obtains the necessary resources for undertaking the planned strategic imperatives.
- Achieves a high local and international competitiveness, ensuring the trust of its investors.

In November 2014, the Municipality of Medellín disclosed the initiative to create a public conglomerate of companies owned by the municipality, within which EPM operates as the Group's parent company. This initiative is a public corporate governance exercise aimed at solidifying the transparency in the management of the municipality-related companies.

The definition of this conglomerate is an important piece in the corporate governance model of both the Municipality of Medellín and EPM, as it ratifies the principles defined within the Relations Framework Agreement and gives them a general application character for all the companies fully or partially owned by the municipality, providing thus the city with a public policy of ownership of the municipal companies.

Transfers to the Municipality of Medellín

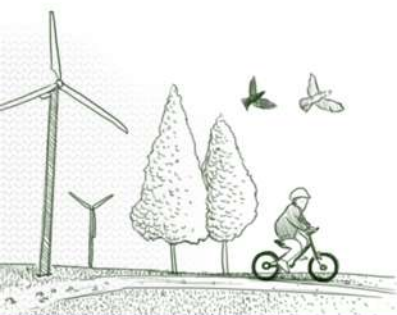
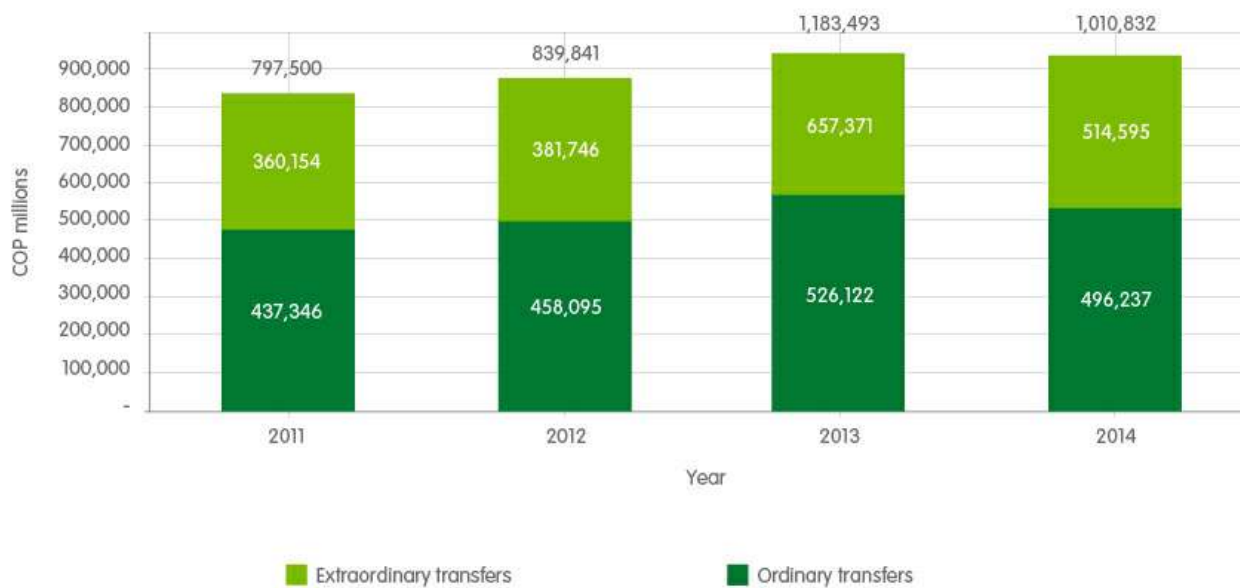
In 2014, the ordinary surplus transferred was equivalent to COP 496,237 million, which corresponds to 30% of the 2013 profits. In addition, extraordinary contributions totaling COP 514,595 million were made.

The ordinary transfers were made on the basis of the accounting calculations of the financial surplus at the end of the previous fiscal year. The extraordinary transfers were in all cases approved in advance by the Medellín Council with a prior assessment of the need stated by the city Mayor and the investment plans of the company.

In 2014, EPM transferred to the Municipality of Medellín a surplus that totaled COP 1,010,832 million. The trend of the transfers over the past four years can be observed in the chart below.



Transfers to the Municipality of Medellín



Extraordinary transfers	2011	2012	2013	2014
Medellín Development Plan priority projects	187,500	51,746	388,435	413,531
Higher education credits	50,000	50,000	50,000	-
Social investment	122,654	280,000	218,936	101,064
Total	360,154	381,746	657,371	514,595

All figures are expressed in millions.

In agreement with EPM's Bylaws and complying with the Framework Agreement, the executed transfers were analyzed from a financial perspective, and as in previous years, the transferred amounts do not compromise the long-term financial viability of the company.



Launch of the Public Conglomerate by the Medellín Mayor's Office



Administration: Board of directors of EPM



EPM is an official public utilities company, incorporated as a municipal industrial and commercial state-owned company. EPM is subject to the regime of Law 142, 1994, which regulates the provision of public utility services in Colombia.

The Board of Directors is in charge of the direction of EPM. At the same time, the CEO is in charge of the administration and the legal representation of the organization.



Composition of the Board of Directors

The Board of Directors is made of nine members:

- The Mayor of Medellín, who is the President of the Board.
- Five people freely appointed by the Mayor of Medellín.
- Three people chosen by the Mayor of Medellín from the oversight board members registered by the committees of development and social control of public utilities (Article 27.6, Law 142 from 1994).

The Corporate Governance Code defines the criteria that the Mayor shall consider for appointing the members of the Board of Directors.

1. The person shall have professional academic training in subject matters that can be considered to be related to EPM's corporate purpose.
2. The person shall have business and/or labor experience in companies that carry out activities related to the public utilities sector.
3. For the appointment of the oversight board members, it is required they remain in the Development and Social Control Committee that appointed them, the relation they have with such committee, and the actions they have carried out performing their duties.
4. The members of the Board of Directors are bound to the the regime of disqualifications and incompatibilities established in the Law.

The Board of Directors is made of people with different profiles, in line with the needs of the company, with extensive experience in their respective fields, which allows the collegial body have the strength and reliability necessary to meet the challenges which a public, multi-Latin and multiservice company requires, as shown below:

EPM Board of Directors



Aníbal Gaviria Correa
Position: Chairman
Profile: Mayor of Medellín
Member since: 01/01/2012
Capacity: non-independent



Rubén Hernando Fernández Andrade
Position: Regular Member
Profile: Public Management
Member since: 03/03/2006
Capacity: independent



Luis Fernando Arbeláez Sierra
Position: Regular Member
Profile: Public Management
Member since: 06/02/2012
Capacity: independent



Gabriel Ricardo Maya Maya
Position: Controlling Member
Profile: Legal
Member since: 22/02/2008
Capacity: independent



Alberto Arroyave Lema
Position: Controlling Member
Profile: Social Involvement and Control
Member since: 22/02/2008
Capacity: independent



Manuel Santiago Mejía Correa
Position: Regular Member
Profile: Business Management
Member since: 30/04/2012
Capacity: independent

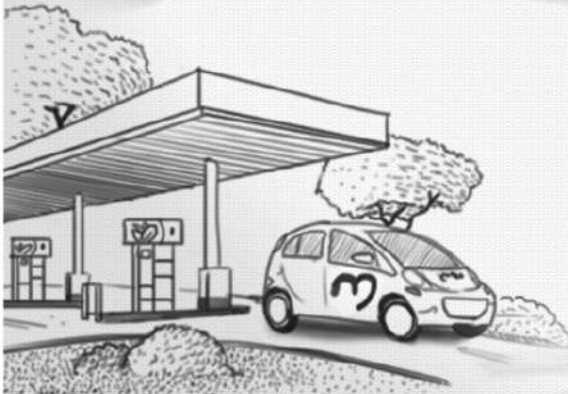




Andrés Bernal Correa
Position: Regular Member
Profile: Financial
Member since: 06/02/2012
Capacity: independent



Beatriz Restrepo Gallego
Position: Regular Member
Profile: Ethics and Corporate
Social Responsibility
Member since: 06/02/2012
Capacity: independent



In relation to the composition of the Board of Directors, it is important to highlight:

- **The continuity that 30% of the Board members has.** These members were part of the Board before the start of the administration of Aníbal Gaviria Correa, who enter the Mayor's office in January 1, 2012. The continuity grants the the Board a long-term vision, essential for the sustainability of the company.
- **All members are the main representatives,** and do not have alternates. The president is the only one who can delegate his attendance.
- **77% of members are as independent,** which exceeds the minimum 25% required for issuers of securities (Article 44, Law 964 of 2005).
- **None of the Board of Directors members holds an executive position in EPM.**



Management of the Board of Directors



Nutresa Group International Expansion Experiences.

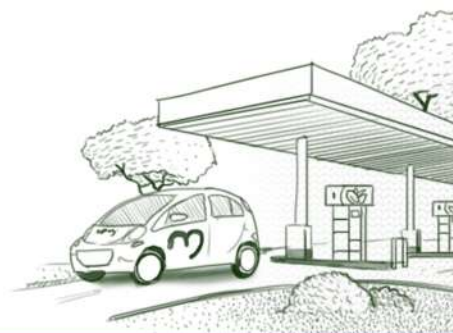
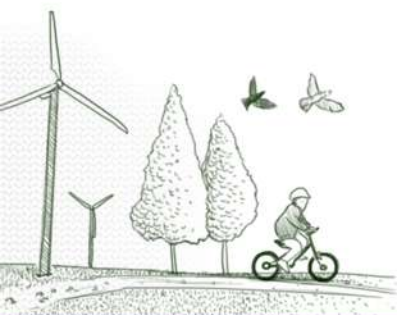
The Board of Directors, in compliance with its statutory functions, contributed to the achievement of the results obtained in 2014 and, for this purpose, it focused its efforts on the growth and sustainability of the company, from its strategic management approach. Notably:

- Approval of the Business Plan and the Investment Plan with a scope of Business Group for the period 2014-2018 and redefinition of the Balanced Scorecard indicators according with the strategic objectives map.
- Approval of the EPM Group consolidated financial statements, following a favorable opinion from the External Auditor, and the ongoing monitoring of the company's financial performance.
- Definition of the Social and Environmental Dimension of the MEGA and the indicators required for its supervision.
- Updating of the risk management plan and implementation of the necessary measures to mitigate these risks. In this regard, the Board of Directors conducted a rigorous monitoring of El Niño phenomena and its impact on the Group's activities. Also, a following-up of the Tax Reform was carried out and the relevant measures to protect the interests of the company and the Municipality of Medellín were taken.
- Monitoring and development control of the organization's most important projects: Bello Wastewater Plant, Ituango Hydroelectric, "Nueva Esperanza"; Bonyic, in Panama, Eolic Park Los Cururos, in Chile; among others.
- Approval of policies such as: Hedge of EPM's Liabilities Market Risk, Information management and Supply of Goods and Services.

Note: during 2014 the Board of Directors didn't require any external consultancy services.

Attendance of the members of the Board of Directors

The attendance to the corresponding meetings is described in the following table. The great commitment of all members stands out, considering that a total of 16 sessions were held on 2014:



Average attendance of the Board of Directors members

Board of Directors	Attendance	Average
Aníbal Gaviria Correa or his delegate	16	100%
Luis Fernando Arbeláez Sierra	14	88%
Alberto Arroyave Lema	16	100%
Andrés Bernal Correa	10	63%
Rubén Hernando Fernández Andrade	16	100%
Gabriel Ricardo Maya Maya	16	100%
Manuel Santiago Mejía	14	88%
Beatriz Restrepo Gallego	15	94%



All the meetings of the Board of Directors had the established quorum, which complies with the majority of its members.

Other Participations

In developing the Strengthening Plan of the Board of Directors, its members attended the following events: World Urban Forum (WUF7); Perspectives and Accelerated Growth of Renewable Generation conference; Andesco Congress 2014; Nutresa Group: Experiences of International Growth conference; Economic and Political Conditions in Brazil conference; and Risk Management: Key Decisions conference.



Board of Directors support committees management

The EPM Board of Directors has the following committees: Strategy and Businesses, Management and Audit. These are an effective mechanism for quick and easy advice in the decision making of the Board.

Their main functions and conformation can be identified in the following structure:

Board of Directors Committees



Attendance to the committee sessions

The attendance average of the members of the committee can be seen in the table below:



Average attendance of the Board of Directors committees

Committees	Names	Average	Total
Strategy and Businesses	Manuel Santiago Mejía	100%	12
	Rubén Hernando Fernández Andrade	92%	
	Gabriel Ricardo Maya Maya	100%	
Management	Luis Fernando Arbeláez Sierra	90%	10
	Rubén Hernando Fernández Andrade	100%	
	Beatriz Restrepo Gallego	90%	
Auditory	Alberto Arroyave Lema	100%	11
	Andrés Bernal Correa	91%	
	Gabriel Ricardo Maya Maya	100%	



Remuneration Board of directors

The compensation amounts of the members of the Board of Directors are established by the Mayor of Medellín. For the 2014 term, pursuant to Decree 1165 of August 12, 2009, the amount was maintained in three legal minimum salaries in force for attending each session of the Board of Directors and the committees (the legal minimum salary in force corresponds to the amount of COP 616,000).

The following chart illustrates the amounts paid to the members of the Board of Directors:

Remuneration of the Board of Directors					
Names	Fees				Total (COP)
	Attendance	Board of Directors	Attendance	Comitees	
Luis Fernando Arbeláez Sierra	14	25,872,000	9	16,632,000	42,504,000
Alberto Arroyave Lema	16	29,568,000	11	20,328,000	49,896,000
Andrés Bernal Correa	10	18,480,000	11	20,328,000	38,808,000
Rubén Hernando Fernández Andrade	16	29,568,000	21	38,808,000	68,376,000
Gabriel Ricardo Maya Maya	16	29,568,000	23	42,504,000	72,072,000
Manuel Santiago Mejía	14	25,872,000	12	22,176,000	48,048,000
Beatriz Restrepo Gallego	15	-	9	-	-
Total					319,704,000



Evaluation Board of directors

The evaluation of the Board of Directors performed by its members is a fundamental process, in terms of corporate governance, to determine the quality and efficiency of its management actions and to identify the aspects that have room for improvement.

Evaluation of the sessions

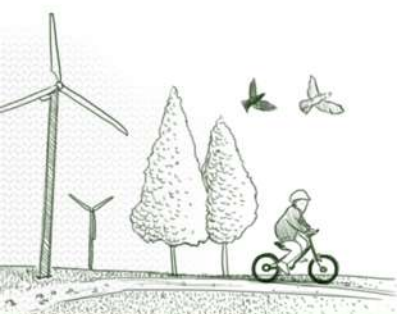
The following aspects are evaluated in every Board session: the timely delivery of information, the quality and depth of the addressed topics, the time used for addressing each topic, the fulfillment of the scheduled agenda, and the duration of the session.

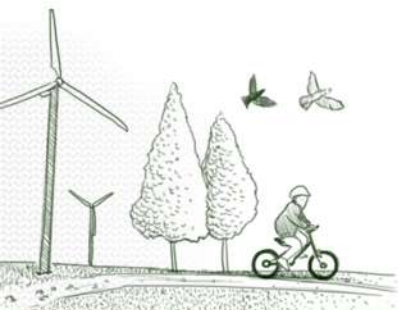
The result of the evaluation was a score of 4.3 out of 5, as it can be observed in the following chart, along with the trend over the past three years.



There was an improvement in the total score, which evidences the existence of a clear identification of the responsibilities of the Senior Management and each one of the members of the Board of Directors, in terms of the efficiency of their sessions.

Evaluation of the management actions





Board of Directors self-evaluation workshop

The Board of Directors, with the purpose of strengthening its own evaluation, revised the methodology with the support of an external consultant. Therefore, the following sources of information were used for the evaluated term:

- Self-evaluation surveys for the members of the Board of Directors.
- Surveys for the Senior Managers.
- Results of the evaluations of each one the Board of Directors sessions.
- Individual interviews with the members of the Board of Directors.
- Comments/suggestions from the members of the Board of Directors and the Senior Managers.

Evaluation of the Board of Directors

N.	Analyzed subject	Consolidated results
1	Interaction between the Board of Directors and the Senior Management	●
2	Structure and effectiveness	●
3	Fulfillment of the Board of Directors duties	●
4	Issues and agenda	●
5	Other Corporate Governance practices	●

■ Low ■ Intermediate ■ Mid-High ■ High

The fields of analysis and the consolidated results of the evaluation are presented in the following chart: According to the results of the evaluation, the main strengths and challenges for the Board of Directors in 2015 are the following:

Main strengths:

- High level of independence of the Board of Directors in relation to the owner and the Senior Management.
- High level of commitment and quality.



- High level of interaction and clarity of the roles between the Board of Directors and the Senior Management of the company.
- High corporate governance standards.
- Clarity and respect for the action boundaries from the ownership (Municipality of Medellín), the direction body (Board of Directors) and the administration (CEO and Vice-Presidents).
- Notable level of attendance (90%) of the members of the Board of Directors and the Senior Managers to the board and committee sessions.
- High level of generation of value by the Board of Directors committees regarding the deep deliberation of the most critical topics for the company.
- High valuation by the board members of the work of both the chairman and the secretariat of the Board of Directors.
- In comparison to 2013, there was a considerable improvement regarding the perception of the adequate management of privileged and confidential information.



Main challenges:

- To prioritize and work further the strategic topics, with emphasis on the long-term prospective.
- To focus the collegiate body on the fulfillment of their responsibilities as Board of Directors of the EPM Group.
- To develop proactive actions that allow the change of the municipal administration, starting on January 1, 2016, to be made according to the terms of the Relations Framework Agreement signed with the Municipality of Medellín and the Corporate Governance practices that have been implemented so far in EPM.
- To define mechanisms that allow generating sustainability in the long term for the corporate governance practices that have been the reason for the success of this Board of Directors.
- To try to hold more expeditious board sessions.



Conflicts of interest

The rules of the Board of Directors include a procedure aimed at avoiding and settling the conflicts of interest.

In 2014, Mr. Gabriel Ricardo Maya and Manuel Santiago Mejía, members of the Board of Directors, stated they had a conflict of interest in the session held on August 5, and they abstained from participating in the discussion and decision for authorizing the creation and execution of a shared-account contract with the companies Autogas de Colombia-Breascosol S.A.S. y Grupo EDS Autogas S.A.S. The purpose of the contract is the joint commercialization of compressed natural gas for vehicles by means of service stations owned by the aforementioned companies.



Composition of EPM's senior management

EPM Senior Management is made of 10 executives who report directly to EPM CEO. These executives perform powerful group functions, and in general, they are in charge of giving direction, planning and verifying the compliance with the objectives, plans and goals of EPM and the group companies.



Juan Esteban Calle Restrepo

EPM CEO and Leader of the EPM Group

Ana Mercedes Villegas Mejía

Business Management Executive Vice-President

Wilson Chinchilla Herrera

Projects and Engineering Executive Vice-President

Gabriel Jaime Betancourt Mesa

Strategy and Growth Executive Vice-President



Diana Rúa Jaramillo

Corporate Finance Vice-President

Ana María Restrepo Botero

Human Development and Organizational Capabilities Vice-President

María Fanery Sucerquia

Shared Services and Supplies Vice-President

Luz Mónica Pérez Ayala

Corporate Relations and Communication Vice-President

She was in office until 13 July, 2014

Ana María González

Communication and Corporate Relations Vice-President (interim)

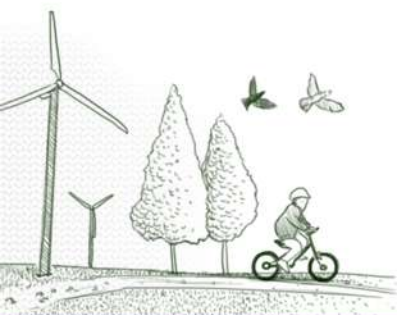
Acting as interim since 14 July, 2014

Maritza Alzate Buitrago

General Counsel

Hernán Darío Vergara Castro

Corporate Auditing



Evaluation of the CEO

Evaluation of the CEO

On the assessment of the administration of the EPM CEO in 2014.

Medellin, April 2015

The EPM Board of Directors declares to be an independent entity, acting autonomously before the company management and the owner, represented by the Mayor of Medellín.

In order to continue with the corporate governance practices of the Group, the members of the Board of Directors of EPM, together in a meeting in March 17, 2015, assessed the management of the EPM CEO during 2014, the term covered in its own report.

The results of the company, included in the Management Report 2014, speak for themselves and realize that in the exercise of their managerial work, Juan Esteban Restrepo Street has done the work required to generate value, for which we congratulate him, recognize his work and thank him.

Alongside the historical results of the EPM Group in 2014, we highlight as an important asset the consistency of the company's management team with the route drawn since the first year of this administration. A high percentage of these goals have been achieved.

In Juan Esteban's administration, it is important to highlight his timely leadership style, thoughtful and austere, careful with the public properties. These are values that exemplify what the social, political and economic leadership should be in this society. As members of the Board of Directors, we express our appreciation for the way how he interacts with us, respecting our freedom, encouraging our participation, listening carefully to our interventions and answering our questions.

We thank and congratulate Juan Esteban Calle Restrepo again and his executive team for their 2014 administration of EPM. We are also sure that 2015 will be a year to keep on consolidating a corporate group where identities are respected and synergy is multiplied. Our goal is to create competitive and sustainable territories in the regions where we operate.





Evaluation of the CEO assessed by the EPM Board of Directors meeting



Remuneration of EPM's senior managers

The salaries of the directors of EPM Senior Management, under the classification of public employees, varied in the same proportion as the salary of other employees, i.e., public employees. This represented an increase of 3.29% (IPC 2013 plus 1.35 points) in relation to the previous year.

The table below presents the compensation of the EPM Senior Managers for 2014



Remuneration of EPM's senior managers

Top Management	Annual salary without benefits 2014	Monthly base salary
CEO	\$ 330,376,628.72	\$ 27,591,782.43
VP. Business Management Executive	\$ 293,463,636.68	\$ 24,718,198.69
VP. Executive Strategy and Growth	\$ 297,846,386.60	\$ 24,718,198.69
VP. Executive Projects and Engineering	\$ 297,722,694.22	\$ 24,718,198.69
VP. Energy Generation	\$ 248,873,154.60	\$ 20,628,203.42
VP. Energy Generation Projects	\$ 236,009,885.44	\$ 18,844,450.95
VP. Energy Transmission & Distribution	\$ 236,971,494.32	\$ 20,628,203.42
VP. Water & Sanitation	\$ 265,287,352.40	\$ 20,628,203.42
VP. Gas	\$ 225,477,500.08	\$ 18,844,450.95
VP. Commercial	\$ 246,277,117.40	\$ 20,628,203.42

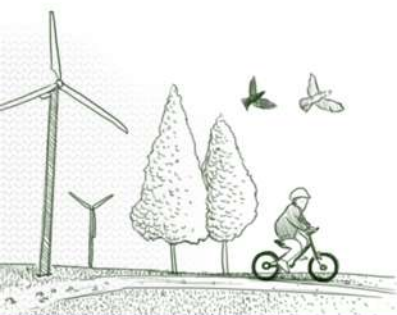


VP. Corporate Strategy	\$ 226,858,966.32	\$ 18,844,450.95
VP. Growth	\$ 233,440,291.29	\$ 18,844,450.95
VP. Corporate Finance	\$ 247,413,258.85	\$ 20,628,203.42
VP. Human Development and Organizational Capabilities	\$ 237,636,711.09	\$ 20,628,203.42
VP. Shared Services and Supplies	\$ 250,133,813.76	\$ 20,628,203.42
VP. Communication and external relations*	\$ 224,408,364.60	\$ 18,817,086.06
General Secretariat	\$ 255,056,581.80	\$ 20,628,203.42
Corporate Audit	\$ 249,303,764.40	\$ 20,628,203.42



* The remuneration expressed in this Vice-Presidency is perceived by two different people who performed this role during the year.

As for the non-management level employees (professionals, assistants, technicians, technologists and support staff), EPM fixed compensation is at a competitive level with other local companies and with Colombian market in general. Additionally, the company's employees have a series of monetary and non-monetary benefits that improve the conditions and quality of life of the employees and their families. After the transformation, implemented in November 2013, it was decided to assess alternative variable compensation for EPM and the other group companies seeking to create a competitive, sustainable and consistent remuneration in line with the the public nature of the group. No changes were made in this area in 2014 as it was considered a year of stabilization for the organizational changes (government, structure, processes, tools, etc.) and for the implementation of the new management model for the group performance.



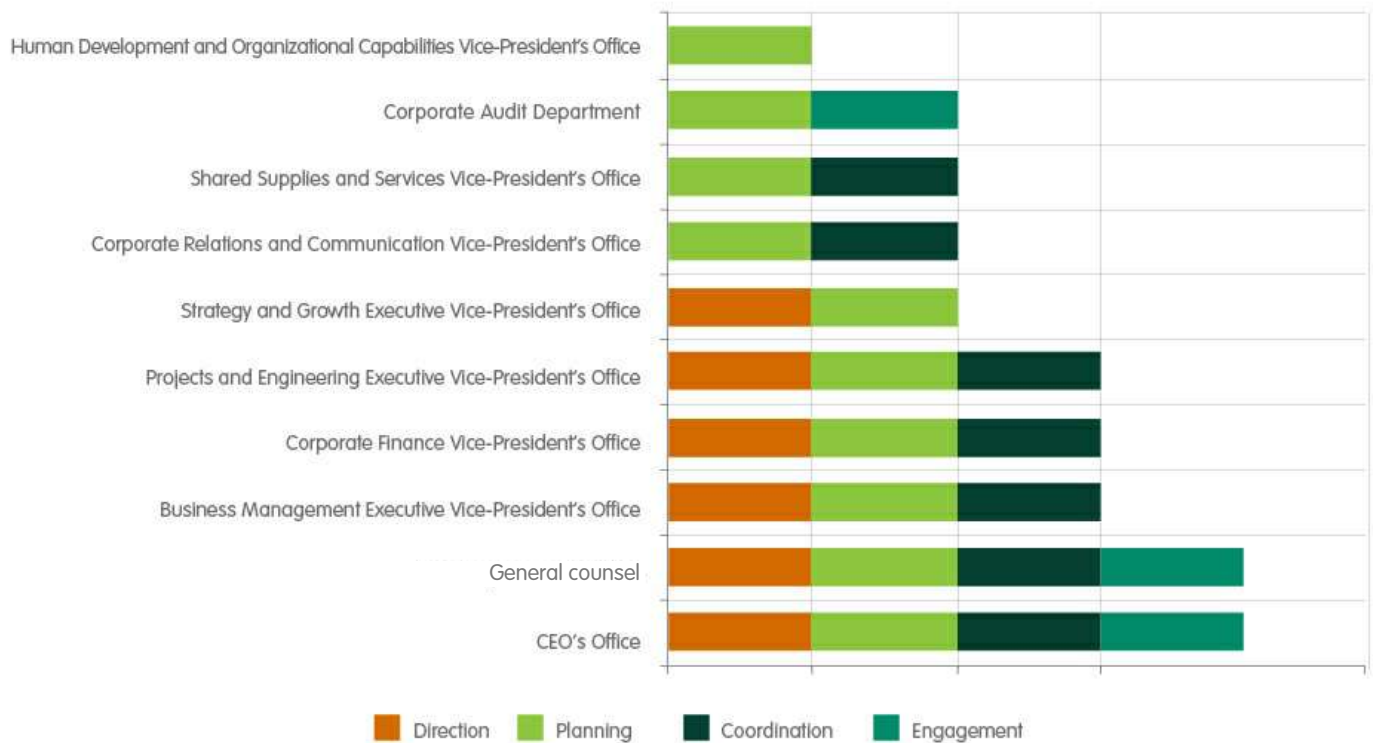
Management support committees

The Strategic Committees were created by the CEO by means of Decree 1964 of October 30, 2013, with the objective of serving as the main instance in the definition of the group's unity of purpose and direction. The committees are the following: Direction, Corporate Planning and Coordination, all of which are lead by the CEO, whose main functions are to revise, analyze and make decisions regarding the topics that represent the greatest impact on the group's strategy.

In the same way, by means of Decree 1969 of October 30, 2013, EPM's Contracting Committee was created with the purpose of serving as an agile mechanism for the coordination of the contracting procedures related to the process of acquisition of goods and services for EPM.

The composition of the committees is defined in such a way that the nature of the topics each committee is responsible of, is aligned with the main functions of its members, as it is shown in the following chart:

Committee composition



The main topics addressed by the strategic committees are the following:



Topics treated by the committees		
Direction	Planning	Coordination
<ul style="list-style-type: none"> - EPM Group policies - Investments in acquisitions of new businesses - Prioritization of projects - Corporate governance - Business project follow-up - Intervention minutes - Business management - Financial management 	<ul style="list-style-type: none"> - EPM Group corporate strategy - Guidelines for the integrated planning of the EPM Group - Plans of business units and plans of corporate services - Budget - Analysis of the EPM Group environment and its effects on the corporate strategy - EPM Group's Balanced Scorecard - Follow-up to business development projects - Strategic risks - Internal Control System Coordination Committee 	<ul style="list-style-type: none"> - Shared services - Approval and follow-up to Service Level Agreements - Organizational structure - Enabler management (IT, human resources and management system) - Engagement with stakeholders - Management of other support departments

The main reports analyzed by the contracting committee are the following: addenda; analyses and conclusions; authorizations to start projects; formulation and authorization of the start of the legal business project; recommendation report; modification report; renewal/renovation report, recommendation report, and acceptance of the offer to sign an inter-administrative agreement.

Management activities of the Strategic Committees

In 2014, the Strategic Committees operated aligned with what was established when they were created, working on their own strengthening as adequate environments for making decisions based on the reasoned consensus of their members. The following chart contains the main statistics related to the operation of these committees:



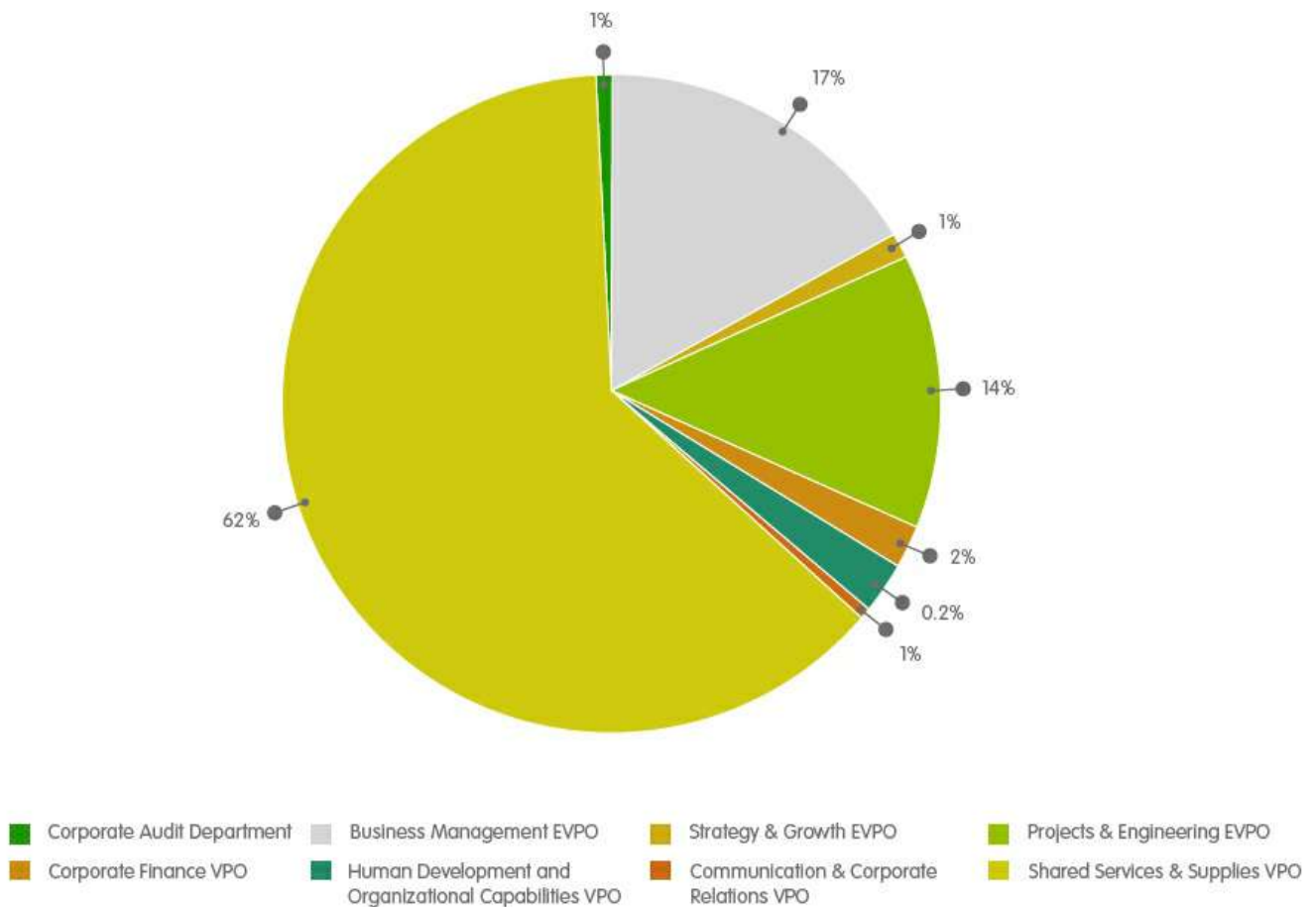
Committees			
Statistics	Direction	Planning	Coordination
1. Total sessions in the year	32	40	8
2. Average hours per session	1.71	2.84	1.53
3. Attendance percentage	89%	94%	95%
4. Decisions with EPM scope	60.61%	43.26%	90.48%
5. Decisions with group scope	39.39%	56.74%	9.52%



Management activities of the Contracting Committee

In 2014, the contracting committee held 51 sessions, in which it analyzed the contracting reports of its competitors and made the corresponding recommendations or observations.

Contracting reports according to VPOs



Our partners in Colombia

During 2014, EPM continued to be consolidated as the parent company of the corporate group of the same name, comprising other 48 companies as of December 31st. There are 12 national and 36 international companies in the group.

As for the national energy subsidiaries, EPM holds interest, through the investment vehicle EPM Inversiones, in electrification companies: CHEC and EDEQ since 2003, along with CENS and ESSA since 2009. The interest is direct in the water companies and, through them, it reaches different regions in Antioquia and Chocó.

The investment in the sanitation business made in November, 2013, for the acquisition of 99.99% of Emvarias, was complete in 2014. That same year, the consolidation of the company's management started and the benefits corresponding to the members of the corporate group were granted.

In 2014, EPM increased its interest in the subsidiary Aguas de Urabá once again, from 59.27% to 72.66%.

Main family, business, contractual, or corporate relationships between companies in the Group and partners in Colombia

There is no family, commercial, or corporate relationship between holders of relevant interests in companies of the Group and the company. However, there are some contractual relationships between the company and some of its shareholders, different from those in the group, as follows:

Aguas de Urabá:

Between the Department of Antioquia and the subsidiary Aguas de Urabá S. A. E. S. P., there is a contractual relationship regarding the agreements executed by both parties. The following financial support agreements are currently in force:

- Inter-Agency Collaboration Agreement No. 2013-CF-37-0266 between the Department of Antioquia-Office of Physical Infrastructure-Utilities Division and Aguas de Urabá S. A. E. S. P.
- Inter-Agency Collaboration Agreement for Financial Support No. 153 of 2013, executed by the Ministry of Housing, City and Territory, the Department of Antioquia, and Aguas de Urabá S. A. E. S. P.
- Inter-Agency Collaboration Agreement for Financial Support No. 154 of 2013, executed by the Ministry of Housing, City and Territory, the Department of Antioquia and Aguas de Urabá S. A. E. S. P.

Aguas de Occidente: The Department of Antioquia and the subsidiary Aguas de Occidente S. A. E. S. P. approved the execution of an agreement for the construction of 9.5 km of secondary aqueduct network.

Aguas del Oriente: Between the Municipality of El Retiro and the subsidiary Aguas del Oriente Antioqueño S. A. E. S. P. there is a contractual relationship regarding a commodatum agreement for the aqueduct and sewerage systems in the municipality.

Negotiation of stock and other securities issued by the company

At EPM Group, there was no negotiation of stock, or any other security issued by the company, performed by members of the Board of Directors, Senior Management, or other managers.



Shareholders' agreements executed by EPM Group Companies

There are shareholders' agreements only at the water subsidiaries, in order to regulate the interest of the departments, municipalities, and EPM. This concept belongs to the regional water model. The shareholders' agreements are the following:



Shareholders' agreements

Governance Agreement	Date	Interveners	Summary
Aguas de Occidente	19/12/2007	All shareholders EPM and Antioquia Government, and the municipalities of Santafé, Sopetrán, San Jerónimo y Olaya	Through these agreements, the parties define the conditions and framework for action for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that is the subject to each of these companies.
Aguas de Malambo	29/06/2011	All shareholders EPM, Municipality of Malambo, Malambo community action boards, Municipal sports institute, Malambo hospital, Municipal culture institute	
Aguas de Urabá	01/12/2006	All shareholders EPM and Antioquia Government, and the municipalities of Apartadó, Chigorodó, Mutatá, Turbo and Carepa.	
Aguas de Occidente	27/12/2007	EPM and Antioquia Government only	Through this agreement, it is possible to ensure that the decisions taken by the society represent the plural vote of EPM and the Government.
Aguas de Urabá	30/03/2007	An addendum was issued in relation to capitalization, and ordinary and preferred shares	



Shareholding of EPM Group Companies

Our partners in Colombia			
Company	Shareholders	Number of shares	Percentages of shares
Water			
	Asociación de Juntas de Acción Comunal del Municipio de Malambo	10,000	0.00003%
	Empresas Públicas de Medellín E. S. P.	26,099,950,000	85%
	EPM Inversiones S. A.	1,147,158,691	4%
	ESE Hospital Local de Malambo	13,333	0.00004%
	Instituto de Cultura de Malambo	13,333	0.00004%
Aguas de Malambo S. A. E. S. P.			



Aguas de Urabá S. A. E. S. P.	Instituto Municipal del Deporte	13,333	0.00004%
	Municipality of Malambo	3,460,623,661	11%
	Total	30,707,782,351	100%
	Departament of Antioquia	6,308	12%
	Empresas Públicas de Medellín E. S. P.	37,346	73%
	EPM Inversiones S. A.	1,433	3%
	Municipality of Apartadó	2,575	5%
	Municipality of Carepa	644	1%
	Municipality of Chigorodó	1,416	3%



	Municipality of Mutatá	129	0.3%
	Municipality of Turbo	1,545	3%
	Total	51,396	100%
Aguas Nacionales EPM S. A. E. S. P.	Empresa de Aguas del Oriente Antioqueño S. A. E. S. P.	800	0.001%
	Empresas Públicas de Medellín E. S. P.	100,364,320	100%
	EPM Inversiones S. A.	40,799	0.04%
	FEPEP - Fondo de Empleados EPM	80	0.00008%
	Regional de Occidente S. A. E. S. P.	1	0.000001%



	Total	100,406,000	100%
Empresa de Aguas del Oriente Antioqueño S. A. E. S. P.	Asociación de Juntas de Acción Comunal del Municipio de El Retiro	1	0.01%
	Empresas Públicas de Medellín E. S. P.	7,840	56%
	EPM Inversiones S. A.	2	0.01%
	Hospital San Juan de Dios E. S. E.	1	0.01%
	Municipality of El Retiro	6,156	44%
	Total	14,000	100%



EPO - Empresas Públicas de Oriente Antioqueño S. A. E. S. P.	Aguas de Rionegro S. A. E. S. P.	1,200	2%
	Departament of Antioquia	13,200	22%
	Empresa de Aguas del Oriente Antioqueño S. A. E. S. P.	1,400	2%
	Empresas Públicas de Medellín E. S. P.	33,600	56%
	Municipality of El Retiro	3,000	5%
	Municipality of Envigado	4,400	7%
	Municipality of Rionegro	3,200	5%
	Total	60,000	100%
	Departament of Antioquia	1,844	19%



Regional de Occidente S. A. E. S. P.	Empresas Públicas de Medellín E. S. P.	5,838	60%
	EPM Inversiones S.A.	208	2%
	Municipality of Olaya	70	1%
	Municipality of San Jerónimo	298	3%
	Municipality of Santa Fé de Antioquia	1,063	11%
	Municipality of Sopetrán	413	4%
	Total	9,734	100%
Energy			



CENS - Centrales Eléctricas del Norte de Santander S. A. E. S. P.	Comité Departamental de Cafeteros del N. de S.	5,644	0.0004%
	Departament of Norte de Santander	1	0.0000001%
	EEC - Empresa de Energía de Cundinamarca S. A. E. S. P	4,220	0.0003%
	Empresas Públicas de Medellín E. S. P.	190,325,000	13%
	EPM Inversiones S. A.	1,199,144,474	79%
	Ifinorte - Instituto Financiero para el Desarrollo de Norte de Santander	118,254,798	8%
	Municipality of Cúcuta	6,033,710	0.4%
	Municipality of Ocaña	1,022,909	0.1%



Municipality of Pamplona	676,374	0.04%
Municipality of San Cayetano	2,429	0.0002%
Municipality of Villa del Rosario	283,213	0.02%
SINPRO	14,819	0.001%
CENS workers and retirees	2,462,354	0.2%
Total	1,518,229,945	100%
Corporación Regional del Quindío	6,674	0.05%
Departament of Risaralda	16,738	0.12%
EDEQ - Empresa de Energía del Quindío S. A. E. S. P.	1,462	



Empresas Públicas de Medellín E. S. P.	3,509,887	24%
EPM Inversiones S. A.	7,992,436	56%
Federación Nacional de Cafeteros de Colombia	620	0.004%
InfiCaldas - Instituto de Financiamiento, Promoción y Desarrollo de Caldas	512,000	4%
InfiCaldas + Non-recourse debt title 460 (Department of Caldas) April 26-2010	1,859,519	13%
INFI-MANIZALES - Instituto de Financiamiento, Promoción y Desarrollo de Manizales	401,332	3%
LA PROMOTORA - Instituto de Fomento y Promoción del Desarrollo Económico y Social de Pereira	9,438	0.07%
Municipality of Aguadas	1,651	0.01%



CHEC - Central Hidroeléctrica de Caldas
S. A. E.S. P.

Municipality of Anserma	1,481	0.01%
Municipality of Aranzazu	764	0.01%
Municipality of Belalcázar	207	0.00%
Municipality of Chinchiná	1,259	0.01%
Municipality of Filadelfia	210	0.001%
Municipality of La Dorada	27,738	0.19%
Municipality of Manizales	69	0.0005%
Municipality of Marquetalia	944	0.01%
Municipality of Marsella	711	0.005%
Municipality of Pácora	526	0.004%



Municipality of Palestina	275	0.002%
Municipality of Pensilvania	2,438	0.02%
Municipality of Quinchía	692	0.005%
Municipality of Riosucio	1,360	0.01%
Municipality of Risaralda	1,042	0.01%
Municipality of Samaná	6,246	0.04%
Municipality of Sta. Rosa de Cabal	1,088	0.01%
Municipality of Victoria	1,325	0.01%



	Municipality of Villamaría	1,490	0.01%
	Total	14,361,622	100%
EDEQ - Empresa de Energía del Quindío S. A. E.S. P.	Empresas Públicas de Medellín E. S. P.	107,807,677	19%
	EPA - Empresas Públicas de Armenia E. S. P.	37,359,790	7%
	EPM Inversiones S. A.	412,042,778	74%
	Federación Nacional de Cafeteros de Colombia	2,423,380	0.4%
	Municipality of Armenia	219,307	0.04%
	Total	559,852,932	100%
	Departament of Santander	3,423,186,802	22%



ESSA - Electrificadora de Santander S. A. E. S. P.	Empresas Públicas de Medellín E. S. P.	41,992,386	0.3%
	EPM Inversiones S. A.	11,234,852,204	74%
	Municipality of Barrancabermeja	8,866,330	0.1%
	Municipality of Bucaramanga	417,730,860	3%
	Municipality of San Vicente	11,053,982	0.1%
	Other shareholders	91,548,535	1%
	SINPRO	79,444	0.001%
	Total	15,229,310,543	100%



Special purpose vehicle

EPM Inversiones S. A.	Aguas Nacionales S. A. E. S. P.	1	0.0000002%
	Empresa de Aguas del Oriente Antioqueño S. A. E. S. P.	1	0.0000002%
	Empresas Públicas de Medellín E. S. P.	609,664,997	100%
	FEPEP - Fondo de Empleados EPM	1	0.0000002%
	Regional de Occidente S. A. E. S. P.	1	0.0000002%
	Total	609,665,001	100%

Solid waste

	Aeropuerto Olaya Herrera	7,566	0.02%
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Emvarias - Empresas Varias de Medellín S. A. E. S. P.	Aeropuerto Olaya Herrera	1,500	
	EDU - Empresa de Desarrollo Urbano	7,566	0.02%
	Empresas Públicas de Medellín E. S. P.	30,234,186	100%
	ESU - Empresa de Seguridad Urbana	7,566	0.02%
	Ismived	7,566	0.02%
	Total	30,264,450	100%

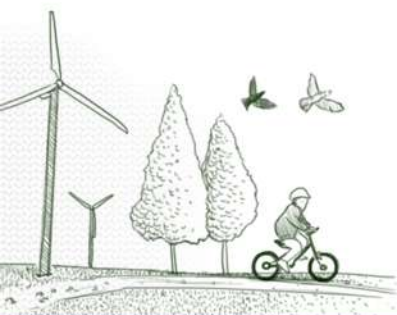


Our partners abroad

At the international level, EPM kept consolidating the investments on water and wind power carried out on Mexico and Chile respectively during 2013. Furthermore EPM also obtained advantage on the participation in the energy distribution companies in Guatemala, Salvador and Panama acquired between 2010 and 2011. The engineers José Alfredo Primelles Gingele, José Alfredo Primelles Williamson and Roberto Luis Primelles Gingele act as partners in Mexico. They have over 20 years of experience in the design, building, operation and start-up of wastewater treatment plants. During this time, they have developed over 200 residential, industrial and municipal wastewater treatment plants.

Main familiar, commercial, contracting or company relationships between the group companies and its partners abroad

Only in one of the international subordinated companies, Tecnología Intercontinental, S. A. P. I. de C. V. (TICSA) these kind of relationship is present, some members of the CDA have stock share on the company as detailed below:



Main relations

Shareholders	No. of shares	%
José Alfredo Primelles Gingele	36,250,000	5%
Roberto Luis Primelles Gingele	36,250,000	5%



It is also the case of a familiar relationship between the stockholders given that Jose Primelles Williamson, who holds 10% of the capital, is the father of José Alfredo Primelles Gingele and Roberto Primelles Gingele, each with a share of 5%.

Negotiations with stocks and other securities issued by the company

In 2014 no negotiations were held between the members of the Board of Directors, the senior management and other managers with the stock or other securities issued by the different subordinated companies abroad.

Shareholders' agreements

There are no shareholders' agreements in the international subsidiaries of EPM Group. Even so, TICSa has an investment agreement with the original shareholders that could be considered as a shareholders' agreement of some sort. This is due to the fact that this agreement gives guidelines as to how address certain issues such as managing projects in construction, future projects, projects in operation, managing certain plants that have special conditions, managing plant enlargement among others.

EPM's shareholding in EPM Group's companies



Our partners abroad

Company	Shareholders	Number of shares	Share percentage
México			
Aquasol Morelia S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	10	0.00001%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	197,766,292	99.99999%
	Total	197,766,302	100%
Aquasol Pachuca S. A. de C. V.	Consultores en Ingeniería Aplicada S. A. de C. V.	3,000	3%
	Electromecánica Morec S. A. de C. V.	5,000	5%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	72,000	72%



	Utility and Environment Management, S. A de C. V.	20,000	20%
	Total	100,000	100%
CPA - Corporación de Personal Administrativo S. A. de C. V.	PROINGE - Proyectos de Ingeniería Corporativa S .A. de C. V.	1	2%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	49	98%
	Total	50	100%
Desarrollos Hidráulicos de Tampico S. A. de C. V.	José Alfredo Primelles Gingele	1	0.000001%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	117,847,825	99.999999%
	Total	117,847,826	100%



Ecoagua de Torreón S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	1	0%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	87,353,534	100%
	Total	87,353,535	100%
Ecosistema de Celaya S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	5	0.02%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	20,118	99.98%
	Total	20,123	100%
Ecosistema de Ciudad Lerdo S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	1	0.002%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	49,999	99.998%
	Total	50,000	100%



Ecosistema de Colima S. A. de C. V.	Tec y Socios S. C.	1	0%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	52,234	100%
	Total	52,235	100%
Ecosistema de Morelos S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	1	0.002%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	55,027	99.998%
	Total	55,028	100%
Ecosistema de Tuxtla S. A. de C. V.	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	1	2%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	49	98%
	Total	50	100%
	Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	1	1%



Ecosistema de Uruapan S. A. de C. V.	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	99	99%
	Total	100	100%
Proinge - Proyectos de Ingeniería Corporativa S. A. de C. V.	CPA - Corporación de Personal Administrativo S. A. de C. V.	1	2%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	49	98%
	Total	50	100%
Sistemas de Aguas de Tecmán S. A. de C. V.	Hipro Ecológicos S. A. de C. V.	19	38%
	TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	31	62%
	Total	50	100%



TICSA - Tecnología Intercontinental S. A. P. I. de C. V.	EPM Capital México S. A. de C. V.	580,000,000	80%
	José Alfredo Primelles Gingele	36,250,000	5%
	José Alfredo Primelles Williamson	72,500,000	10%
	Roberto Luis Primelles Gingele	36,250,000	5%
	Total	725,000,000	100%
EPM Capital México S. A. de C. V.	Empresas Públicas de Medellín E. S. P.	900	90%
	EPM Inversiones S.A.	100	10%
	Total	1,000	100%
Chile			
	EPM Chile S. A.	86,400,115,714	99.999998%



Parque Eólico Los Cururos Ltda.	EPM Inversiones S. A.	2,158	0.000002%
	Total	1,000	100%
EPM Chile S. A.	Empresas Públicas de Medellín E. S. P.	31,999	99.98%
	EPM Inversiones S. A.	5	0.02%
	Total	32,004	100%
El Salvador			
Delsur - Distribuidora de Electricidad del Sur S. A. de C. V.	AEI - AEI Salvador Holdings S. A.	2,653,207	86%
	Bolsa	417,366	14%
	Total	3,070,573	100%



Innova - Innova Tecnología y Negocios S. A. de C. V.	AEI - AEI Salvador Holdings S. A.	1	0.0003%
	Delsur - Distribuidora de Electricidad del Sur S. A. de C. V.	359,999	99.9997%
	Total	360,000	100%
ELCA - Electricidad de Centroamérica Ltda	AEI - AEI Salvador Holdings S. A.	22,847	100%
	PPLG - PPLG El Salvador II	11	0.05%
	Total	22,858	100%
Guatemala			
AMESA - Almacenaje y Manejo de Materiales Electricos S.A.	Credieegsa S. A.	40	0.3%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	11,960	99.7%



	Total	12,000	100%
Comegsa - Comercializadora Eléctrica de Guatemala S. A.	Credieegsa S. A.	1,587,222	2%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	62,543,535	79%
	Guatemalan Government	11,112,604	14%
	Other shareholders	4,026,271	5%
	Total	79,269,632	100%
Credieegsa S. A.	Credieegsa S. A.	18,594	0.02%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	64,107,163	81%
	Guatemalan Government	11,112,604	14%
	Other shareholders	4,026,271	5%
	Trelec - Transportista Eléctrica Centroamericana S. A.	5,000	0.01%



	Total	79,269,632	100%
EEGSA - Empresa Eléctrica de Guatemala S. A.	Credieegsa S. A.	18,593	0.02%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	64,112,163	81%
	Guatemalan Government	11,112,604	14%
	Other shareholders	4,026,272	5%
	Total	79,269,632	100%
Enérgica S. A.	Credieegsa S. A.	11,268,594	14%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	52,862,163	67%
	Guatemalan Government	11,112,604	14%
	Other shareholders	402,6271	5%
	Total	79,269,632	100%



GESA - Gestión de Empresas Eléctricas S. A.	Empresas Públicas de Medellín E. S. P.	4,999	100%
	EPM Inversiones S. A.	1	0.02%
	Total	5,000	100%
Ideamsa - Inmobiliaria y Desarrolladora Empresarial de América S. A.	Credieegsa S. A.	18,593	0,02%
	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	64,112,163	81%
	Guatemalan Government	11,112,604	14%
	Other shareholders	4,026,272	5%
	Total	79,269,632	100%
Trelca - Transportista Eléctrica Centroamericana S. A.	Credieegsa S. A.	18,638	0.02%
	DECA II - Distribución Eléctrica Centroamericana Dos II S.A.	64,112,119	81%



Telec - Transportista Eléctrica Centroamericana S. A.	Guatemalan Government	11,112,604	14%
	Other shareholders	4,026,271	5%
	Total	79,269,632	100%
DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	Empresas Públicas de Medellín E. S. P.	1,273,706,774	100%
	EPM Inversiones S. A.	80	0.0%
	Total	1,273,706,854	100%
Panamá			
ENSA - Elektra Noreste S. A.	Shares in the Treasury Department	160,031	0.3%
	State of the Republic of Panama	24,127,549	48%
	Exempleados del IRHE	212,420	0.4%



	PDG - Panama Distribution Group S. A.	25,500,000	51%
	Total	50,000,000	100%
HET - Hidroecológica del Teribe S. A.	Consultores Asociados de Ingeniería S. A .(CAI)	4,974	0.3%
	Empresas Públicas de Medellín E. S. P.	1,817,710	99%
	ESI Incorporated	4,972	0.3%
	Administradora Serviagro S. A.	4,974	0.3%
	Total	1,832,630	100%
AEI - AEI Salvador Holdings S. A.	DECA II - Distribución Eléctrica Centroamericana Dos II S. A.	1,000	100%
	Total	1,000	100%
	AEI Empresas Públicas de Medellín E. S. P.	2,000	100%

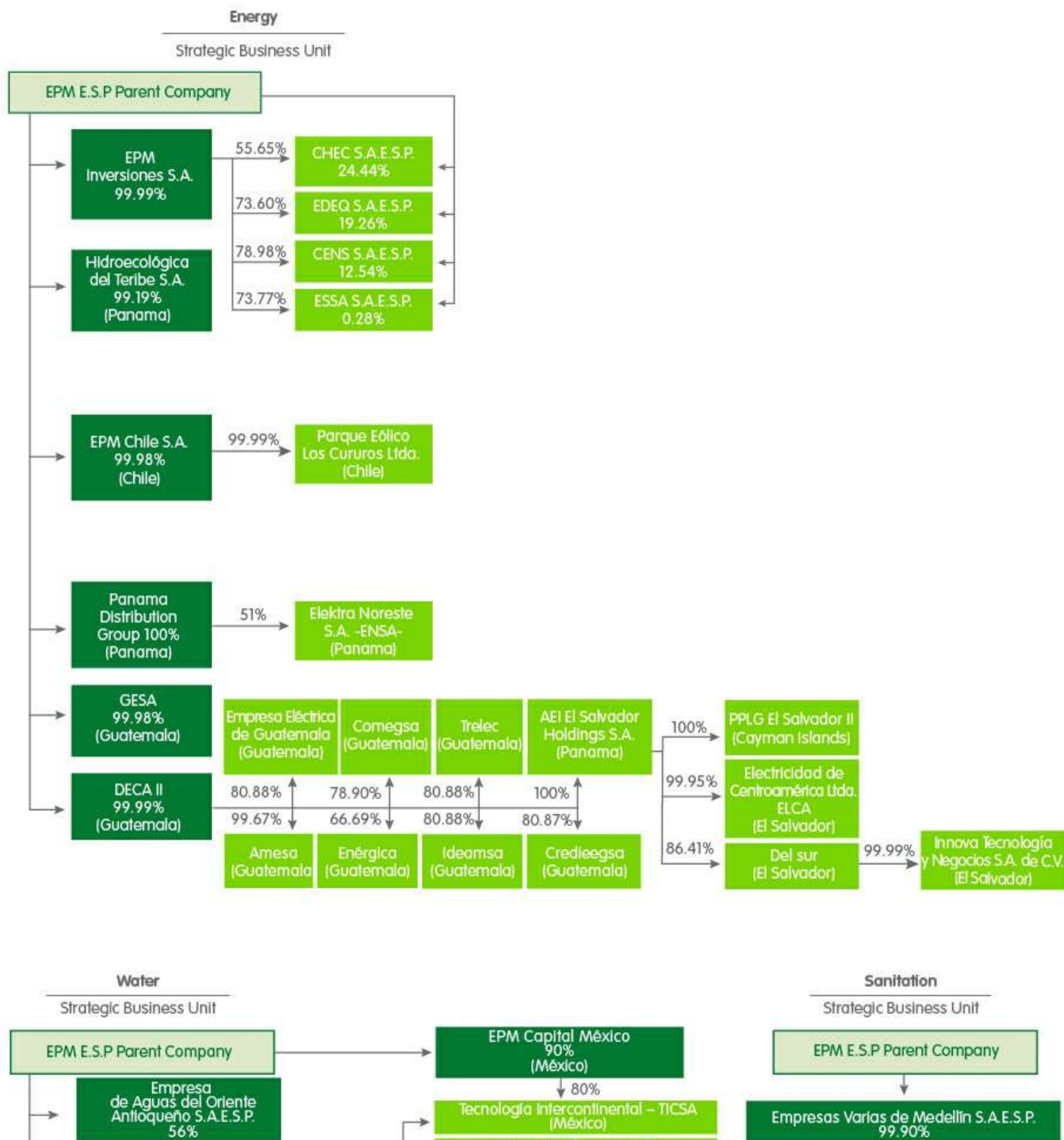


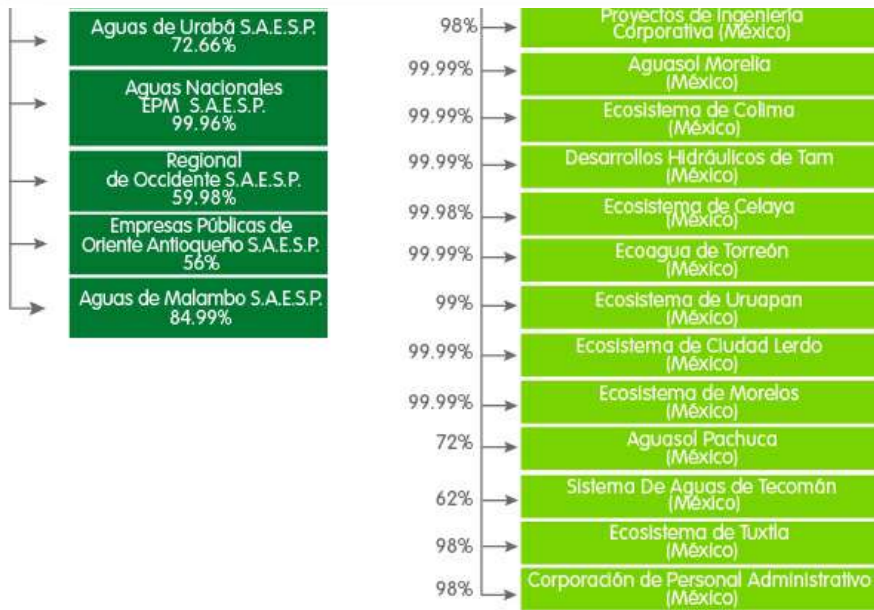
PDG - Panama Distribution Group S.A			
Total		2,000	100%
Bermudas			
Maxseguros EPM Ltda.			
AEI Empresas Públicas de Medellín E. S. P.		1,200	100%
Total		1,200	100%
Islas Caimán			
PPLG - PPLG El Salvador II			
AEI - AEI Salvador Holdings S. A.		100	100%
Total		100	100%



EPM's shareholding in the Group's companies

EPM's shareholding in the Group's companies





■ Directly controlled companies

■ Indirectly controlled companies



Administration: EPM Group Boards of Directors

The boards of directors of EPM Group's subsidiary companies are predominantly aligning the local strategies with the business group's corporate strategy. Therefore, strategic factors are taken into account for its composition, as it is the case of the subsidiary's degree involvement with EPM as Parent Company, and the knowledge of EPM's senior managers with respect to the area where the company operates.

Thus, the boards have internal members who are part of EPM's senior management, and external members, mostly for those companies with a low degree of intervention by EPM as the Parent Company or in the cases when EPM has scarce knowledge of the local dynamics.

As a general EPM Group policy, none of the members of the Board of Directors from the Colombian companies is a direct or indirect owner of stocks in that company.



Boards of Directors of energy companies in Colombia



Boards of Directors of energy companies in Colombia, 8 July 2014.

This group of companies in Colombia consists of four organizations engaged in the provision of water, sewerage and sanitation public utility services:

- Empresa de Energía del Quindío E. S. P. (EDEQ).
- Central Hidroeléctrica de Caldas E. S. P. (CHEC).
- Centrales eléctricas del Norte de Santander E. S. P. (CENS).
- Electrificadora de Santander S. A. E. S. P. (ESSA).

The composition of the boards of directors was approved at shareholders' general meetings held in March 2014, as follows:



Boards of Directors of energy companies in Colombia					
Capacity	Names	EDEQ	CHEC	CENS	ESSA
Internal	Inés Helena Vélez Pérez				
	María Isabel Jaramillo Fernández				
	Juan Carlos Duque Ossa				
	Claudia María Ángel Agudelo				
	Mauricio Castaño Vargas				
External	Gilberto Saffón				
Partners	Julián Gutiérrez Botero				
	Jorge Eduardo Rojas Giraldo				
	Edgar Jesús Díaz Contreras				
	Richard Alfonso Aguilar Ávila				
	Edwin Gilberto Ballesteros Archila				

■ Representation as main member

■ Representation as substitute member



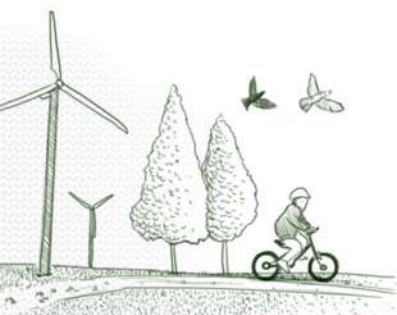
Average attendance at Board meetings

In the period between April and December 2014 the following Board sessions were held by group company:

Boards of Directors sessions held

EDEQ	CHEC	CENS	ESSA
Ordinary: 9	Ordinary: 7	Ordinary: 10	Ordinary: 10
Extraordinary: 1	Extraordinary: 9	Extraordinary: 4	Extraordinary: 4
Total: 10	Total: 16	Total: 14	Total: 14

The following table shows average attendance by board member.



Average attendance of the main and substitute members					
Capacity	Names	EDEQ	CHEC	CENS	ESSA
Sessions held in the term		10	16	14	13
Internal	Inés Helena Vélez Pérez	90%	81%	86%	85%
	María Isabel Jaramillo Fernández	100%	81%	86%	92%
	Juan Carlos Duque Ossa	100%	100%	57%	77%
	Claudia María Ángel Agudelo	60%	50%	64%	69%
	Mauricio Castaño Vargas	60%	50%		
External	Gilberto Saffón		100%		
Partners	Julián Gutiérrez Botero		75%		
	Jorge Eduardo Rojas Giraldo		56%		
	Edgar Jesús Díaz Contreras			57%	
	Richard Alfonso Aguilar Ávila				0%
	Edwin Gilberto Ballesteros Archila				62%
Main members average attendance		97%	88%	76%	59%
Substitute members average attendance		60%	52%	61%	69%

■ Representation as main member
■ Representation as substitute member



Compensation

Fees for members of the boards were approved at the shareholders' general meetings held in March 2014. This are payable per session and are as follows:

Compensation for participation in Board of Directors

	Date of session	Salary	COP
EDEQ	06/03/2014	2 SMMLVs	1,232,000
CHEC	03/03/2014		
CENS	25/03/2014		
ESSA	21/03/2014		

SMMLV (Colombian legal monthly minimum wage in force)

Below is presented in detail the boards remuneration for the period between April and December 2014. EPM internal members and some members are not paid. Only the information of members who received fees in the period presented is shown:

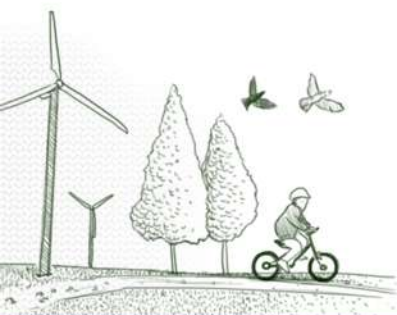


Compensation of the members of the Boards of Directors

Capacity	Names	EDEQ		CHEC		CENS		ESSA	
	Fees per attendance	Board of Directors	Committees	Junta Directiva	Comités	Junta Directiva	Comités	Junta Directiva	Comités
External	Gilberto Saffón	-	-	12,267,000	3,643,000	-	-	-	-
Partners	Julián Gutiérrez Botero	-	-	8,571,000	-	-	-	-	-
	Jorge Eduardo Rojas Giraldo	-	-	11,035,000	-	-	-	-	-
	Richard Alfonso Aguilar Ávila	-	-	-	-	-	-	13,272,000	-
Total main members (COP)		-	-	-	3,643,000	-	-	13,272,000	-
Total substitute members (COP)		-	-	11,035,000	-	-	-	-	-

■ Representation as main member

■ Representation as substitute member



Self-Assessment

In 2014, a unified self-assessment methodology was implemented for the Business Group. The questionnaire used consisted of 40 questions grouped into four categories, with a type of response from one to five depending on the level of compliance, one being the lowest, and five the highest, and N/A for non-applicable questions.

The evaluated categories were: Relationship between the Board of Directors and the company administration, performance and effectiveness of the Board as a collegiate body, Individual performance as member of the Board of Directors, and management of the Board's committees.

The results by category and company are presented below:

Evaluated components		EDEQ		CHEC		CENS		ESSA	
		2013	2014	2013	2014	2013	2014	2013	2014
1	Relationship between the Board of Directors and the company administration	N/A	● 95%	● 97%	● 96%	● 92%	● 86%	● 94%	● 86%
2	Performance and effectiveness of the Board of Directors as a collegiate body	N/A	● 96%	● 96%	● 98%	● 96%	● 94%	● 94%	● 95%
3	Individual performance as member of the Board of Directors	N/A	● 97%	● 97%	● 98%	● 99%	● 97%	● 99%	● 97%
4	Management of the Board of Directors committees	N/A	N/A	● 95%	● 98%	● 98%	N/A	● 98%	N/A

Levels of approval

● Averages higher than 91 % ● Averages ranging between 84% and 91 % ● Averages equal to or lower than 83 %

The results show that the boards of directors of energy are positioned at evaluation averages always higher than 90%. It is evident that the relationship between the Board of Directors with the company management brings challenges for both companies which will be addressed within the improvement plans for EPM's Boards in 2015.



Boards of Directors of water companies in Colombia



Boards of directors of water companies, July 8, 2014.

This group of companies in Colombia consists of seven organizations engaged in the provision of water, sewerage and sanitation public utility services:

- Aguas del Oriente Antioqueño S. A. E. S. P.
- Empresas Públicas de Oriente Antioqueño S. A. E. S. P. (EPO).
- Regional de Occidente S. A. E. S. P.
- Aguas de Urabá S. A. E. S. P.
- Aguas de Malambo S. A. E. S. P.
- Aguas Nacionales S. A. E. S. P.
- Empresas Varias de Medellín S. A. E. S. P. (Emvarias).

The composition of the boards of directors was approved at shareholders' general meetings held in March 2014, as follows:

Boards of Directors of Water Business Companies								
Capacity	Names	Aguas de Oriente	EPO	Aguas de Occidente	Aguas de Urabá	Aguas de Malambo	Aguas Nacionales	Emvarias
Internal	Jorge William Ramírez Tirado							
	Carlos Eduardo Quijano Altamirano							
	Edgardo Gerardo Martínez Echeverri							
	Wilson Chichilla Herrera							
	Juan Carlos Castro Padilla							
	Juan Esteban Calle Restrepo							
	Ana Mercedes Villegas Mejía							
	Santiago Ochoa Posada							



	Martha Lucía Londoño Toro							
	Juan Carlos González Ramírez							
	Jorge Alberto Cadavid							
	Victor Manuel Herrera							
	Juan Carlos Peláez Agudelo							
	Carlos Israel Orduz Aguilar							
	Adriana María Londoño Carvajal							
External	Luis Fernando Arango Arango							
	Jaime Tobón Villegas *							
	Carlos Alberto Mesa Posada							
	Luis Alberto Sanín Correa							
Partners	Carlos Mario Salazar Bermúdez							
	Isabel Cristina Vargas Montes							
	Elkin Darío Villada Henao *							
	Jaime Darío López Duque							
	César Augusto Hernández Correa							
	Juan de Dios Pineda Bedoya							
	Victor Manuel Escorcia Rodríguez							
	Astrid Helena Barrera Roldán							
	Ana Lucía Tamayo Mejía							
	William Palacio Valencia							
	Luis Fredy Mejía Betancur							
	Gerardo Vanegas Bedoya							
	Gastón Torn Colpas							

■ Representation as main member
■ Representation as substitute member

* Dr. Jaime Tobón Villegas joined Aguas de Oriente's Board of Directors as external lead member representing EPM until September 19, 2014, when he past away. During his tenure as a member of the Board he stood out by his high commitment to the Business Group.

* On May 20, 2014, Dr. Elkin Darío Villada Henao, Mayor of El Retiro, formally resigned his position in the Board of Empresas Públicas de Oriente Antioqueño.

Average attendance at Board meetings

In the period between April and December 2014 the following Board sessions were held by group company:



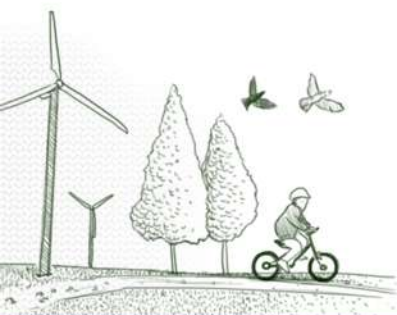
Boards of Directors sessions held

Aguas de Oriente	EPO	Aguas de Occidente	Aguas de Urabá
Ordinary: 7	Ordinary: 5	Ordinary: 8	Ordinary: 11
Extraordinary: 0	Extraordinary: 2	Extraordinary: 1	Extraordinary: 2
Total: 7	Total: 7	Total: 9	Total: 13

Aguas de Malambo	Aguas Nacionales	Emvarias
Ordinary: 8	Ordinary: 5	Ordinary: 6
Extraordinary: 3	Extraordinary: 2	Extraordinary: 14
Total: 11	Total: 7	Total: 17

The following table shows average attendance by board member.

Average attendance of the main and substitute members								
Capacity	Names	Aguas de Oriente	EPO	Aguas de Occidente	Aguas de Urabá	Aguas de Malambo	Aguas Nacionales	Emvarias
Sessions held in the term		7	7	9	13	11	7	17
Internal	Jorge William Ramírez Tirado	100%	86%	89%	85%	73%		
	Carlos Eduardo Quijano Altamirano	71%	57%	89%		64%	86%	
	Edgardo Gerardo Martínez Echeverri					82%		
	Wilson Chichilla Herrera						43%	
	Juan Carlos Castro Padilla						43%	
	Juan Esteban Calle Restrepo							100%
	Ana Mercedes Villegas Mejía							94%
	Santiago Ochoa Posada				69%	73%		41%
	Martha Lucía Londoño Toro	14%	86%	22%			43%	
	Juan Carlos González Ramírez	57%	86%	100%	46%	64%		
	Jorge Alberto Cadavid			22%				
	Victor Manuel Herrera		14%					



	Juan Carlos Pelóez Agudelo	57%						
	Carlos Israel Orduz Aguilar				31%	18%		
	Adriana María Londoño Carvajal						43%	
External	Luis Fernando Arango Arango				85%			
	Jaime Tobón Villegas *	29%						
	Carlos Alberto Mesa Posada							88%
	Luis Alberto Sanín Correa							35%
Partners	Carlos Mario Salazar Bermudez	86%						
	Isabel Cristina Vargas Montes		57%					
	Elkin Darío Villada Henao *	14%	0%					
	Jaime Darío López Duque				31%			
	César Augusto Hernández Correa			0%				
	Juan de Dios Pineda Bedoya			100%				
	Victor Manuel Escorcía Rodríguez					73%		
	Astrid Helena Barrera Roldán		14%	56%	62%			
	Ana Lucía Tamayo Mejía		29%					
	William Palacio Valencia				0%			
	Luis Fredy Mejía Betancur				0%			
	Gerardo Vanegas Bedoya			0%				
	Gastón Torn Colpas					9%		
Main members average attendance		60%	57%	76%	66%	73%	57%	94%
Substitute members average attendance		43%	36%	25%	19%	30%	43%	38%

■ Representation as main member
■ Representation as substitute member

Compensation

Fees for members of the boards were approved at the shareholders' general meetings held in March 2014. This are payable per session and are as follows:



Compensation for participation in Board of Directors

	Date of session	Salary	COP
Aguas de Oriente	21/03/2014	1 SMMLV	616,000
EPO	17/03/2014		
Aguas de Occidente	19/03/2014		
Aguas de Urabá	12/03/2014		
Aguas de Malambo	14/03/2014		
Aguas de Nacionales	18/03/2014	1,5 SMMLV	924,000
Emvarias	31/03/2014		

SMMLV (Colombian legal monthly minimum wage in force)

Below is presented in detail the boards remuneration for the period between April and December 2014. EPM internal members and some members are not paid. Only the information of members who received fees in the period presented is shown:

Compensation of the members of the Boards of Directors															
Capacity	Names	Aguas de Oriente		EPO		Aguas de Occidente		Aguas de Urabá		Aguas de Malambo		Aguas Nacionales		Emvarias	
	Fees per attendance	Board of Directors	Committees	Junta Directiva	Comités	Junta Directiva	Comités	Junta Directiva	Comités	Junta Directiva	Comités	Junta Directiva	Comités	Junta Directiva	Comités
External	Luis Fernando Arango A.	-	-	-	-	-	-	6,776,000	-	-	-	-	-	-	-
	Jaime Tobán Villegas *	1,232,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	Carlos Alberto Mesa Posada	-	-	-	-	-	-	-	-	-	-	-	-	11,088,000	-
	Luis Alberto Sanín Correa	-	-	-	-	-	-	-	-	-	-	-	-	4,620,000	-
Partners	Carlos Mario Salazar B.	3,080,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total main members (COP)		4,312,000	-	-	-	-	-	6,776,000	-	-	-	-	-	11,088,000	-
Total substitute members (COP)		-	-	-	-	-	-	-	-	-	-	-	-	4,620,000	-

■ Representation as main member
■ Representation as substitute member

Self-Assessment



In 2014, a unified self-assessment methodology was implemented for the Business Group. The questionnaire used consisted of 40 questions grouped into four categories, with a type of response from one to five depending on the level of compliance, one being the lowest, and five the highest, and N/A for non-applicable questions.

The evaluated categories were: Relationship between the Board of Directors and the company administration, performance and effectiveness of the Board as a collegiate body, Individual performance as member of the Board of Directors, and management of the Board's committees.

The results by category and company are presented below:

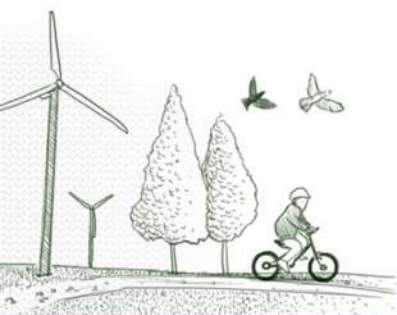
Company self-assessment results

Evaluated components		Aguas de Oriente		EPO		Aguas de Occidente		Aguas de Urabá		Aguas de Malambo		Aguas Nacionales		Envías	
		2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
1	Relationship between the Board of Directors and the company administration	97%	89%	96%	93%	93%	93%	91%	88,3%	82%	81%	91%	88%	N/A	91%
2	Performance and effectiveness of the Board of Directors as a collegiate body	96%	91%	96%	96%	95%	96%	93%	94,1%	88%	92%	98%	84%	N/A	98%
3	Individual performance as member of the Board of Directors	98%	94%	99%	96%	96%	98%	98%	96,3%	95%	92%	99%	88%	N/A	96%
4	Management of the Board of Directors committees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	91,3%	N/A	N/A	N/A	N/A	N/A	N/A

Levels of approval

● Averages higher than 91 % ● Averages ranging between 84% and 91 % ● Averages equal to or lower than 83 %

The results shows that the best positioned companies in this self-assessment are: EPO, Aguas de Occidente and Envías. It is evident that 2015 brings challenges for some of the companies evaluated, regarding Relationship between the Board of Directors and the company administration, and Performance and effectiveness of the Board as a collegiate body. These challenges will be addressed within the improvement plans for EPM's Boards in 2015.



Boards of Directors of international companies

The EPM Group has decided to use the Strategic Architect engagement model with the international subsidiaries that promote a scarce intervention in their ordinary operation. The purpose of this decision is to establish strategic guidelines for the international business activities by means of governance mechanisms, and to ensure that the ordinary management is autonomously carried out in each subsidiary.

The following are the details of EPM Group's international companies, distributed in three groups: operational companies, investment vehicles and others.

Operational companies

- Elektra Noreste S.A. (ENSA), in Panama.
- Hidroecológica del Teribe S.A. (HET), in Panama.
- Empresa Eléctrica de Guatemala S.A. (EEGSA), in Guatemala.
- Comercializadora Eléctrica de Guatemala S.A. (Comegesa), in Guatemala.
- Transportista Eléctrica Centroamericana S.A. (Trelec), in Guatemala.
- Distribuidora de Electricidad del Sur S.A. de C.V. (Delsur), in El Salvador.
- EPM Chile S. A., in Chile (see Note 1).
- Tecnología Intercontinental S.A.P.I. de C.V. (TICSA), in Mexico (see Note 2).

Note 1: Despite being an especial purpose vehicle, EPM Chile S.A. is listed within the operational companies because it is in charge of administrating and managing the Los Cururos Wind Farm.

Note 2: TICSA comprises 13 companies that work on the design, construction and operation of wastewater treatment plants, through which it has presence in the states of: Durango, Coahuila, Colima, Michoacán, Morelos, Guanajuato, Hidalgo, Chiapas, and Tamaulipas, in the Federal Republic of Mexico.

Especial purpose vehicle

- Panama Distribution Group S.A. (PDG), in Panama.
- AEI El Salvador Holdings S.A., in Panama.
- Gestión de Empresas Eléctricas S.A. (GESA), in Guatemala.
- Distribución Eléctrica Centroamericana II S.A. (DECA II), in Guatemala.
- Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA), in Guatemala.
- Enérgica S.A., in Guatemala.
- Inmobiliaria y Desarrolladora Empresarial de América S.A. (Ideamsa), in Guatemala.
- Credieegsa S.A., in Guatemala.
- PPLG El Salvador II, in Cayman Islands.
- Electricidad de Centroamérica Ltda. de C.V. (ELCA), in El Salvador.
- Innova Tecnología y Negocios S.A. de C.V., in El Salvador.
- EPM Capital México S.A. de C.V., in Mexico.

Other

- Maxseguros EPM Ltd., in Bermuda.

Regarding the management or administrative boards (CDA) of the operating companies previously mentioned, their detailed corformation is presented below.

Boards of Directors of operative companies									
Capacity	Names	ENSA	HET	Delsur	EEGSA	Comegsa	Trelec	TICSA	EPM Chile (Los Cururos)
	Juan Esteban Calle Restrepo								
	Ana Mercedes Villegas Mejía								
	José Enrique Salazar								
	Juan Rafael López Foranda								
	Wilson Chinchilla Herrera								
	Luis Javier Vélez								
	Santiago Ochoa Posada								



Internal	Carolina Alexandra Quintero								
	Carlos Mario Jaramillo Duque								
	Inés Helena Vélez Pérez								
	Juan Rafael López Foranda								
	Juan Carlos Duque Ossa								
	María Isabel Jaramillo Fernández								
	Carlos Alberto Solano Bonnett								
	Adriana María Londoño Carvajal								
	Gabriel Jaime Belancourt Mesa								
	Hugo Villalobos								
	Santiago Villegas Yepes								
	Alejandro José Jaramillo Arango								
	Carlos Arturo Díaz Romero								
	Alberto Mejía Reyes								
	External	Ramiro Valencia Cossio							
Claudia Jiménez Jaramillo									
Tatyana Aristizábal Londoño									
Gilberto Saffón									
Lizardo Arturo Sosa									
Jorge Mario Pérez Gallón									
Javier Ernesto Ortiz Abadía									
Gilberto Escobedo									
Álvaro García Hurtado									
Partners		José Roberto Quijano							
	José Agustín Moscoso								
	José Alfredo Primelles Williamson								

- Representation as main member
- Representation as substitute member

The following chart shows the details of the composition of the boards of directors or administration councils (abbreviated CDA in Spanish) of the aforementioned operational companies:



Average attendance to the sessions

The following board or council sessions were held in 2014 by the Group's companies:

Boards of Directors sessions held

ENSA	HET	Delsur	Eagsa
Number of sessions 6	Number of sessions 18	Number of sessions 6	Number of sessions 10
Comegsa	Trelec	TICSA	EPM Chile (Los Cururos)
Number of sessions 10	Number of sessions 10	Number of sessions 13	Number of sessions 8

The following chart shows the attendance average of every member of the boards of directors or administration councils:



Average attendance of the main members

Capacity	Names	ENSA	HET	DELSUR	EEGSA - Comesa - Trelec	TICSA	EPM Chile (Los Cururos)
Sessions held in the term		6	18	6	10	13	8
Internal	Juan Esteban Calle Restrepo	83%				85%	
	Ana Mercedes Villegas Mejía			67%	80%		
	José Enrique Salazar			100%	100%		
	Juan Rafael López Foronda			50%			
	Wilson Chinchilla Herrera		61%			92%	100%
	Luis Javier Vélez		83%				
	Santiago Ochoa Posada					92%	
	Carolina Alexandra Quintero				80%		
	Carlos Alberto Solano Bonnett						100%
	Adriana María Londoño Carvajal						
	Gabriel Jaime Betancourt Mesa						100%
External	Ramiro Valencia Cossio	100%	100%		90%		
	Claudia Jiménez Jaramillo	83%					88%
	Tatyana Aristizabal Londoño			100%			
	Gilberto Saffón			83%			
	Lizardo Arturo Sosa				100%		
	Jorge Mario Pérez Gallón		100%				
	Javier Ernesto Ortiz Abadía		94%				
	Gilberto Escobedo					69%	
	Álvaro García Hurtado *						100%
Partners	José Roberto Quijano *	100%					
	José Agustín Moscoso *	67%					
	José Alfredo Primelles Williamson					92%	
Main members average attendance		87%	88%	80%	90%	86%	98%

■ Representation as main member

* Mr. Álvaro García Hurtado, external member, joined EPM Chile's Board of Directors in October 2014, that is why his attendance average was calculated for the 2014 October-December term.

* Partners José Roberto Quijano and José Agustín Moscoso, representatives of the Panamanian government, joined ENSA's Board of Directors in August 2014, that is why their attendance averages were calculated for the 2014 August-December term.



Compensation

Compensation for participation in Board of Directors and committees

Companies	Compensation in USD
ENSA	1,250
HET	1,000
Delsur	800
EEGSA	
Comegsa	800
Trelec	
TICSA	800
EPM Chile (Los Cururos)	1,250

The following are the fees approved for the members of the boards of directors and administration councils for 2014, which were paid as per attended session: The following are the details of the compensation for the boards of directors for the 2014 term. It should be noted that EPM's internal members do not receive any compensation, which is why the chart only provides information related to the members who received fee compensations for the mentioned term:



Self-evaluation

A unified self-evaluation methodology was approved in 2014 for the entire Business Group. The questionnaire that was used contained 40 questions grouped in four components, with a possibility for answering that ranged from one to five in terms of the degree of compliance/fulfillment, one being the lowest, five the highest and N/A for the questions that did not apply to the particular context.

The evaluated components were the following: Relationship between the Board of Directors and the company administration, performance and effectiveness of the Board of Directors as a collegiate body, individual performance as member of the Board of Directors, and management of the Board of Directors committees.

The results according to the components and companies are the following:

Self-evaluation results listed by company

Evaluated components		ENSA		HET		Delsur		EEGSA - Comegsa - Trolec	
		2013	2014	2013	2014	2013	2014	2013	2014
1	Relationship between the Board of Directors and the company administration	● 92%	● 85%	N/A	● 91%	● 90%	● 94%	● 95%	● 93%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 94%	● 93%	N/A	● 94%	● 95%	● 97%	● 98%	● 95%
3	Individual performance as member of the Board of Directors	● 97%	● 94%	N/A	● 98%	● 94%	● 98%	● 94%	● 97%
4	Management of the Board of Directors committees	● 96%	● 93%	N/A	● 99%	● 98%	● 100%	● 93%	● 96%

Levels of approval

● Averages higher than 91 % ● Averages ranging between 84% and 91 % ● Averages equal to or lower than 83%

The results show a positive evolution in all the evaluation components of the boards of directors, correlated to the training actions carried out in 2014. Improvement challenges remain for the "Relationship between the Board of Directors and the company administration" component, specifically regarding the management of the information submitted to the Board of Directors. This issue will be addressed in the plans for strengthening EPM Group's boards of directors in 2015.



Team of Managers of the EPM Group

Since 2012, EPM decided to undertake a transformation program called “EPM Group without Borders,” with the purpose of adapting the organization to achieve the strategy defined in terms of growth with sustainability.

In order to boost these growth opportunities and achieve the Great and Ambitious Strategic Goal (MEGA) by 2022, the administrative structures of EPM and the Colombian companies of the energy, water and sanitation sectors were revised and adjusted in 2014. The purpose of these actions was to implement structures that facilitate the unit of purpose and that are consistent with the design of the EPM Group’s Corporate Core in a legal diversity context. The new administrative structures of the Colombian companies facilitate the engagement and the integration required for functioning in an “operatively involved” way, and obtaining thus synergies within the Group.

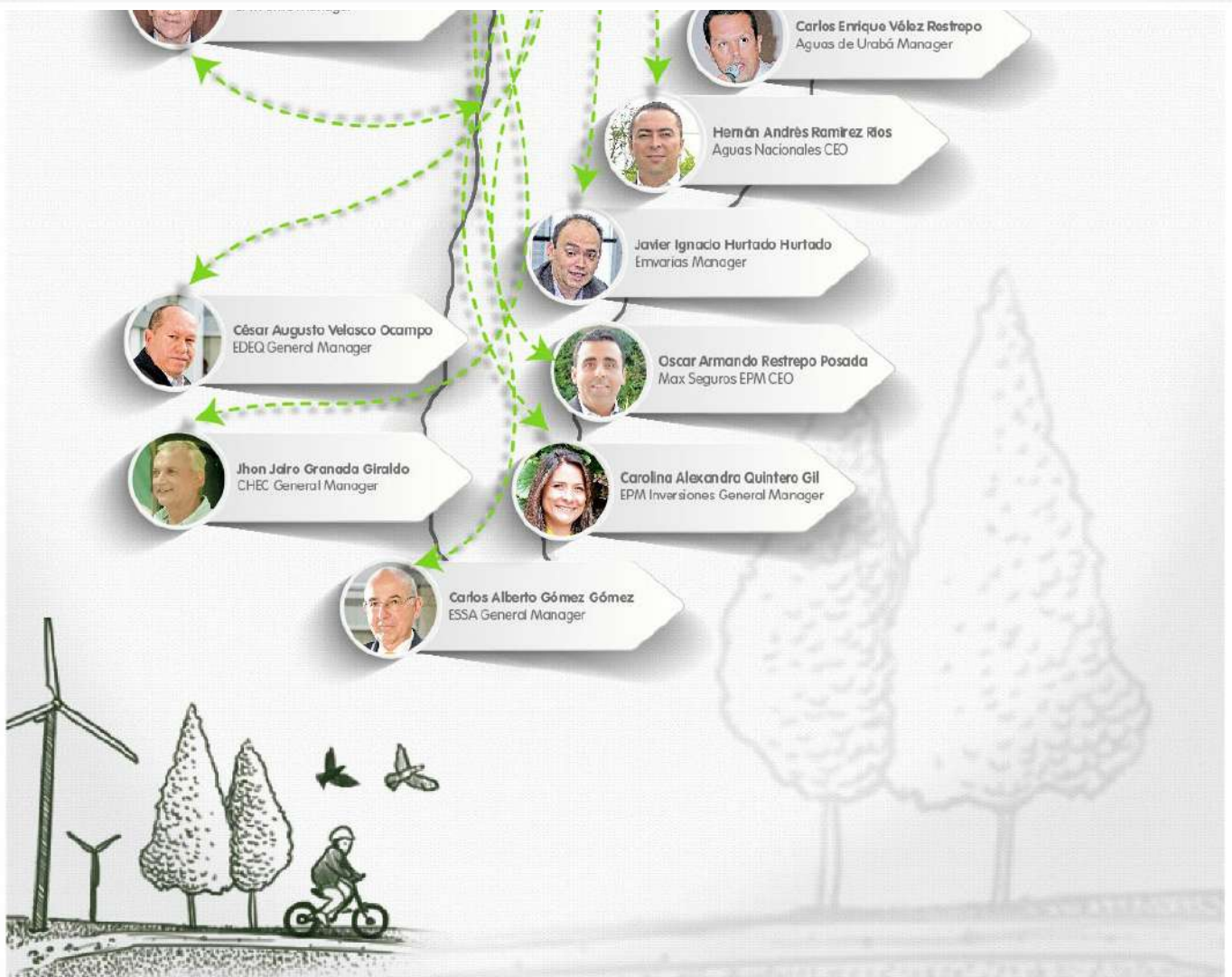


Managers of the Group

On July 9, 2014, the adjustments to the administrative structures of the Group's Colombian companies were approved. These adjustments became effective as of September 1, 2014, and the EPM Group's team of managers was appointed.

The following graphic shows the details of the team of managers of the EPM Group's local and international companies:





EPM Group's Directors Meeting



2nd EPM Group Directors Meeting

The EPM Group Directors Meeting is an event held every six months for the managers of both the local and international companies so that they feel they are part of one solid and close team, with a shared group-focused vision and with the purpose of achieving their empowerment as inspiring leaders in their corresponding companies.

The objective is to offer an opportunity for conversation and feedback in an environment of trust and closeness, designed so that the attendees receive key information to help them to align their companies with the Group's strategic planning. The event is also an adequate moment for sharing experiences and achievements in order to identify synergies and the best practices that would allow them to grow as a business group.

In 2014, two sessions of this event were held. The first one was held in April (10 and 11) and its main topic was: 2013 achievements and challenges for 2014. Besides the managers, the members of the Group's boards of directors, the members of the Planning Committee and the business vice-presidents also attended the event.

The second meeting was held on December (9 and 10), and its main topic was: 2014 achievements and challenges for 2015. The managers of the Group's companies, four members of EPM's Board of Directors and EPM's senior management team were the event attendees.

Almost 200 achievements of the group in 2014 were identified during the event, and a special recognition was made to the managers in terms of the main achievements of their management actions during the year.



A new way to interact as a Group

From the decision taken by the EPM Group on implementing an operational involvement model for the management and development of its business Energy Generation, Transmission, Distribution, and Commercialization, Provision of Water, Wastewater Management and Management of Solid Waste in Colombia, on November 8th, 2013, the Governance Agreement was signed between EPM and its national subsidiary companies EDEQ, CHEC, ESSA, CENS, EPM Inversiones, Aguas de Oriente, Empresas Públicas de Oriente, Regional Occidente, Aguas de Urabá, Aguas de Malambo, and Aguas Nacionales. Emvarias adhered to the Governance Agreement through the Addendum N.º 1 to the agreement signed on January 22nd, 2014. The Governance Agreement is the mechanism that formalizes the will of all the EPM Group Companies of working together in order to improve the provision of the public utilities and the generation of value for the stakeholders. By means of the Governance Agreement, it is possible to act as a business group; and the mechanisms to agree on the conditions for the relationship between the companies that are part of the group are defined in order to guarantee the purpose and direction unit, facilitate the achievement of the business objectives, and generate value through the strategic alignment and the synergy gain.

General Background of the Governance Agreement

Governance Agreement

A new way to work together through which we formalize our will to pursue common objectives that improve the provision of the services and the management of every company of the Group.



Governance Agreement Amendments

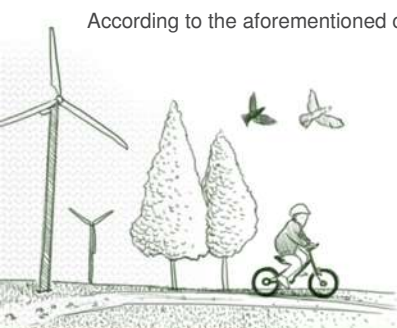
The Governance Agreement, in its first stage, only had into account the relationships among national companies to enable one of the models of relationships of the new strategy: operational involvement. However, for the companies under other models, like the strategic architect model, it was necessary to establish a relationships' formal schema. Therefore, in December 5th, 2014, the Addendum N.º 2 was signed. Through it, the board of directors of each national subsidiary company of the EPM Group approved the amendment of the Governance Agreement so that international companies that have other relationship models of the EPM Group can adhere to the same.

Mechanisms for settlement of disagreements in the operational involvement

If differences emerge among the EPM Group Companies in the operational involvement, the Governance Agreement establishes a procedure to solve possible disagreements:

Governance Agreement (section 3.7) "If, with regard to a certain guideline, orientation, policy or procedure recommended by the Corporate Core, the receiving party of the same finds justified reasons to determine that its implementation is inconvenient for the receiving party, it will inform the core of it, in writing, clearly indicating the elements in which such inconvenience is justified. The Corporate Core shall analyze the claimed reasons in the case and, if deemed appropriate, it shall send the inconvenience to the committee having the responsibility to resolve these issues within the group; so that, in the meeting in which the legal representative of the respective receiving party will be summoned and heard, the final appropriateness of providing or not such guideline, orientation, policy, or procedure can be decided. In the event that it is decided to move on with the implementation of the guideline, orientation, policy, or procedure, it shall be stated in the respective minutes that the procedure here indicated was carried out.

According to the aforementioned clause, EPM defined the following schema for settlement of disagreements in the operational involvement :



Settlement of disagreements in the operational involvement

1. Disagreements of subsidiaries' employees:

Business issues

1. Subsidiary technician – Business Vice-President
2. Executive Vice-President
3. Direction Committee

Support issues

1. Subsidiary technician – Vice-President who owns the support issue
2. Business Vice-President
3. Executive Vice-President
4. Direction Committee

2. Disagreements of subsidiaries' managers:

Business issues

1. Subsidiary manager – Business Vice-President
2. Executive Vice-President
3. Direction Committee

Support issues

1. Subsidiary manager – Vice-President who owns the support issue
2. Business Vice-President
3. Executive Vice-President
4. Direction Committee

3. Disagreements between the support Vice-President and the Business Vice-President in EPM:

1. Executive Vice-President
2. Direction Committee

How?

1. Report justifying the disagreement and including a settlement proposal.
2. Meeting with the Business or Support VP related to the disagreement (minutes).
3. Meeting with the Executive VP (minutes).
4. Direction Committee (minutes).

Where is the disagreement settlement procedure recorded?

1. **If minutes are issued:** the settlement procedure is recorded in the minutes.
2. **If minutes are not issued:** all the signed meeting minutes must be submitted to the Corporate Governance Unit in order to have traceability.

General Considerations:

- For transaction minutes: if there is a disagreement between the parties related to the prices, the expert team of the Financial Analysis Direction Office will be in charge of settling it.
- If there is an intervention, the only competent body that can make a decision will be the Direction Committee.

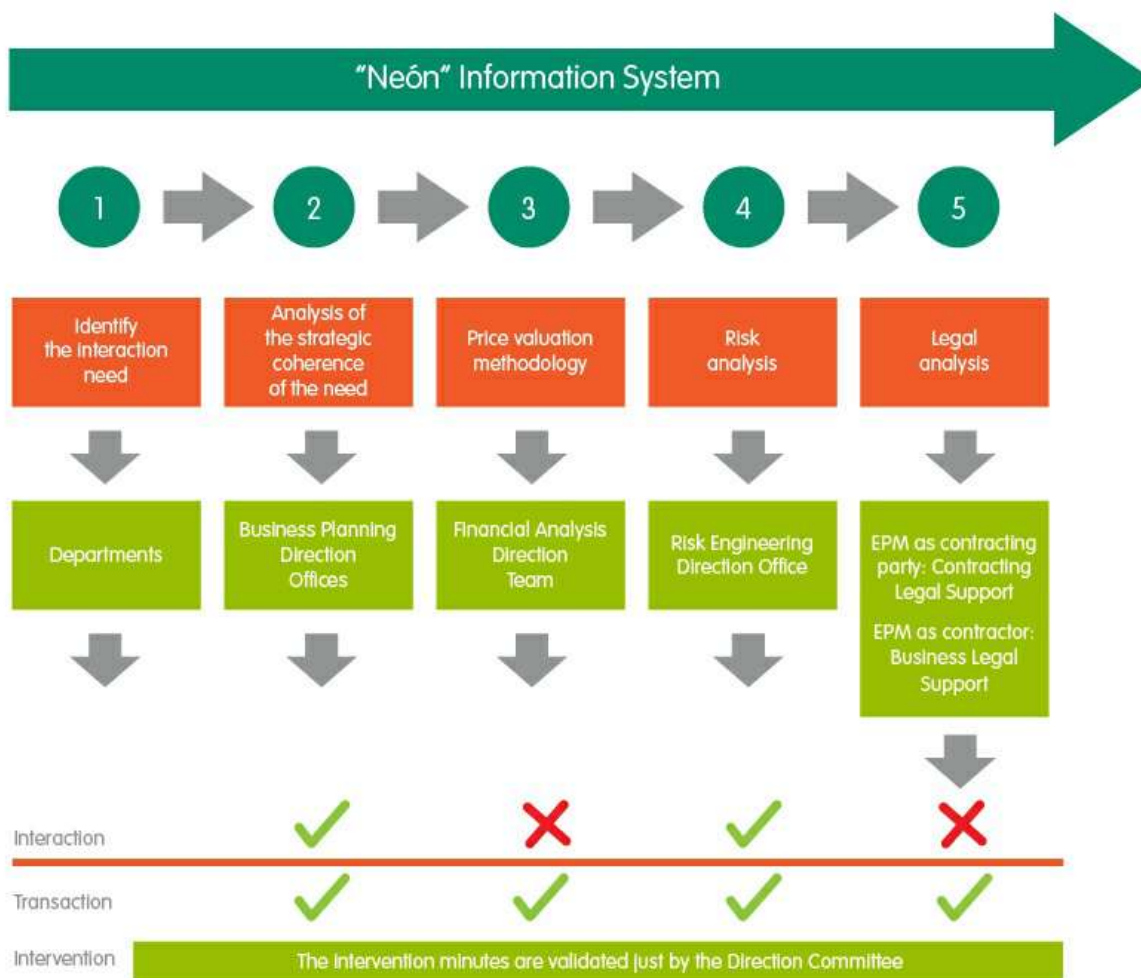


Procedure for formalization of relations between the Group companies

12 generic interaction minutes were signed by the EPM's Vice-Presidents' Offices on August 29 in order to enable functional relations between EPM's departments and the operationally involved companies. The dispositions of these minutes mainly establish two matters: i) which departments of the subsidiaries are related to EPM's departments, and ii) what are the subjects they are connected by.

The procedure shown in the first graphic is based on an information system, which allows having traceability, order and information related to the group-focused decision-making process implemented by means of the minutes.

Procedure for drawing up, approving and signing the minutes



The fundamental premises of the relations among the group's companies are the amplification of competitive advantages, the search for economies of scale and the group's unity of purpose. Based on these premises, the procedure has the basis for the valuation of the prices of the inter-group transactions.

The objective of this valuation is to guarantee that the prices, which are applied to the commercial transactions (transfers of goods and services) **among companies that belong to the same group**, are true value generation inducers by establishing synergies, economies of scale and cost optimization. For such purpose, there are two key activities:

1. Definition of the cost of the service under the established methodology.



2. Comparison with the market prices, with the purpose of establishing the relevance of executing the transaction.

Additionally, the risk analysis is vitally important due to the fact that it allows identifying and assessing the events that could divert the fulfillment of the proposed objectives in terms of their probability and consequence with the execution of the dispositions of the minutes. Risks are identified for all the parties involved in the commercial relations, and the control actions focused on preventing the materialization of the risks or decreasing their impact are also identified.



Preparation for relations networking among the Group's companies

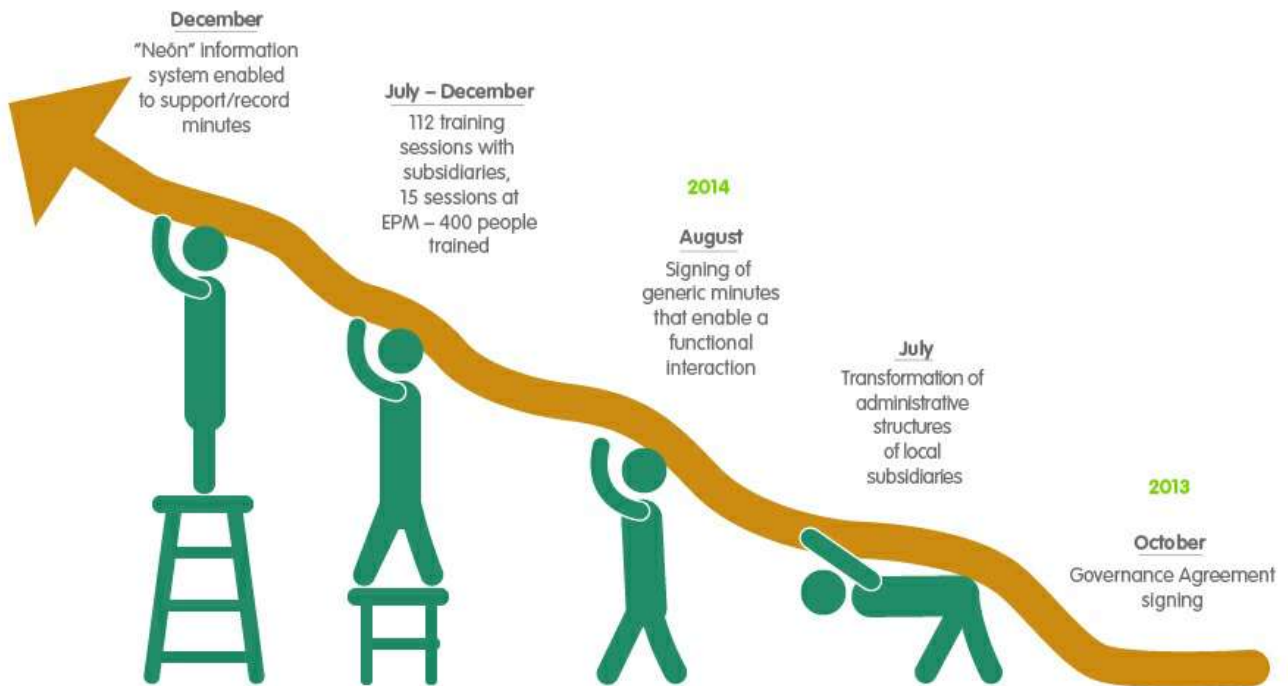


1st EPM Group Directors Meeting

The following graphic describes the main milestones related to the preparation of the group's companies for operating under the new relations scheme. These milestones include activities of information system preparation, adjustments in the organizational structures, training and disclosure of the Governance Agreement.



Main training events

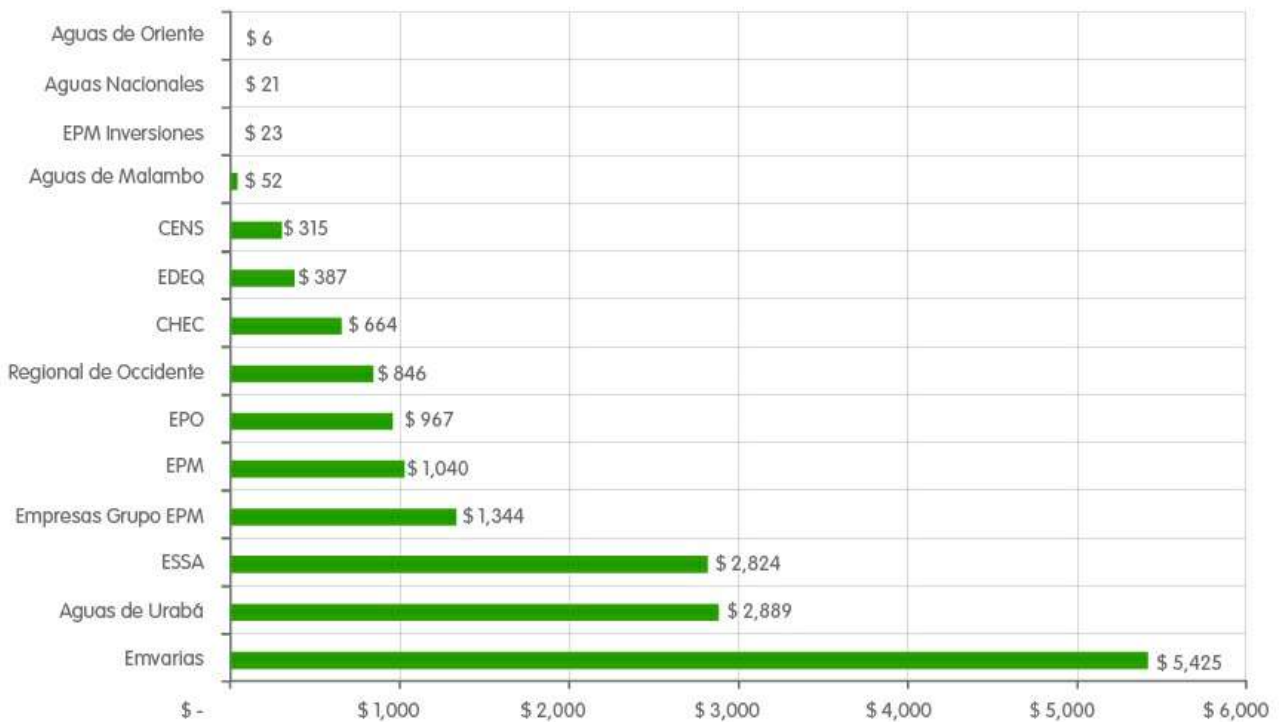


Summary of formalized deeds

122 formalized minutes was the result of the operative involvement in 2014. 25% of this figure corresponds to the minutes jointly formalized by the group's companies for matters such as the enabling of the operative involvement (minutes of generic interaction by function), joint purchases, provision of similar services, etc.

The chart below shows the total minutes formalized in 2014.

2014 Signed Minutes (Millions of Colombian Pesos)



COP 16,797,626,179
(not including VAT)

This was the total amount of the transactions made in 2014, in comparison to

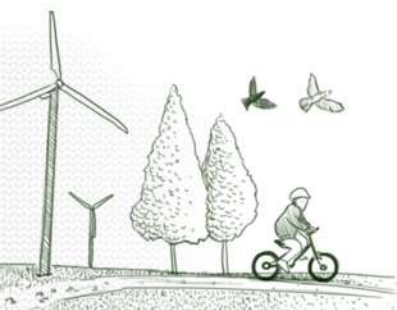
COP \$15.348.000
of the transactions made in 2013.

122 minutes

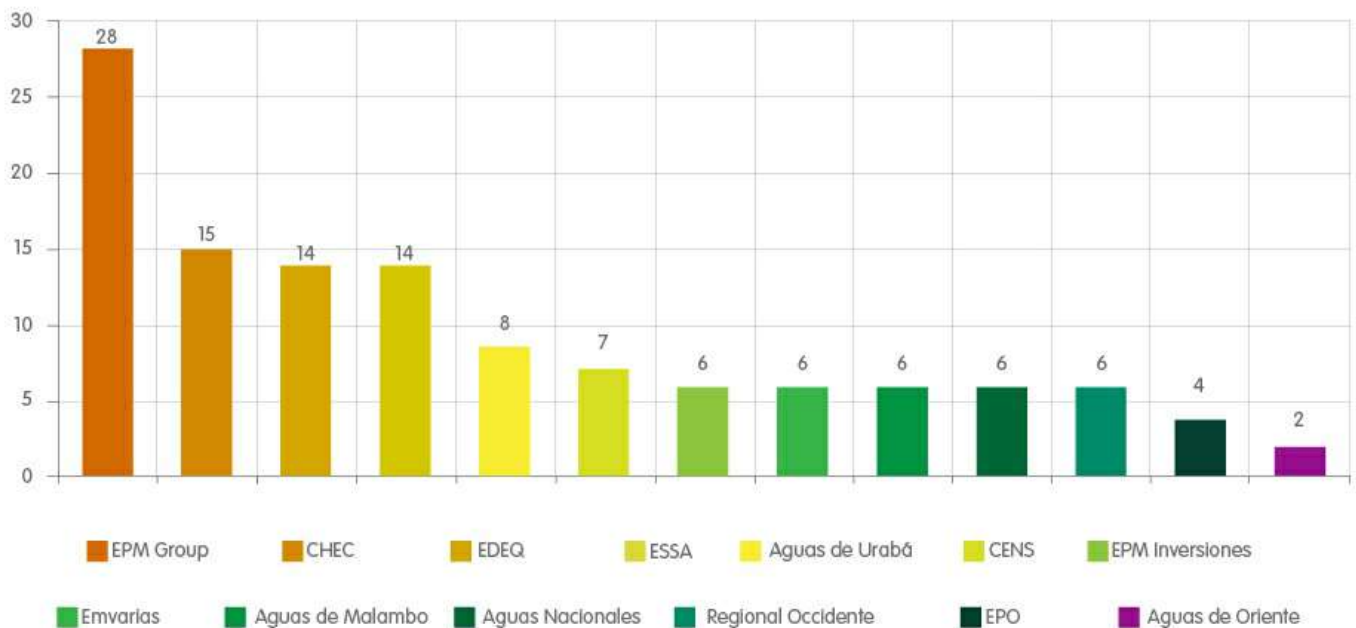
were signed in 2014, all of which are registered in the "Neón" information system.

The companies that jointly formalized the most minutes with EPM were CHEC, EDEQ, and ESSA. The graphic below contains the details of the number and amounts of the minutes formalized by the companies.

Minutes formalized by the companies



Number of minutes signed by the companies



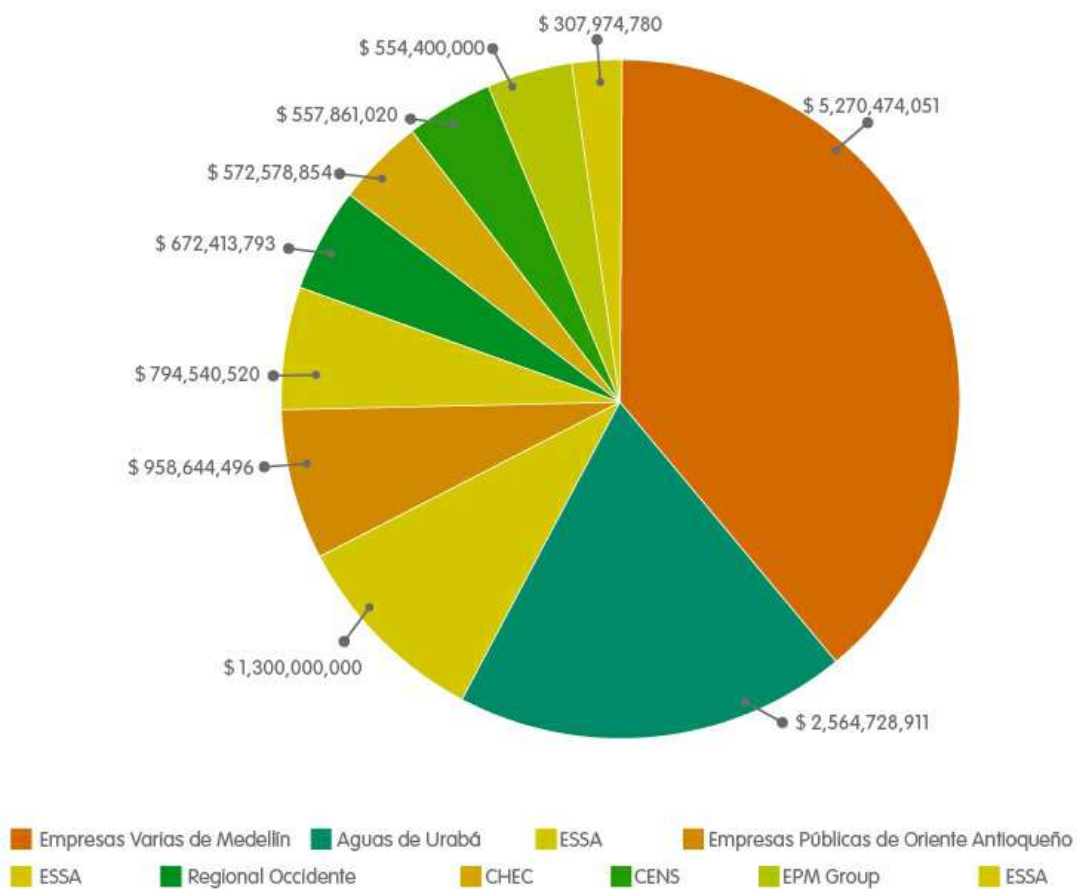
28 minutes

were jointly signed in 2014 by the Group's companies for subjects such as:

The enabling of the operative involvement (minutes of generic interaction by function), joint purchases, provision of similar services, etc.



Group's companies with large-amount minutes



COP 5,270,474,051

was the amount of the largest transaction in 2014 (with Emvarias). This figure corresponds to 32% of EPM Group's total transactions.

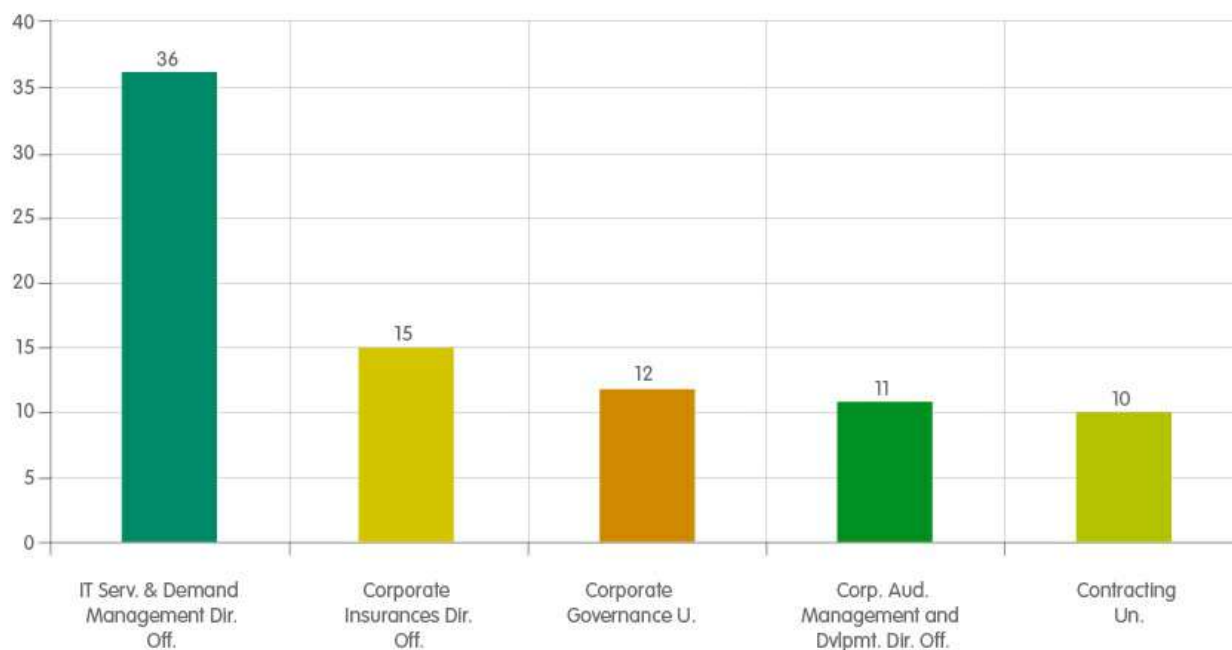
After Emvarias, Aguas de Urabá was the company with the most significant transactions, which correspond to 17.20% of the total transactions made in 2014.

The departments of EPM that formalized the most minutes were the IT Services and Demand Management Direction Office and the Corporate Insurances Direction Office. However, the Major Client Offers Unit was the department that executed transfers that totaled the largest amount. The graphic below contains the most representative details of the number and amounts of the minutes formalized by EPM's departments.

Minutes formalized by EPM's departments



Departments with the most signed minutes



36 minutes

were signed in 2014 by the IT Services & Demand Management Direction Office. This amount represents 29.51% of the total signed minutes.

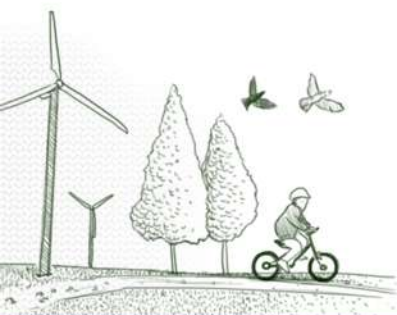


Departments with large-amount minutes



COP \$5,270,474,051 was the amount of the largest transaction in 2014.

The Major Clients Offers Unit signed with Emvarias a service provision contract that included invoicing, invoice distribution, portfolio management and the joint collection of the sanitation and special services public utilities fees.



Summary of policies approved by the EPM Group

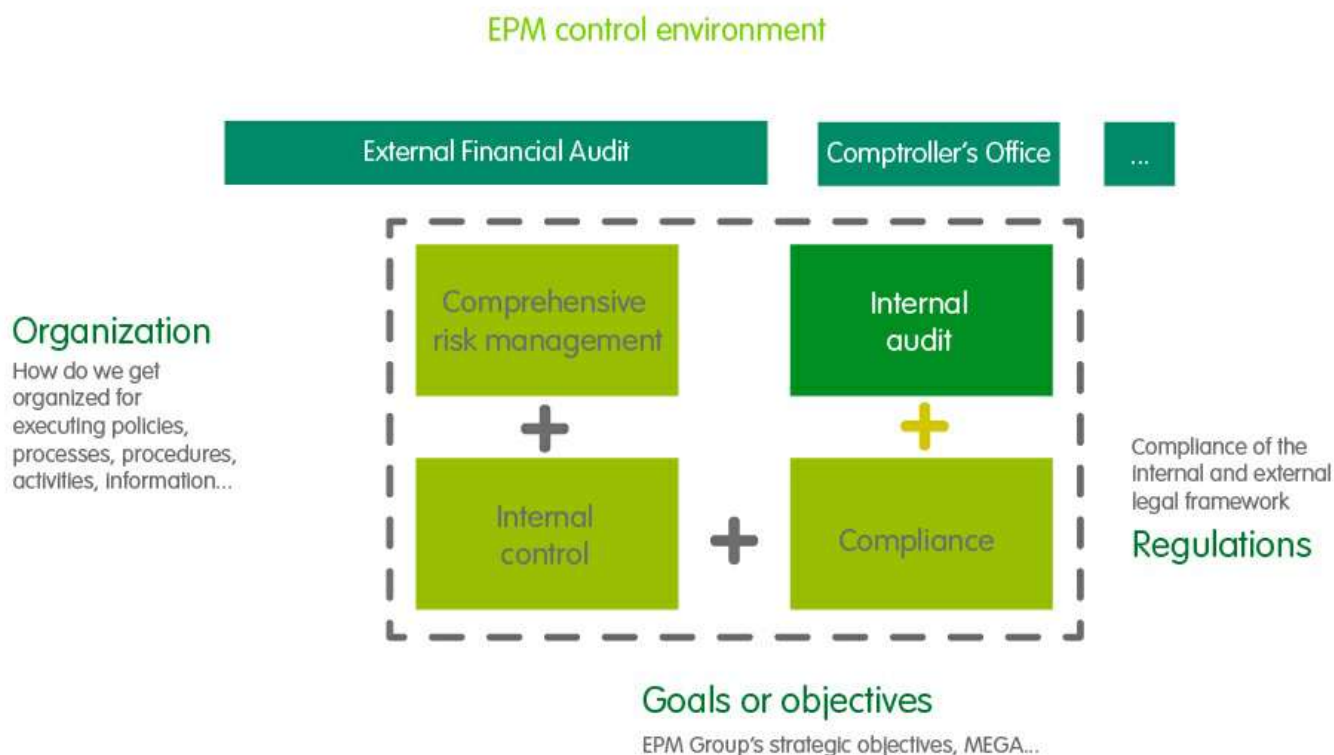
EPM Group Policies											
N°	Policy	Description	ENB	ENSA	ENSA	ENSA	ENSA	ENSA	ENSA	ENSA	ENSA
1	Environmental policy with business group scope	The EPM Business Group, as a provider of public services related to energy, drinking water, basic sanitation and telecommunications, is aware of its interdependence with the environment; therefore, it must carry out its comprehensive environmental management in a proactive manner, using criteria based on business competitiveness and environmental, economic and social sustainability.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
2	Corporate social responsibility	The corporate social responsibility must be the policy framework within which the strategic objectives of the EPM Business Group develop to contribute to sustainable human development through the generation of social, economic and environmental value, welcoming sustainability topics covered by local, national and global initiatives. The actions of a socially responsible business involve an ethical foundation. Based on the recognition of the impact that their decisions have on the stakeholders, actions are targeted to corporate governance and will be managed according to the daily activities of the company and the people who work for it.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
3	Communications	Communication at Empresa Pública de Medellín revolves around respect, transparency, timeliness, appropriateness, truthfulness and dialogue, and is aimed at ensuring its reputation and maintaining an appropriate relationship with stakeholders, in order to contribute to the sustainability and development of the EPM Group strategy.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
4	Human talent management	The management of human resources in EPM is based on the development of skills, and from a human perspective it contributes to the achievement of the business strategy, to the improvement of the quality of life of its employees and to the promotion of socially responsible behaviors in their actions. Consistent with this, EPM and its employees foster personal and professional growth through a structured work environment based on a culture of high performance, organizational values, ethics, quality of life, welfare, employment regulations and national and international provisions within the context of human rights.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
5	Comprehensive risk management	EPM considers management in a comprehensive manner, therefore it operates within strict criteria of effectiveness and efficiency in providing its services to achieve its own objectives and the objectives defined by the law, the statutes. The company orientates itself towards adequately meeting the needs of its stakeholders and towards its effective performance.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
6	Comprehensive risk management	EPM carries out the management of the risks that have an impact on its activity and its surroundings adopting the best practices and international standards of Integral Risk Management (IRM) as a way of facilitating the fulfillment of the purpose, strategy, objectives and business purposes define by the statutes and the legal framework.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
7	Information Technology Management	In EPM, the management of the information technology enables the company to access the information required by stakeholders and to timely adapt to the changes caused by the environment, the processes and the business vision. This management system uses as a reference the enterprise architecture and operates under a service model with the best market practices as a way to leverage the sustainability and growth of the business.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
8	Financial	EPM develops financial management according to criteria addressing ethics, transparency, liability risk and financial risk, within the legal and statutory framework and in line with its strategic objectives. This framework supports investment decisions, securing resources, distribution of financial surpluses and liquidity management, in order to maximize the value of the company and ensure its sustainability in the context of healthy balance between social, economic and environmental.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
9	Internal control	At EPM, Internal Control is managed to facilitate sustainability and the achievement of the corporate goals, building trust in the stakeholders. For meeting such goal, Internal Control is continuously assessed, adapted, and improved to respond to the corporate needs, regulations, and related best practices.*	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
10	Human Rights de EPM	Beginning with the recognition that every human being is a subject of rights, EPM commits itself to complying with and promoting the adherence to that which is consecrated in the Universal Charter of Human Rights and its protocols, conventions and binding treaties including the International Humanitarian Law and that provided by the Political Constitution and the Colombian legal framework. For the company, it is a challenge in terms of its own sustainability and it accepts it as its contribution to the creation of social, economic and environmental value.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
11	Relations with Suppliers and Contractors of the EPM Group	Regarding its relations with suppliers and contractors, EPM commits itself to work with them in the construction and conjunction of skills, knowledge and strengths to achieve a sustainable development of the environment and value generation for each of the parties and for the society in general, applying legal, ethical, social and environmental principles.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
12	Information management	EPM manages its information implementing actions in the components of organization, processes, regulations and technology, considering the requirements of its stakeholders, in order to provide complex, reliable and timely information and making it available for adequate decision-making to leverage growth and corporate sustainability.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008
13	Goods and service supply	Considering constitutional and legal principles, EPM states in its policy on procurement of goods and services that its needs and technical requirements will be provided in the best conditions of quantity, timeliness and safety. The procurement processes are carried out with criteria of transparency, efficiency, quality, environmental responsibility, economy, among others, promoting equitable and long-term stakeholder relationships involved.	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008	Approved by Minutes No. 1486 of the Board of Directors meeting on 17 July 2008



Control outlook

The legal nature of EPM, its 100% state owned nature, the economic sector in which it operates and its condition as an issuer of securities are reasons for EPM to be a company that is broadly surveyed and controlled by external entities and by internal control mechanisms that are regulated by law, as well as those that have been voluntarily adopted.

The next graph summarizes the control entities that the company uses for managing policies, procedures, activities, etc. In compliance with both internal and external legal framework in order to achieve strategic goals of the group and achieve the MEGA.



Below is the detail for some concepts regarding the control outlook which was exposed in the previous graph:

- The Control Environment is a comprehensive concept grouping all the matters related to the risk management, the internal control system, compliance and both internal and external verification. It allows the company to have policies, processes, procedures, activities and information that guarantee that both purpose and direction stay aligned and that they comply with the internal and external legal framework that regulates us; all of this intending to achieve the objectives and the MEGA of the group. It also allows cohesion between the companies that are part of it.
- Risk management comprises the definition of risk policies as well as the definition and later execution of methodologies for risk identification, evaluation, measuring, management, monitoring and reporting.
- Comprehensive risk management requires an internal control system which enables to assure, by using controls, that risks are properly managed in accordance to the defined policy and methodologies and that these are effectively applied in practice.
- Evaluation of the internal control system is carried out through internal auditing, which is defined as an independent and objective activity of enquiry and ensurance. It intends to help improving organization management and the accomplishment of its goals.
- The internal auditing provides a comprehensive approach to evaluate and improve the effectiveness of the comprehensive risk management, the controls and the governance.
- In compliance is contained the risk management regarding money laundry and the funding of terrorism. These pose a significant threat for the economical, social and political stability of a country and of the worldwide markets.
- EPM has, as a corporate governance practice, an external auditor at all times, hired in accordance with the contractual standards lined up in the entity. The purpose of this external auditing is to evaluate accounting information in general and financial statements and to give an independent opinion as to how reasonably this information reflects the financial situation of EPM at the end of each fiscal period.
- External controls are also part of the control environment of the company because of its legal nature, since their purpose is to guarantee the development of the governance process within the public administration.

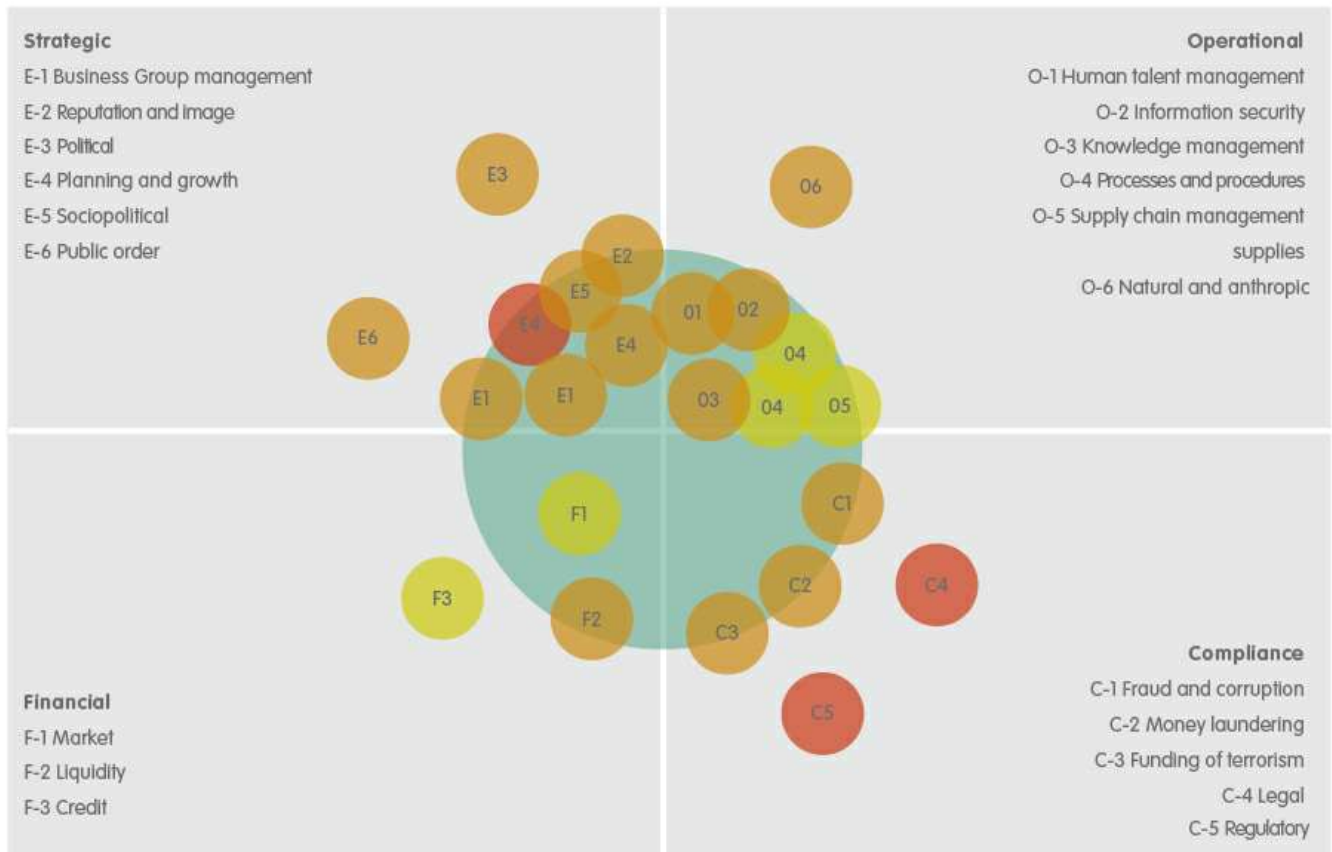


Comprehensive risk management

The EPM Group risk map was designed in 2014, and it is a fundamental piece for the Group's comprehensive management of risks and the decision-making process.

EPM Group's risk management map

Risk classification



The following achievements were attained:

- Approval of the policy and guidelines in EPM Group's Colombian companies.
- Execution of the analysis and evaluation of the Group's risks in the following businesses: Generation, Transmission & Distribution, Gas, Water Supply, Wastewater Management and Solid Waste Management; in the following companies: EPM, EPM Inversiones, CHEC, ESSA, CENS, EDEQ, Aguas de Urabá, Empresas Públicas de Oriente, Aguas de Malambo, Aguas de Occidente, Aguas de Oriente, and TICSÁ.
- Documentation of EPM's processes.
- Risk analysis of 79 projects in EPM and the subsidiaries CENS and ESSA.
- Risk analysis of 60 contracts (whose amounts were greater than 5,000 SMMLV [Colombian legal minimum monthly salary in force]) in EPM, CHEC, EDEQ, CENS, and ESSA.
- Consolidation of the multi-Latin material damages and profit loss policy with the participation of EPM, ESSA, CHEC, DelSur, Bonyic and Parque Eólico Los Cururos, which resulted in important savings in terms of premiums and better coverage.
- Consolidation of the creation of specialized quantitative risk-related EBITDA models that measure the market risk of the diverse businesses, stochastic models that simulate climate change risk coverage for the generation business, and risk modelling retained by the company for determining the optimal size/amount of the resources needed.



EPM Group's internal audit plan

In order to support the administration in the fulfillment of the business objectives, the risk-based audit plan was executed in 2014, and it was approved by the Board of Directors, covering thus the processes with the highest risk level in accordance with the prioritization criteria that were defined.

237 audit activities related to EPM Group's business and support processes were executed. As a result of these audit activities, improvement opportunities were identified. These improvement opportunities are managed by the corresponding responsible people and departments by means of the formulation of improvement plans. 110 improvement plans were formulated in 2014 as a result of the audit activities carried out by the Vice-President's Office.

The following activities were performed within the framework of the Corporate Audit Project, whose objective is to standardize the Group's internal audit activities:

- Standardization of the procedure and methodology for the development of the audit activities.
- Training for the implementation of the audit management tool in the Colombian subsidiaries.
- Implementation of evaluation tools that are transversal to EPM Group's processes.

Additionally, the Corporate Core auditing team allocated 15% of the operating time to supporting the audit plan of the Group's subsidiaries. Training events were organized in order to strengthen the capabilities of the auditors, for instance: the EPM Group Auditors Meeting XXII and XXIII, and the Fourth Effective Audit Congress in the Energy Sector.

The main challenge for 2015 is the consolidation and strengthening of the EPM Group's internal audit activity, **in order to achieve synergies among the Corporate Core auditing teams**, the standardization of the external assurance supplier assistance process for the subsidiaries, specialization of the auditors in the technical subjects of the businesses and in the development of tools for data analysis.



Compliance

The Compliance Unit, in order to meet its purpose of “Leading the follow-up of the compliance of the internal rules and the rules adopted by the EPM Group for the control and prevention of risks related to fraud, corruption, offence to ethics, protection of personal data, breach of rules, money laundering, and terrorist financing”, carried out different activities; among them, the following are highlighted:

Regarding the prevention of risks associated to money laundering and terrorist financing (MLTF)

- Approval and publishing of the MLTF manual for EPM by the Board of Directors in session on August 5th, 2014.
- Training and awareness of 75% of the EPM employees through the MLTF online course; execution of the MLTF Expo Training and the celebration of the Anti-Money Laundering International Day.

Regarding the prevention of fraud and corruption

- Expanding the coverage of the ethics line. Transparent contact to the energy local companies: CHEC, ESSA, CENS, and EDEQ and execution of the advertising and educational campaign for the spreading and the use of this line.
- Compliance and awareness of the obligations derived from the Anti-corruption By-Laws, Act 1474 of 2011.
- Participation in the preparation of the Code of Conduct for Providers and Contractors and in the Business Ethics Manual, as well as the awareness of the stakeholders in both products.



Regarding personal data protection

- Execution of the communications plan designed along with the Management of Corporate Communication to spread basic aspects of the Act.
- Awareness, counseling, and adjustment of the procedures in the areas of impact to comply with obligations derived from Act 1581 of 2012 on personal data protection.
- Issuance of business rules for personal data protection, in order to set the rules for the use of resources related to information management
- Preparation and definition of the contents and design of the Act 1581 online course in order to comply with actions tending to prove a possible accountability.
- In the three work fronts, control clauses were designed and implemented in the contract documents, as well as the definition of activities of control.

For 2015, the main challenges of the Compliance Unit are the following:

- Achieve the strategic order of operationally involving us with the national subsidiary companies, by dealing with the proper procedures of the different stakeholders, regarding the identification of scenarios for fraud and corruption prevention and the protection of personal data.
- Expand the coverage of the ethics line: Transparent contact to all the EPM Group local companies.
- Participate in the national government initiatives related to the incorporation of Colombia in the OECD, with regard to become an Active Company in Anti-corruption Compliance (EACA).
- Put at the EPM employees' disposal the Online Course on Personal Data Protection and prepare the program of accountability in this same subject.



External audit plan

Due to its legal nature as an industrial and commercial state company, EPM is not obliged to have external financial audits represented by a fiscal reviewer or external auditor. EPM hired an external financial auditor as a good corporate governance practice, and in order to fulfill the commitments the company has with multiple banks. The audit scope includes the opinion on the financial statements, an annual evaluation of the company's Internal Control System (which is relevant for the preparation and reasonable submission of the financial statements), an audit to the information reported to the CREG (Spanish abbreviation for Energy and Gas Regulation Commission) by the network operators and related to the expenses of administration, operation and maintenance (abbreviated AOM in Spanish), and a specific audit to certify EPM's fulfillment of the commitments established in the Legal Stability Contract. The firm Deloitte & Touche Ltda. was selected as EPM's external financial auditor for 2014. This company was also proposed as fiscal reviewer and external auditor for the Group's subsidiaries.



Deloitte & Touche Ltda.

It is the top private professional services firm in the world and one of the so-called Four Major Auditors. The services it provides worldwide revolve around consultancy, taxes, legal advice, financial advice and auditing.

Contract, purpose and payments made in 2014



Contract number		CT - 2013 - 000094 - R1
Contract purpose	EPM entrusts the contractor with the provision of the external audit services required by Empresas Públicas de Medellín E.S.P.	
Total amount paid	COP 1,150,576,392 (VAT included).	

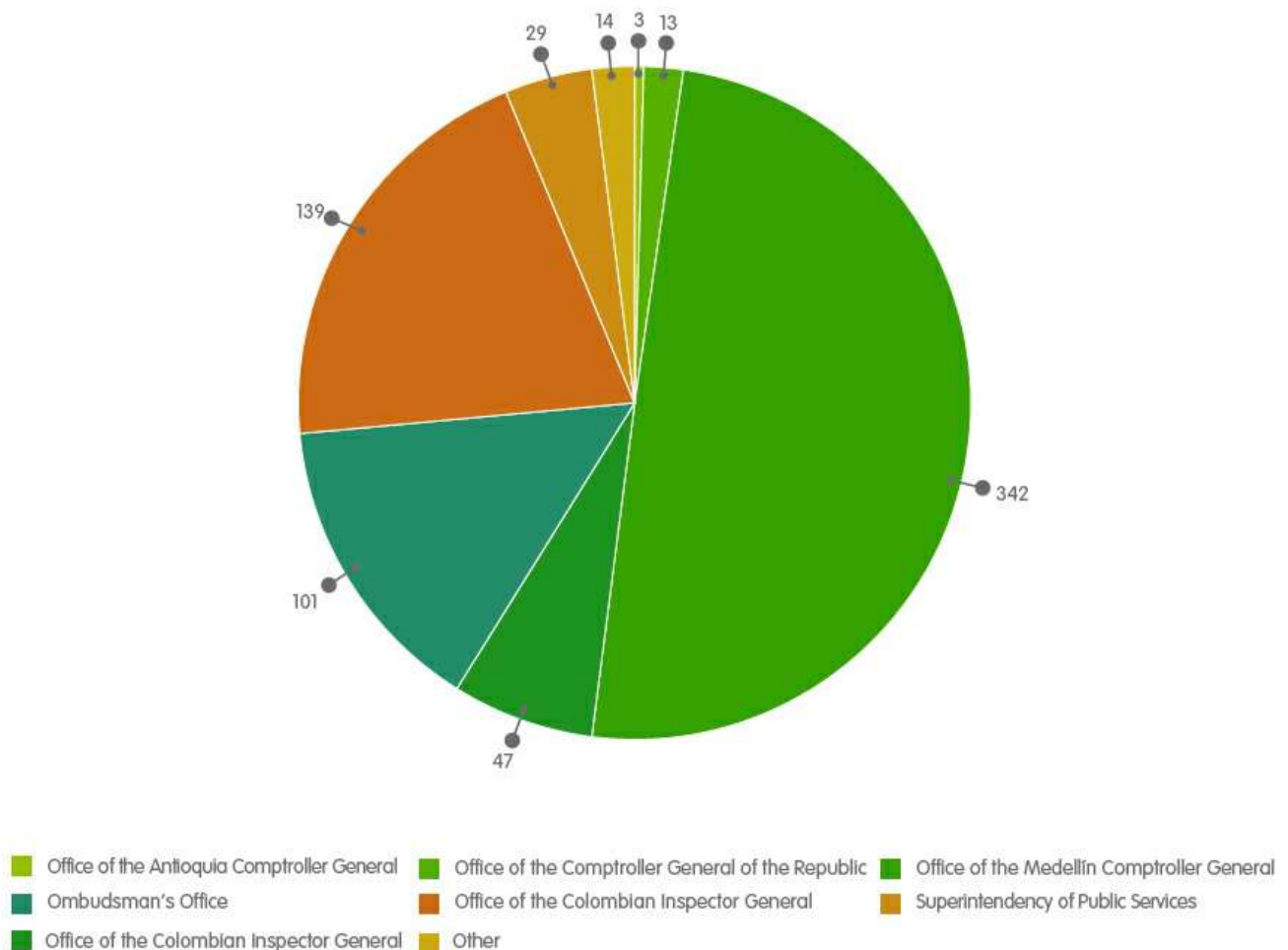


Assurance suppliers

EPM addressed 688 requirements made by the diverse external assurance suppliers in charge of fiscal, disciplinary and legal monitoring in 2014, in order to comply with its accountability responsibility towards said suppliers.

Requirements made to EPM by external assurance suppliers in 2014, listed according to the requesting entity:

Total requirement by supplier



Yearly accountability for the stakeholders



In concordance with its responsibility for the transparency in all its acts as a public company, the public accountability process is EPM's mechanism to provide Medellín's citizens with a report on its management activities and it promotes the communication with its stakeholders in such a way direct feedback can be supplied.

EPM's results belong to all the citizens of Medellín, that is why the key figures and facts of the management activities carried out in 2014 are shared in the annual public accountability event. The purpose of this event is that the stakeholders receive direct information that allows them to know and evaluate the actions performed by the company.

If you would like to have more information about the public accountability process, click on the following link:

[Annual public accountability event](#)





Related measurement systems: Dow Jones

EPM obtained a score of 78 points in the complete Dow Jones measurement system in 2014. It increased 5 points in the corporate governance economic dimension in comparison to 2013, which indicates that EPM has improved its good corporate governance practices.

The following are the scores for the past two years:

Corporate Governance economic dimension

2013				2014			
	Score	Percentile	Variation		Score	Percentile	Variation
	78	36	1 ▲		83	71	5 ▲

-  Best DJSI Score
-  Higher or equal to the DJSI threshold, but not the best score
-  Higher or equal to the average, but lower than the DJSI threshold
-  Lower than the average

Dow Jones Sustainability Index (DJSI)

These results entail challenges for EPM in the following issues:

- Formalization of the process for the election and confirmation of the members of the Board of Directors, which is carried out by Medellín's Mayor.
- Revision of the compensation schemes tied to the fulfillment of performance goals as a mechanism to promote the efficiency and the appropriate use of the company's resources.
- Promotion of a greater gender equality in the Board of Directors, fostering the participation of more women in this body.



Related measurement systems: Transparencia por Colombia

EPM voluntarily participated for the seventh time, along with other leading companies in the public utilities sector in Colombia, in the “Measurement of Transparency Policies and Mechanisms,” promoted by Corporación Transparencia por Colombia (Transparency for Colombia Corporation). The measurement is conducted with the management activities carried out in 2013 and the results are published in 2014.

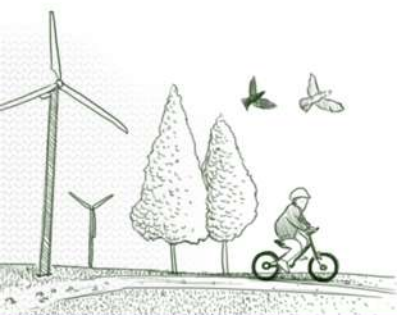
The important evolution of the indicator results in EPM stands out, which is part of the company’s Balanced Scorecard, considering that the company continues its ascending curve to reach the maximum goal of 100 points by 2018. **It should also be noted that the components that enabled EPM to go from 91 to 93 points were the dialogue (a component related to the interaction with Users and Suppliers) and clear rules (a component related to business ethics and the corporate governance).** The following are the scores according to the components:

Transparencia por Colombia

Measurements	2012	2013	2014
Openness	97	98	97
Dialog	91	92	95
Clear regulations	78	88	93
Control	76	88	88
Transparency indicator total	86	91	93

Some of the strengths identified in the measurement are listed below:

- The company was awarded a certification for its audit process at the international level with the highest score.
- The company adopted guidelines that allow managing the communication policy through the model that was defined, which represents progress in the evaluation of the policy, which already contemplates follow-up and monitoring standards or rules for its impact.
- There was evident progress in 2013 in the topic of the web bill (invoice) and online payment collection, which are tools that allow customers to manage and export the data in an Excel file for them to keep track and control.
- In 2013, the Colombian Stock Exchange awarded the Investor Relations accolade to the company.
- The company approved the policy of engagement with suppliers and contractors in October 2013. This fact contributed to supplier relations development actions that stood out, as it is the case of the talks about ethics topics with suppliers.



- The company made progress in 2013 in the work for publishing the Code of Conduct in 2014, which is articulated along with the Code of Ethics with the Ethics Management.
- The company launched the new ethical line (in 2013), which is integrated to the anti-corruption plan.

The score obtained by EPM in the Colombian Transparency Indicator was 93 of 100; and the score within the



Related measurement systems: “Código País” survey

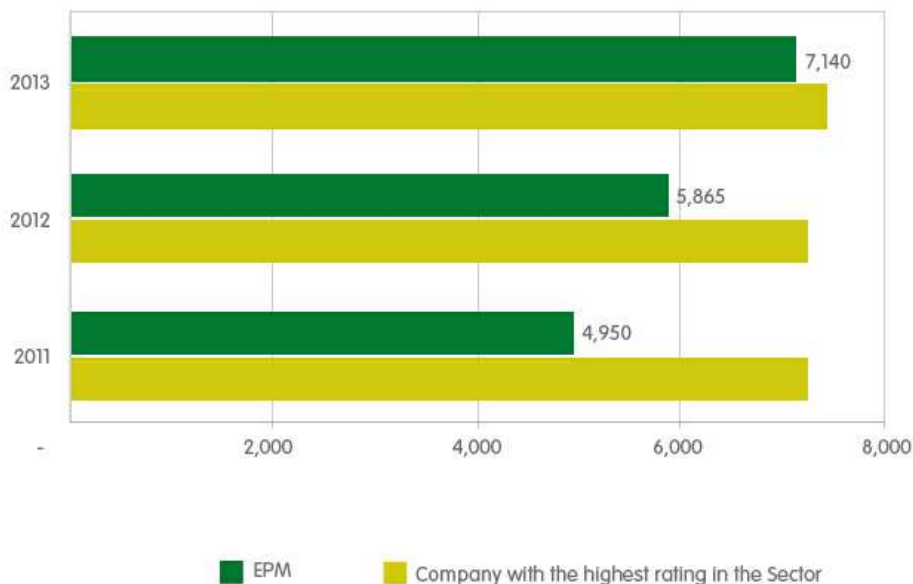
In the External Newsletter No. 028 of 2007, the Colombian Financial Superintendency established the obligation of filling in and submitting a survey through which the stock market can see the implementation of better corporate governance practices for issuing companies in Colombian.

The survey comprises four sections of questions about the practices related to the General Shareholders Assembly, the Board of Directors, the disclosure of financial and non-financial information, and the settling of controversies.

The analysis of the 2013 survey was conducted in 2014 and the results were published by Colombian Financial Superintendency. **EPM obtained a 7,140 score, exceeding last year’s goal by 1,275 points.**

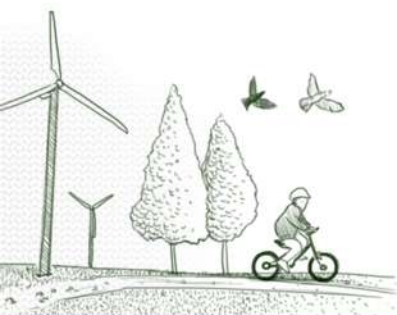
Below is the trend in the measurements of the past three years, corresponding to EPM and the company with the highest score in the country:

Código País survey results



In the last 3 years, EPM has seen an important increase in the results of the “Código País” Survey. Strengthening of the corporate governance of the company and the group is highlighted, with the aim of providing stability, security and confidence to our investors and other stakeholders who contribute capital.

The survey completed by EPM is available at: <https://www.epm.com.co/site/inversionistas/Inversionistas/Gobiernocorporativo/Informes.aspx>



Related measurement systems: Credit risk rating – EPM

In 2014 EPM showed good financial performance. This was evidenced by the increase in risk rating to BBB+ by the Fitch Ratings and the outlook change to positive by Moody's. This good performance was also supported by the successful placement of bonds in the international capital market, which had a demand that exceeded four times the amount offered (COP 965,745 million) by international investors from the United States, Europe, Asia, Chile, Peru and Colombia.

The rating organization Fitch Ratings upgraded EPM rating investment grade EPM from BBB to BBB+ with a stable outlook as an issuer of debt in local and foreign currency. Additionally, it confirmed the AAA rating given to the affordability of EPM at national level, and its program of bond issuing in pesos.

In its report of October 24, 2014, Fitch Ratings notes that the rating "... reflects the good economic times of the countries where EPM operates, along with the continuation of a conservative capital structure, which is in line with the BBB+. Additionally, the following key factors prevail for the increase in the rate: low business risk profile, arising from the diversification of its business as a multiservice company, EPM financial strength due to "an adequate cash flow, low leverage level and proper interest and liquidity coverage".

Moody's Investor Services confirmed the international Baa3 rating, investment grade, and changed its outlook from stable to positive for valid international issues in the capital market and the corporate debt of the company.

According to Moody's, the change of outlook is due to the positive developments in the construction of the Ituango Hydroelectric and the expectation that key credit metrics will remain in the range of levels of the Baa category. As in its report of 2013, it is worth highlighting EPM leadership as the main provider of public services and the largest generator of electricity in Colombia, as well as the predictable cash flows associated to regulated businesses, which operate within a relatively transparent and stable regulatory framework.

Likewise, the report highlights the Governance Framework Agreement, which restricts the risk of political interference by the Municipality of Medellín and offers visibility of its dividend policy, as well as the fiscal control resulting from the ownership exercised by the Municipality.

The ratings could increase if there is evidence of substantial improvements in the macroeconomic environment in the countries where it operates EPM, if the major milestones in the development of the Ituango Hydroelectric Project are met and a prudent expansion strategy by the EPM group is financed.

The following table summarizes the risk ratings granted during 2014:



EPM Credit risk rating

Name of the Rating Company	Concept	Rating	Outlook
Fitch Ratings Colombia S. A.	Corporate debt	AAA	
	Program of issue and position of bonds for COP 2 billion.		
Fitch Ratings	Corporate debt	BBB+	Stable
	Internal issue of bonds for USD 500 million.		
	International issuance of global bonds for USD 680 million (COP \$1.25 billion).		
	International issuance of global bonds for USD 500 million (COP 965.745 million)		
Moody's Investors Service	Corporate debt	Baa3	Positive
	Internal issue of bonds for USD 500 million.		
	International issuance of global bonds for USD 680 million (COP \$1.25 billion).		
	International issuance of global bonds for USD 500 million (COP 965,745 million)		

The international ratings "BBB+" and "Baa3" are an investment grade.



Management companies in the investment portfolio EPM – UNE

Under the Agreement 17 of 2013, the Council of Medellín allowed the transformation of the legal nature of UNE to a mixed economy company, which should have majority shareholding in the decentralized entities of Medellín.

Based on this agreement, the respective authorizations were requested to the Superintendency of Industry and Commerce, the Financial Superintendence and the National Television Authority (ANTV), which made possible the beginning of the merger process.

On August 14, 2014 the merger deed was signed between UNE EPM Telecomunicaciones SA and Millicom Cable Spain SL, which enabled EPM and Millicom to close the transaction that will allow both companies to integrate their landline and mobile telecommunications in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries and Colombia Móvil with TIGO brand.

By virtue of the merger agreement, EPM retained a direct holding of 50% of UNE EPM Telecomunicaciones SA and the Institute of Sports and Recreation (INDER) one stock, whereby the majority of stocks is held in public entities, and Millicom Spain SL, with four facilitators, assumed the administrative and operational control from the date of writing.

The benefits that supported this merger are:

- To consolidate as a large operator with a larger scale, services and financial resources and, therefore, having a better potential to compete effectively, resulting in a convergence of landline and mobile services to the user, being the last the most important purpose of the service to be provided.
- Capital needs would be addressed by the parties.
- It allows full exploitation of synergies (CAPEX and OPEX streamlining) and know-how of the parties.
- Companies with complementary services that allow users to expand the potential market.
- It allows greater drawing power between regulators, suppliers and users.
- An increase in the number of service members 4G are expected considering the additional geographic coverage.



Plan EPM corporate governance

The annual corporate governance plan was presented to the Boards of Directors of the EPM Group as a voluntary practice, implemented from 2006, in order to keep in a constant state of evolution the business practices related to this topic.

The annual corporate governance plan includes all activities to be undertaken by the EPM different dependencies, sharing the objective of improving the relationship between organs of government. The objective is to enforce unity of purpose and direction and to keep better transparency, accountability and management conditions.

The Corporate Governance 2014-2015 work plan is presented below.



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Grupo•epm



Corporate Governance 2014-2015 Work Plan

N.	Activity	Goal for 2014		Goal for 2015	
		First semester	Second semester	First semester	Second semester
1	Strengthening institutional property management EPM Group				
1.1	Owner relationship plan, including management components regarding election and post-election periods		Adjusted Relations Framework Agreement	1. 2015-2016 Owner relationship plan approved 2. Guidelines for the selection of the members of the EPM boards of director, defined by the board of directors	Implementation of the handover plan with the new administration of the municipality
1.2	Stakeholders relationship plan, including management components regarding election and post-election periods	Modification of the stakeholders management plan to allow changes in the structure of the subsidiaries		1. Guidelines detailing the relationship with stakeholders issued and distributed 2. 2015-2016 Stakeholders relationship plan approved	
2	Strengthening of the EPM Group governance bodies				
2.1	Unified programming of the Group's meetings		Calendar approved, considering balance sheet dates	Meetings developed according to the approved calendar	
2.2	Unique calendar for the Boards of Directors of the EPM Group		2014 calendar distributed and approved by all EPM Group companies.	2015 calendar distributed and approved by all EPM Group companies.	



Corporate Governance 2014-2015 Work Plan

2.3	Traditional agenda of the Boards of Directors of the EPM Group	Traditional EPM agenda approved	Traditional agenda of companies involved in operations approved		Traditional agenda strategic architect companies and vehicles approved
2.4	Homogenization of methodologies, forms and procedures for the Boards of Directors	Homogenized forms for the subsidiaries integrated in operations	EPM Board of Directors regulation updated		Regulations of the boards of directors involved operationally homogenized
3	Strengthening of mechanisms of evaluation of the EPM Group governance bodies				
3.1	Implementation of the new evaluation methodology for the EPM Board of Directors based on the feedback of the methodology used until 2013		External consultant hired for the design and implementation of the 2014 methodology	Evaluation performed and data consolidated for year 2014	Strengthening plan for the EPM Board of Directors approved and implemented
3.2	Implementation of external evaluation methodology for the EPM Group Boards of Directors		Methodology socialized with the boards involved in the operations	Evaluation carried out at the Core for the subsidiaries involved in operations	Methodology extended to all EPM Group companies involved in operations
3.3	Evaluation of CEOs by Board of Directors		Methodology socialized with the boards involved in the operations	Evaluation carried out at the Core for the subsidiaries involved in operations	Methodology extended to all EPM Group companies involved in operations
4	Modifying government tools for operational engagement				
4.1	Designing procedures, form, methodologies and information systems related to the records of transactions/interaction/intervention	Procedures, forms, methodologies and systems designed	Procedures, forms, methodologies and systems implemented in subsidiaries involved in operations	Procedures, forms, methodologies and systems assessed and adjusted	
4.2	Authorization of the EPM governance bodies		Deeds of interaction that enable functional report signed	Responsibility and decision matrices (RACI) for the Group defined and signed	Governance mechanisms such as Group committees created and performing
4.3	Model of intragroup transactions follow-up assessment by the Audit Committee of EPM		First report of intragroup transactions submitted to the Board	Second report of intragroup transactions submitted to the Board	Third report of intragroup transactions submitted to the Board
5	Strengthening Corporate Audit of the Group				



Corporate Governance 2014-2015 Work Plan

5.1	Implementation of the Corporate audit project of the EPM Group		Implementation of the tool to manage the internal auditing activities in the subsidiaries	Implementation of the tool to analyze and extract the data from the subsidiaries	
5.2	Strengthening transparency measurement focusing on the whole Group		Defining an improvement plan for the Group's transparency indicator	Implement actions of the Group's improvement plan	
5.3	Implementation of instruments for auditing the government bodies of the business group		Revision and adjustment of the methodology for the independent audit of corporate governance for each model of intervention	Application of the methodology at EPM as a pilot for general implementation in the Group	Applications in the Group Companies involved in the operations
6	Institutionalizing ethical management in the EPM Group				
6.1	Collective construction of the code of ethics of the EPM Group		1) Study of the current situation of ethical management in the EPM Group, covering the companies in Colombia 2) Implementation plan designed, approved and included in budget for 2015	50% of the implementation plan reached	EPM Group's Code of Ethics defined, including all the Group companies in Colombia
6.2	Building the Group's Code of Conduct		Implementation plan designed, approved and included in budget for 2015		EPM Group's Code of Conduct defined, including all the Group companies in Colombia
6.3	Unification of the management of the ethical lines for the EPM Group's companies		Implementation of the online tool Línea Ética: Transparent contact in ESSA, CENS and EDQ as a tool of the EPM Group	Migrating the current CHEC ethic line to the online tool Línea Ética Transparent Contact - EPM Group	Integral operation of the Línea Ética: Transparent Contact in all the national subsidiaries of Electricity and Water Services
7	Strengthening risk management at the EPM Group				
7.1	Mapping EPM Group's risks		EPM Group's risk map approval	EPM Group's risk map and individual risk maps for all the companies involved in the operation approved	EPM Group's risk map and individual risk maps for all the companies involved in the operation approved
8	Implementation of the IFRS				



Corporate Governance 2014-2015 Work Plan

8.1	Preparation of the disclosures of the consolidated financial statements at opening and transition		Preparation of the disclosures of the consolidated financial statements for each company and also the EPM consolidated report		
8.2	Review of the status of the financial statements of adoption and development of disclosures as of December 2014	Review of the adoption financial statements of EPM and subsidiaries	Review of the adoption financial statements of EPM and subsidiaries	Review of the financial statement as of December 2014 and preparation of the disclosures for this period	
8.3	Auditing financial statements status at opening, transition and adoption		Attend and provide the external audit with the information regarding the implementation of IFRS in EPM and the group, in order to obtain audited financial statements at opening and transition	Attend and provide the external audit with the information regarding the implementation of IFRS in EPM and the group, in order to obtain audited financial statements at adoption	
8.4	Explicit and full disclosure statement of IFRS application			Make a public declaration of the application of IFRS in the financial statements as of 31/12/2014	

Conventions

	Activity continued in relation to the 2013 plan
	Activity emerging as evolution of the 2013 plan
	New activity



2014 Achievements

The work plan included actions that helped to strengthen corporate governance practices in the various governing bodies of the EPM Group, which had the following achievements, among others:

1. **Governing bodies unification assessment of all subsidiaries of the EPM Group:** comprising the implementation of the same methodology of evaluation of both boards and general managers, which are synchronized with the establishment of the CMI Group goals and variable compensation of the group companies managers for which applies this compensation scheme.

Main figure: In 2014, 100% of EPM Group companies were evaluated at both meetings and as general managers.

2. **Implementation Steering Group Meeting:** a six monthly meeting in relation with the alignment of subsidiaries management and the strategic objectives of the group; with presence of all managers of the group companies and vice-presidents of EPM.

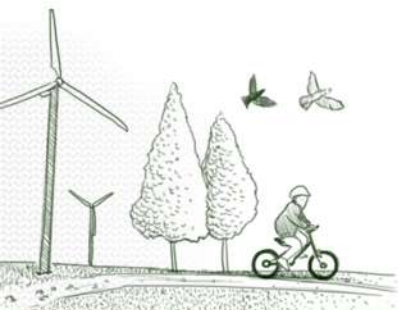
Main figure: In 2014, the first two versions of this encounter took place with an average attendance of 92%, which results were included in the determination of targets business CMI 2015.

3. **Implementation of the Government Agreement between the group companies:** design and implementation of processes, methodologies and information systems that enable the relationship of the various subsidiaries of EPM Group in Colombia, by signing minutes of interaction, transaction and intervention.

Main figure: By the end of 2014, there were more than 300 signed minutes and a training plan made with all the group's subsidiaries in Colombia, with more than 200 participants.



CEO's Management Report



Letter from the CEO

Medellín, March 17, 2015.

Members of the EPM Board of Directors

Medellín

Subject: CEO's report for the EPM Board of Directors

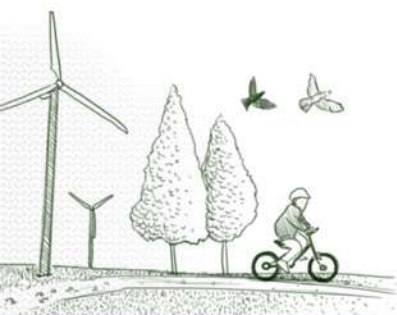
2014 was a year of major achievements in the history of EPM. I gladly present this management report in the 60-year anniversary, not only due to the outstanding financial results, but even more importantly, due to the progress achieved in the transformation process of the business group and in its higher purpose of helping to consolidate sustainable and competitive territories, with a greater quality of life and access to better opportunities for everyone through the provision of our basic public utility services and the carrying out of projects integrated to the development of the diverse regions.

This management statement is, first of all, an opportunity to thank our Board of Directors, the colleagues from the Directing Team and the extraordinary group of people working for the company, for making possible to keep advancing in the common dream of reaching the ambitious goals we established for 2022, with the purpose of helping to build a better company, a better city, a better country and a more equitable society. EPM Group's people evidence an authentic desire to serve, to offer their knowledge and experience so that employment, education and life quality flourish in the territories where we operate, contributing to turning the dreams of millions of people into reality.

The sustainability of the business group begins by achieving a balance among the financial results, the social responsibility and the environmental responsibility. That is why, for us, it is very satisfactory to be able to give account to the citizens about the soundness and good health of the public resources, as they were who trusted us with them. We closed 2014 with a net profit of COP 1.8 trillion, the greatest in our history. These results account for the good conditions of the business group, reflect the benefits of the transformation process we are undergoing and, the most important aspect, ensure a greater social investment both in Medellín and in the territories where we operate.

In this dimension of social responsibility that has been embedded in the company's DNA since 1955, we keep making progress and innovating with programs such as: "Dignifying Homes" (Habilitación Viviendas), which closed the year with an accumulated total of 797,055 service installations financed over the almost 50 years of existence of the program; "Antioquia Illuminated" (Antioquia Iluminada) which ended the year with 98,269 electrified households over its entire history, benefiting approximately 419,898 people in Antioquia; the Prepaid Energy program, which reached 147,634 connections; "Gas without Borders" (Gas Sin Fronteras), which has reached 63 municipalities and 16 rural districts, supplying them with natural gas through the service network; and the "Customized payment" program (Paga a tu Medida), a collection alternative launched in 2014 that allows that economically vulnerable Users pay their EPM bills in several installments (the program had 4,982 registered Users as of the end of 2014). Additionally, we deepened our philosophy of putting our infrastructure at people's service by opening the first two Articulated Life Units (abbreviated UVA in Spanish), which were built in the facilities of EPM's aqueduct tanks in Medellín, as part of the corporate citizenship actions.

In the environmental dimension, EPM became part of the CEO Water Mandate, an initiative that was launched by the U.N. and that is associated to the solution of water sustainability issues, at the same time it continued its partnership with the "Cuenca Verde" Corporation to contribute to the protection of the watersheds that supply the reservoirs, as well as its partnership with the BanCO2 program, which is a payment strategy for



environmental services aimed at developing a compensation system for the conservation and restoration of natural forests. Furthermore, within the Ituango hydroelectric project environmental management plan, multiple activities have been implemented, such as: the contingency plan during and after the diversion of the Cauca river, which provided the resources for the contingent rescue of the fauna; the start of the operation of the Bolivia landfill; and the acquisition of 10,485 hectares of land for the protection and conservation of the vegetation.

The progress in sustainability was reflected on the rating obtained in the Dow Jones Sustainability Index, which allowed the company to be included in the sustainability yearbook with a bronze-medal accolade.

Therefore, in the presentation of this report, I would like to make a special recognition to all the business group people who have made a big effort to leave a print on this stage of the organization's history. EPM is still a business model and a lighthouse of hope in the management of public resources, and it continues to play an important role in the development of Medellín, Antioquia and the numerous other communities it serves through its programs and services, both in Colombia and abroad.

There are many good news we want to share this year about the main strategic decisions, the Group's internationalization, the progress of the main projects, and the consolidation of the business model.

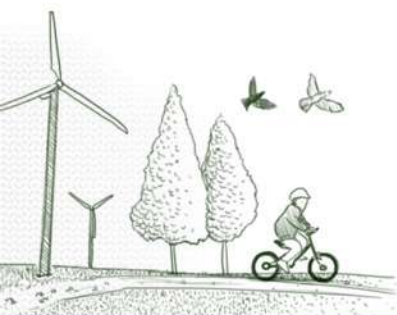
The results of the evolution and outcome of the main strategic decisions can't be better:

We made major progress in the EPM Group transformation program. Improving the Group's governance and competitiveness by means of the integrated operation, the development of capabilities and the optimization of processes is the purpose of the EPM Group without Borders Program, which in 2014 adjusted the structure of both the Corporate Core and the Group's subsidiaries, and started the operation of the Shared-Service Center with the invoice payment and comparison processes, IT service board and third party matriculation, at the same time it generated benefits of approximately COP 34 billion with the optimization of the Supply Chain, the Management of Assets and the Productivity on the Field.

The importance of this transformation process is that it sets the foundations for continuing with EPM's consolidation process as a business group; additionally, it allows maintaining the search for a greater competitiveness and facilitates the growth and expansion of the company both locally and internationally.

We completed the UNE-Millicom merger with the signing of the merger agreement and the registration of the public deeds on August 14. This transaction will allow strengthening the Group's telecommunications business and providing it with sustainability, as well as safeguarding the copious public resources invested in the telecommunications sector and protecting EPM's transfer level to the Municipality of Medellín for the future. The first months of the integration can't be more positive. The UNE-TIGO joint operations closed the year with more than COP 5 trillion in income, which represents an 18%-growth in comparison to 2013 and an EBITDA of COP 1.3 trillion, with an approximate growth rate of 28% in relation to the previous year.

We can also satisfactorily state that we fulfilled the city's expectations regarding the first year of operations of Emvarias as part of the EPM Group. The implementation of the "Linda Calle Siglo XXI" (Pretty Street 21st Century) strategy for the comprehensive management of solid waste is producing a true revolution within the company and in the sector. The garbage compactor vehicle fleet was modernized and the first vehicles of this kind in Colombia and Latin America that run on natural gas were incorporated. The operation of the new cell (known as Altaír) in La Pradera landfill was started and, most importantly, a new contracting model for the sanitation operation was implemented. This operation will be carried out by the Universidad de Antioquia Foundation, dignifying the labor conditions of approximately 900 employees of the subsidiary, which include drivers, crewmen and sweeping operators, affectionately known as "escobitas" (little brooms). All this transformation was carried out in a year in which this company achieved the best financial results in its history with a net profit of COP 20 billion.



It was also a record-setting year for the Gas without Borders program, with the connection of more municipalities to the natural gas distribution service, closing the year with 79 municipalities and rural districts in Antioquia that can enjoy this clean, environmentally friendly energy source, which also is more economic for the families, companies and businesses. That expansion of the gas program leaves us as challenge for the future the task to make the gas-powered sustainable mobility corridors a reality by opening EPM service stations in Antioquia's sub-regions and in other Colombian states too.

We took important steps forward in the search of the diversification of the Group's businesses: we signed an understanding agreement with ISA for structuring the urban road concession of the "Parques del Río Medellín" (Medellín River Parks) project, and we made progress in the studies and analysis for structuring a Public Real Estate Fund with the purpose of improving the value of the many properties owned by the business group.

By the same token, we keep moving forward with the design of the strategy to enter the distributed generation and the energy efficiency businesses, which we should approach in 2015. For our senior managing team, these income and business diversification and service portfolio expansion strategies are a proactive response to the great challenges and opportunities that EPM will face in the next 20 years in the light of the growing dynamics of changes in the public utility industry.

At a good pace we are making progress in the EPM internationalization process. From the good results obtained by all of our international subsidiaries in Mexico, Guatemala, El Salvador, Panama and Chile, we would like to highlight the milestone of the start of the operation of the Los Cururos Wind Farm in July 2014 in Chile, as well as the completion of the construction of the Bonyic hydroelectric power station in Panama. This project, which was in the stage of testing its first generation unit with water at the end of 2014, has already started operating in January of the present year, concluding thus one of the first internationalization experiences of the Group.

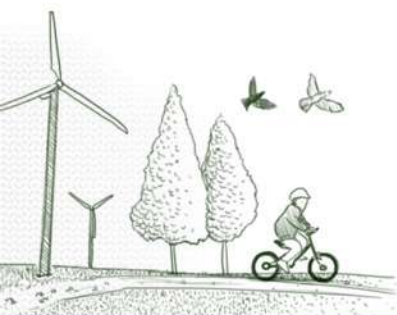
Regarding EPM's main projects, important achievements were attained during the term in question:

We made significant progress in the construction of the Ituango Hydroelectric Project. We reached the first important milestone with the deviation of the Cauca river in February, and we closed the year with a progress of 27.7% in the execution of the project. We are committed to the fulfillment of the timely start of the operation of the hydroelectric station, a fundamental event to be able to supply the growing energy demand in Colombia and make progress in the competitiveness of the country's electrical power fees. We continued making progress integrating the project into the territory: the Comprehensive Plan for the Ituango Hydroelectric Project persists in the process of consolidating institutionalism, development and hope in the 12 municipalities located in the area of influence.

On its part, the construction of the Bello waste water treatment plant closed the year with a progress of 42% of the schedule. In December 2015, we will start the operations of the water line, reaffirming in the eyes of the population of the metropolitan area our commitment to the decontamination of the Medellín river, which is the pillar and best space for urban development of the region.

We also made important progress in the construction of the "Nueva Esperanza" power transmission project, a special work whose purpose is to increase the transmission capacity and the reliability of the electrical system that supplies the states of Cundinamarca (including Bogotá), Meta, Guaviare and Northern Tolima. We obtained the environmental licenses and concluded the year with a progress of 40% in relation to the project development.

In terms of the consolidation of EPM's business model, which is focused on growth with social responsibility and innovation at people's service, the following achievements are worth highlighting: the strengthening of our presence in Urabá and all of Antioquia's regions with the Gas without Borders program, through which the households of 934,924 families have been connected to the service; the Antioquia Illuminated program, which amounts for 98,269 households connected throughout the entire history of the program; and other social



responsibility programs such as Dignifying Homes, which at the end of 2014 accumulated 797,055 connections to public utilities in its financing history, confirming it is a fundamental program in relation to the company's commitment to the universalization of public utilities. Furthermore, 863 households have been constructed within the framework of the "Aldeas" program, plus the benefits delivered through regional programs such as Education Scholarships and Water for Education-Education for the Water, among many others.

Additionally, EPM launched the first acknowledgement program in a Colombian public company: SOMOS. The purpose of this initiative is to highlight the good behavior of our Users and promoting the responsible use of public utilities by more people everyday, the timely payment of their bills, the fair play towards the company, the region, and the country, helping thus to multiply a culture of values in their communities.

In April 2014, we opened to the community the first two articulated life units, built on the facilities of EPM's aqueduct tanks in Medellín, putting our infrastructure at people's service. These two articulated life units received more than 200,000 visitors over the months they were in operation in 2014. The purpose of this social innovation program is to contribute to the company's approach to the community, opening for people's enjoyment privileged spaces in our cities that were previously closed to the public and exclusively set aside for public utility technical operation. Today, thanks to the vision and the dreams of the communities themselves, 10 more articulated life units are under construction, which will be key spaces for the gathering, training, education and the enjoyment of our Users.

The dreams continue to rise and knowing that we have a very important place in people's hearts encourages us. It is the result of teamwork and a commitment that we all profoundly live.

That is why, with the presentation of this 2014 management report, I would like to thank all the people, companies and institutions that have made it possible, and especially to everyone in EPM, as well as the Board of Directors, which works at our side and makes its decisions with the responsibility deserved by an organization whose past and present history is the foundation of the aspirations of millions of Latin American families.

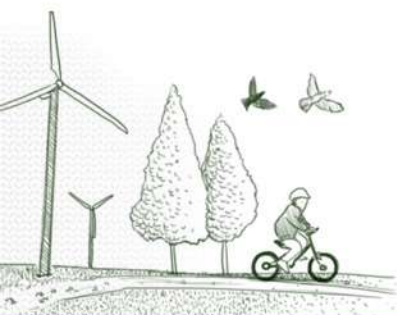
Sixty years later, EPM keeps growing and earning places in the community's heart. Its human talent, innovation and sustainability are part of its essence because more than public utilities, we provide human development.



Juan Esteban Calle Restrepo

EPM CEO and Leader of the EPM Group

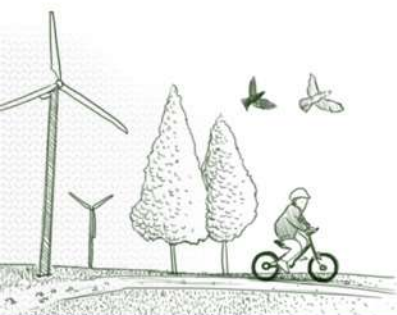
In 2014, EPM renewed its will of alignment to the United Nations Global Compact and its commitment to the ten principles on Human Rights, labor standards, the environment and anti-corruption matters.



Business purpose

The EPM Group aims at contributing to the configuration of sustainable and competitive territories, generating well-being and development with equity in the environments where it operates. Therefore, the Group focuses on developing infrastructure projects and offering service solutions to our customers. It is a business philosophy embodied in actions committed to generating value for society, securing balance among the financial, social and environmental results.

Improvement in management in this area were reflected in the qualification scored in the Dow Jones Sustainability Index, main global indicator that monitors the comprehensive performance of leading companies in the environmental, social and economic fields. The company received a score of 78 points out of 100 in the multiservice and water sector, which implies an improvement in relation to the rating of 2013. It also achieved a RobecoSAM Bronze Class distinction, thus being included in the prestigious Sustainability Yearbook 2015, which highlights the world leading companies for their sustainability performance.



Financial performance

Despite the global economic turmoil, the financial performance of EPM in 2014 showed very positive results. This favorable situation is explained by the combined effect of significant achievements in the operational management of business, a growing trend in the financial results of the subsidiary companies, the degree of investor confidence and the successful coverage of financial risks. Management actions on these areas allowed the company to end the year with a profit of COP 1.8 trillion. This represents a 9% growth in comparison with the results from 2013. These resources will be used to leverage the growth and consolidation of the EPM Group and to meet the level of transfers estimated in the Development Plan of the Municipality of Medellín (the company's owner). These transfers are used to further advance in social investment programs and the transformation of the city.

One of the most important aspects is the confidence generated by the company in the market. The rating agency Fitch Ratings has increased EPM's international rating from BBB to BBB +, while Moody's changed the outlook from stable to positive at the Baa3 international rating.

In 2014, the ratings achieved, both investment grades, allowed EPM to access resources from various sources to leverage the investment plan envisaged. Thus, EPM received loans that amount to COP 116 billion. These resources were allocated to the energy transmission project Nueva Esperanza for a 150-km line of 230 kV, another 50-km line of 500 kV and a power substation.

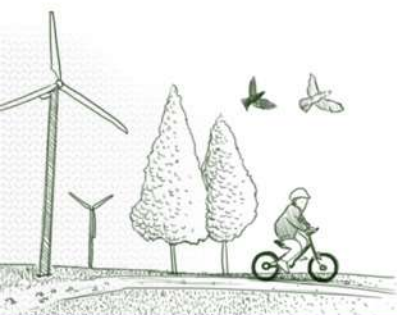
The company successfully launched an issue of bonds of domestic public debt totaling COP 500 billion with maturities of 12 and 20 years, after receiving demands from investors for COP 1,019 billion, that is 2.9 times the original amount offered, COP 350 billion. At the same time, in the international market bonds were placed in the amount of COP 965,745 million, with a 10-year maturity and a 7.62% yield. The demand for this emission exceeded four times the offer, considering the bids of international investors from the US, Europe, Asia, Chile, Peru and Colombia. These resources were allocated to the Ituango Hydroelectric Project.

As a strategy of minimizing currency risk, last year EPM made hedging transactions for USD 410 million and its debt transactions prioritized sources in Colombian pesos to carry out a placement of global bonds in Colombian pesos. Additionally, the company did not monetize the dollars from the international bond issue nor part of the bonds purchased from the Municipality of Medellín resulting from the merger between UNE and Millicom, for USD 266 million. These decisions allowed to offset the impact of the devaluation of the Colombian peso against the dollar of 24% in the financial statements of the company.

With regard to the operative management, the revenue was higher than the budgeted target, reaching COP 5.8 trillion, a growth of 6% when compared with the previous year.

In general, the business showed a good performance. Some actions are worth highlighting. In energy generation, the increase in the provision of AGC (secondary frequency regulation) and the strategic decision to regulate the reserves at the reservoirs facing the possibility of El Niño conditions. In energy distribution, there was a 4% growth in sales to the end user of the regulated market, that is 5,231 GWh. In the gas, sales amounted to 644.7 million of m³ (including 268.7 million of m³ in the secondary market). In water supply, there were 30,888 new customers. The efficient use of resources has been a constant goal of the company and, taking this into consideration, in 2014 the EPM Group Without Borders program implemented projects aimed at optimizing the operation processes.

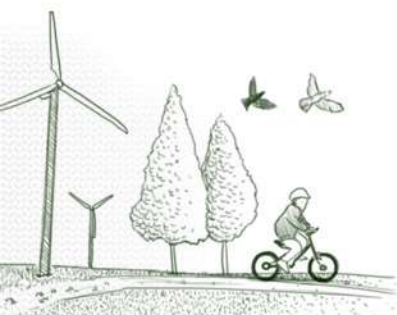
The operating costs and expenses accounted for COP 3.3 trillion, which is a 108% budget performance. The increase is due to commercial operation costs, which represent 51% of the total and are caused by larger



energy purchases and gas commercialization in the secondary market. The remaining corresponds to costs and expenses which guarantee the operation

These results enabled the company to achieve an EBITDA of COP 2.6 trillion, representing a growth of 10% compared with 2013 and a 103% budget performance. The operating profit was COP 2.1 trillion, a 13% increase and a 107% performance.

National and international subsidiary companies continue to contribute significantly to the company's profit. In 2014, the subsidiaries reported COP 411.41 million profit by the equity share method, which represents a 122% performance.



Social and environmental performance

In addition to the Dow Jones indicator, in 2014 EPM Group defined additional indicators to those in its Balance Scorecard. This a dynamic seeks to strengthen the performance at the social and environmental dimensions. Thus, additional indicators were defined: Water protection; socio-political environment management; social, economic and environmental evaluation of suppliers and contractors, and access to services in areas with no coverage and comparability.

As an essential part of the CSR commitment, EPM assumes the universalization of the service by expanding it into two management fronts: coverage, understood as the expansion of networks to the entire served market; and purchasability, which refers to the design of business models that enable the entire population, especially the low-economic income population, to be connected to the service.

In terms of coverage in 2014, a total of **35,119 new connections** of energy and gas services were completed in low-income areas as part of the Dignifying Homes program. With this, the program reaches **800,000 connections** funded over its 50 years of implementation. Soft credits and long terms were granted to the residents of these areas to cover the connections costs, including the internal networks in each household. During this year with the Antioquia Illuminated (Antioquia Iluminada) program, **15,309 rural homes** of the department were provided with energy service. Over six years, this program has brought electric energy to **98,269 homes**, benefiting about **420,000** people from the base of the pyramid.

The coverage of the Gas Without Borders Program, which aims at taking this service to all places in the Department of Antioquia, reached **79 municipalities and rural districts**, with a total of **125,165 new houses** connected over the year. During 2014, EPM obtained resources from the national government through various national and local funding sources. In total, it received COP 6,999 million in funding that benefit 56,000 families.

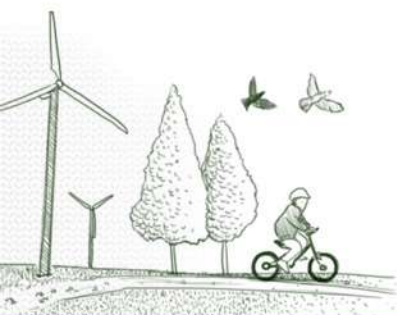
With regard to purchasability, there were 14,351 new installations to the Prepaid electric energy service. From these new installations, 6,325 correspond to customers with payment difficulties, 5,939 of them are located in areas with public energy dispensers or difficult management areas, and 2,087 of them are identified as vulnerable (low scores in the Sisbén system, less than or equal to 33 points). In total, 57,260 people benefited directly from the program. Currently, there are **174,646** homes linked to this program, which tries to solve the problem of disconnection for payment difficulties.

Similarly, aware of the importance of improving the conditions of the service, EPM has made significant efforts to expand the network of partners for the purchase of pins to top-up prepaid energy credit, thus providing access to refills and the energy service.

Meanwhile, the Prepaid water service is planned to start operations in 2015.

New initiatives were put into action, such as Paga a tu medida ("Customized payment" program), an alternative collection method that allows vulnerable customers to pay the EPM bill in installments (up to five per billing period). In 2014, the program included a total of **4,982** subscribe users.

Meanwhile, the home division of the Social Funding program became part of **SOMOS** program, a loyalty and recognition program of the EPM Group. Within this program, the productive sector is offered credits through the "Creceer" credit (an agreement between the IDB and EPM), aimed at small and medium enterprises. EPM contributed about COP 1,270 million in loans for the development of **1,020 companies**.

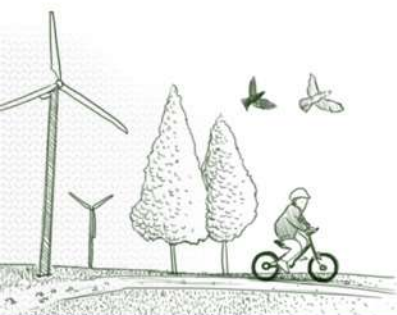


The beneficiaries of these initiatives take advantage of a credit card with very competitive conditions to have access to public utility services by acquiring gas appliances, having their vehicles converted to natural gas, making improvements to their houses, and to the productive funding of micro and small enterprises. In total, 28,053 clients, counting families and enterprises where beneficiaries of this program. They received credits totaling COP 63,560 million, which represented combined estimated savings for all customers of COP \$5,302 million, compared to the financial system. For many EPM users, especially for those at the base of the pyramid, this experience is the first step to enter the formal financial system, in environments where often the only option is resorting to unregulated loans.

In accordance with the business philosophy of EPM Group of integrating its projects and infrastructure to the development of the territories where it operates, the organization continues to innovate in the design and implementation of initiatives that give greater sustainability to the communities where it offers services. Thus, it shares value with the communities through programs that seek to contribute to the improvement of the quality of life, promote greater access to opportunities and support the integral development of individuals. This model of business activities will bring the company and its stakeholders closer over time. It will help build civic culture based on the EPM values, promote the responsible use of public services and environmental awareness, and will help to protect the income of the company and its sustainability over time.

According to this philosophy, the following actions were carried out in 2014:

- Opening of the first two Articulated Life Units (abbreviated UVA in Spanish) —Los Sueños y La Esperanza— that serve the communities in Versalles and Moscú neighborhoods in Medellín. During the time they were in operation, they received more than 200,000 visitors. Additionally, two more UVAs, Santa Inés and Santa Elena, were awarded and their construction works have already started. The design for the Orfelinato UVA are also completed. Thanks to this program, with an investment of nearly COP 150 trillion, the company is “opening the fences” of 12 water supply tanks to become closer to the community by using space in the city that was previously closed to the public and intended exclusively for the operation of public services. The UVAs will provide Medellín and the surrounding areas with quality spaces for leisure, culture, sports and to enjoy life. This aims at contributing to the social and cultural transformation of the territories.
- In 2014, a total of 304 families in the municipalities of San Andrés de Cuerquia, Briceño, Yarumal, Yolombó and Concepción saw their dreams of having their own houses become reality thanks to the Aldeas program, an EPM social innovation initiative that seeks to dignify and improve the quality of life of people living in socio-economic vulnerability. This program stems from the idea of taking advantage of the wood from the forest plantations that reach their maturity cycle and that are located near the EPM reservoirs, to build priority-interest houses for families with scarce economic resources. Since the program started in 2011, it has delivered 863 houses. This initiative materialized thanks to the willingness of the people involved and the combination of public and private resources. It represents an investment that amounts to COP 46.566 million. These are opportunities for social growth. Every year, this project contributes greatly to boost economic activity in the region.
- In 2014 EPM's Christmas lights were displayed in 14 municipalities in Antioquia. The towns were



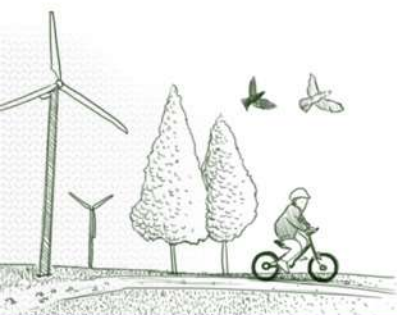
chosen through the contest “Encendamos la alegría” (Let’s turn on the joy). For the first time, EPM organized a cocreation exercise together with the community in Medellín. There were 25,000 proposals and the conceptual axis was defined as: The values light Christmas on. A pilot experiment to test solar energy as the source to light some of the Christmas lights figures was implemented. 441 direct jobs were generated and 350 spots were allocated to street peddlers.

- Through the EPM Foundation, EPM continues participating in the Medellín-Antioquia Alliance (AMA) (together with the Medellín Mayor’s Office, the Antioquia Government and IDEA). The alliance aims at generating opportunities of access to higher education for the young people of the Department of Antioquia. In 2014, 3,328 new students became beneficiaries of the program, for a total of 6,056 beneficiaries. During this year, 500 thousand people visited the EPM Library. This amount of users is an indicator of the consolidation of the library as a space of free-access to knowledge, with the purpose of supporting the scientific, technologic and business development. Among the most remarkable achievements, we count the strengthening Plan de Lectura (Reading Plan) and the benefits for the 14,000 users of the program training offer.
- EPM aims at continuing with the same model of performance through projects in all the cities and the territories where it operates. Thanks to the good outcome of the energy distribution subsidiary companies in recent years and the implementation of their business plans, their boards of directors made the decision to allocate a percentage of their profit to support city projects in Manizales, Armenia, Bucaramanga and Cucuta. The BioMA, EDEQ Library, Santander Theater and Pamplonita Ecoparc projects, all scheduled to be delivered in 2015, follow the business philosophy of EPM Group to strive to support sustainability in the territories and communities where the organization operates, making the community participant of the value and generating greater opportunities.

EPM is aware of its interdependence with the environment, and as such, it has committed, from its environmental policy to carry out an integral management in a proactive manner, with business competitive criteria and environmental sustainability. In 2014, the organization was linked to the CEO Water Mandate, launched by the UN Secretary General in 2007 with the aim of moving towards solving the problems of water sustainability by implementing sustainable water policies in companies.

The company continued its link to the “Cuenca Verde” Corporation, a water fund that helps to protect the watersheds that fed Riogrande II and La Fe reservoirs now and will take care of them in the future. These reservoirs supply more than 90% of the water for the Aburrá Valley. The company signed an agreement for COP 4 trillion for the development of projects that contribute to environmental conservation and improvement of these watersheds.

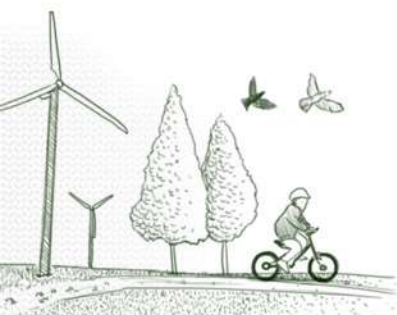
EPM partnership with Cornare’s BankCO2 program is also worth highlighting. It consists of a payment strategy for environmental services aimed at developing a compensation system for the conservation and restoration of natural forests, funded voluntarily by companies and individuals. Paying for environmental services to rural families has become a mechanism to reduce deforestation and promote forest conservation services. EPM has joined the program supporting 82 families in different municipalities in Antioquia: La Ceja, La Unión, El Retiro, Abejorral, San Rafael, San Carlos, San Vicente, Alejandría, Carmen del Viboral y El Peñol.



As part of the social and environmental management in the development of Ituango Hydroelectric Project:

- The contingency plan was activated during and after the diversion of the Cauca river. Resources were allocated for the contingent rescuing of fauna. Additionally, hiring for logging at the reservoir is also being carried forward. Other preparation activities for the construction of the regional plant nursery activities, the implementation of alternative projects for fishermen and monitoring of fish communities in the river are being carried out. The acquisition of 10,485 hectares of land for the protection and conservation of vegetation, as well as the award of two new contracts to comply with biotic component of the Environmental Management Plan are also worth highlighting: Study population of the cougar (puma concolor) and population and ecological study of six species of birds.
- The Bolivia landfill started operations; the building works of the master plan of the water and sewer system of El Valle de Toledo rural district were completed. In the same district, a recreation, culture and sport project is being carried out. In Puerto Valdivia, the sports center is being reformed, as well as schools in San Andrés de Cuerquia and Sabanalarga.
- As part of the IOM-Government of Antioquia-EPM agreement, the 12 municipalities in the area covered by the project received the plans for promoting the rights of children and adolescents (NNA, as per the name of the program in Spanish). Meanwhile, the inhabitants of the municipalities of Ituango, Briceño, Valdivia, Yarumal, Toledo y San Andrés de Cuerquia received supplies for setting up 1,200 home orchards.

In the Power Generation business, EPM defined and discussed with stakeholders the new framework Partnerships for Development, which aims to environmental and social sustainability and reconsiders the EPM involvement in the territories departing from a retrospective and prospective assessment.

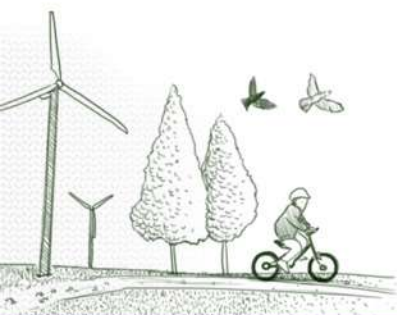


Corporate governance

For the EPM Group, 2014 was a particularly busy year in implementing corporate governance practices, in order to enable the joint work of the group's companies and the relationship with our partners.

Regarding EPM Group Boards of Directors, the assessment processes were strengthened by designing a model with the highest world standards in the field and the implementation of a plan to reinforce the power of the Boards of Directors the group.

The Governance Agreement was implemented by all the operative companies of the EPM Group in Colombia. More than 200 synergies among the group companies were formalized through deeds, as well as the application of the methodology for the evaluation of all corporate managers in the organization, in line with the Balanced Scorecard and the variable compensation of the companies that apply this mechanism. Aligning our organizational goals with the performance evaluations and bringing the variable compensation scheme to EPM and all group companies remain one of our main goals.



EPM Group without Borders Program

Improving the Group's governance and competitiveness by means of the integrated operation, the development of capabilities and the optimization of processes are the objectives of the EPM Group without Borders Program, which started the implementation stage in 2014 by developing 14 projects.

These are the main advances in its projects:

The structure of the Corporate Core was adjusted and integrated, and the structures of the local subsidiaries were also adjusted. Tactic and operative committees were implemented, and the adjustment to the organizational structure was introduced for the infrastructure projects and the technical excellence centers, with the identification of the required capabilities.

In the Supply Chain, early earnings were generated and synergies were captured, totaling an amount of COP 15.6 billion. Additionally, the Supply Chain Policy, the contracting handbook and regulations, and the administration of contracts were defined. Simultaneously, the main supply chain processes were implemented, from which the Centralized Contract Administration pilot stands out.

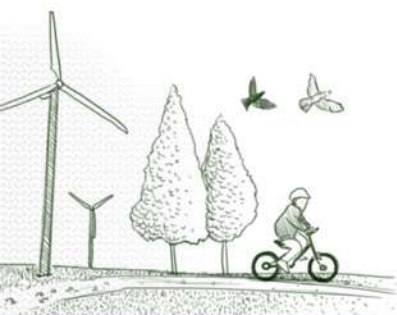
The Shared-Service Center started operating in 2014 with the processes of invoice payment and comparison, IT service board and third party matriculation, and progress was also made in the design of the selection, payroll, office automation, aerial transport and hotel services.

Within the framework of the Productivity on the Field project, the productivity pilot was implemented in the South Distribution Zone, and several replicas were initiated in other zones and businesses, optimizing different processes and generating benefits close to COP 4 billion.

What is more, an Asset Management maturity diagnosis was performed within the business group and more than COP 15 billion in benefits were generated as part of the development of this project.

The Board of Directors approved the business plan within the Integrated Planning process, and progress was made in the design and implementation of commercial, financial and human development and organizational capabilities processes. Likewise, the Information Management policy was prepared for EPM and work was made on the diagnosis and construction of the Corporate Architecture Model.

As part of the loyalty project, with the purpose of highlighting the good behavior of the Users through the allocation of redeemable points, the SOMOS program was launched in the Aburrá Valley metropolitan area.



Local and international growth and expansion

In 2014 EPM invested COP \$1.5 trillion to develop expansion, modernization, and growth projects in the energy, gas and water sectors, as well as social and environmental responsibility programs that promote the sustainable growth of the organization and territories where it operates.

Important Projects

Ituango Hydroelectric Project

2014 marked one of the most important moments in the construction of this work, which will contribute 2,400 MW to the country. It was a milestone for Colombian engineering, economy and development since it was possible to deviate Cauca river to facilitate the construction of this hydroelectric. It was also possible to make the main fillings of the dam (rockfill cofferdam with waterproof mantle) and the dump excavations up to elevation 435, the transformer cavern, and the central plant construction, ventilation and drainage galleries. Progress was also made in the construction of the Puerto Valdivia-Dam road with 13.9 km of full section excavation, 3.9 km of paved road, 4 built tunnels and 14 bridges completed.

The development of the communities living in the area of influence is particularly important for this project. On the initiative of EPM, in 2013 an alliance was made with project partners Antioquia Governor's Office and the Institute for the Development of Antioquia (IDEA) in order to launch the Comprehensive Plan for Ituango Hydroelectric, a model for integrating infrastructure projects to the territory allowing to enhance project benefits for the 12 municipalities of the area of influence.

Out of the USD \$100 million assigned to the program, in 2014 COP \$46,507 million were implemented, achieving significant progress in psychosocial care programs, works for the provision of gas service in six municipalities, civil works of the Water Supply and Sewerage Master Plan for some villages, and resources for each of the hospitals, including primary healthcare programs and telemedicine. Other important institutional presence on this regard was housing and school improvement, while working on the construction of secondary and tertiary roads, as well as bridle paths.

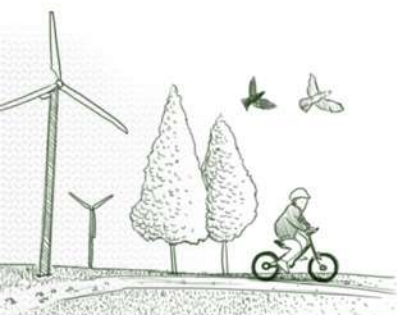
By the end of 2014, Ituango Hydroelectric Project achieved a 27.7% progress, with an investment of COP \$2.7 trillion.

Bello Wastewater Treatment Plant

In order to continue working on the sanitation plan of the Medellín river, EPM keeps advancing on the construction of this new wastewater treatment plant, which will receive residential, industrial and commercial wastewaters from Medellín and Bello, the two largest municipalities of the Aburrá valley.

In 2014, progress was made in the construction of the plant and the northern interceptor, while the organization also started the request for bids for the collecting canals, and advanced in the implementation of a complete awareness and education plan for the community. By the end of 2014, the project achieved a 42% progress, with an investment of COP \$329,650 million.

Nueva Esperanza Project



EPM still has the challenge to develop the energy transmission project “Nueva Esperanza”, which is part of the National Transmission System (STN). During the year, the environmental permits for both lines (230 thousand and 500 thousand volts) were settled and began the construction of the first one in the Guavio area, in Cundinamarca, as well as Nueva Esperanza substation in Soacha municipality.

The archaeological rescue, a task we have developed with the utmost responsibility and respect for the Colombian heritage, comes to an end during this period in the area designated for the construction of the substation, with the support of the Colombian Institute of Anthropology and History (ICANH) and the participation of about 180 people, including archaeologists, field workers and administrative staff. In the archaeological rescue area, trace of communities settled in the Tequendama region since 900 BC until the arrival of the Spaniards were identified.

By the end 2014, the Nueva Esperanza project reports a 40% progress with a COP \$131,697 million investment.

Bello–Guayabal–Ancón Transmission Line

In June 2014, the Mining and Energy Planning Unit (UPME) selected EPM as an investor for the design, procurement of supplies, construction, operation and maintenance of Guayabal 230 kV substation and associated transmission lines that affect Medellín and its metropolitan area.

The project, which is at initial phase, costs COP \$230,792 million and is expected to be operational in November 2016.

Implementation of the Los Cururos Wind Farm, Chile

This park went into commercial operation on July 23, 2014, with 57 turbines and a capacity of 109 MW. It has the support of the Danish firm Vestas for the operation of machines and Siemens for the substation operation.

Bonyic Hydroelectric, Panama

Assembly of the substation, dam, the reservoir filling and testing of the first unit with a capacity of 10.8 MW out of the 31.8 MW of its final total capacity was accomplished during the year. This project became operational in January 2015.

EPM Investments

Services of Information and Communication Technologies (ICT). – UNE-Millicom Merger

After signing the public deed regarding the merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L., EPM and Millicom closed the transaction in order to integrate their interests in the fixed and mobile businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil-TIGO. Thus, the telecommunications business of the group is strengthened and EPM's transfer level to the Municipality of Medellín is protected for the future. Joint operations of UNE-TIGO ended the year with an income over COP 5 trillion, which represents an 18% growth compared to 2013 and a COP 1,300 trillion EBITDA, with an approximate growth rate of 28% in relation to the previous year.



Thanks to this growth alliance, which combines the complementary strengths of UNE and TIGO, Colombians have access to a new integrated alternative that will offer a wide variety of digital solutions to millions of households in Colombia, including fixed and mobile telephony, broadband and mobile Internet, and subscription television.

Participation in the process of ISAGEN's shares alienation

In order to participate in the process of ISAGEN's shares alienation, EPM prequalified together with Brazilian Companhia Energética de Minas Gerais (Cemig), firm which announced its decision to retire in June 2014. In parallel, the PAC 267 draft agreement was submitted to Medellín Council in order to authorize the sale of EPM's shares in Isagen, aiming to strengthen the position of the company given the possible sale of this Colombian distribution and commercialization company. This project was withdrawn due to the decision of the national government to postpone the sale of shares.

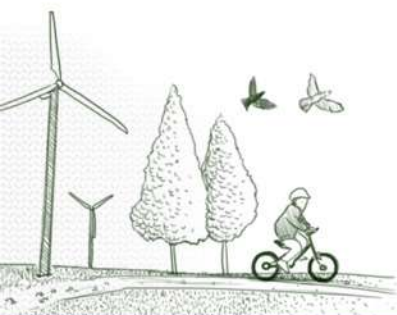
New growth options

Creating a branch office in Costa Rica

Our organization continues to seek business options in Central America by creating a branch in Costa Rica to move into the electricity, water, sewage, and solid waste sectors and other services included in the corporate purpose of Empresas Públicas de Medellín E. S. P.

River Parks

A memorandum of understanding was established with Interconexión Eléctrica S.A. (ISA) for structuring the urban road concession of River Parks. This project seeks to promote the Medellín River as an environmental and public space axis for the region and city, optimizing its current role as the main focus of mobility, in order to turn it into the structuring and integrating element of the different systems of the territory and the main stage for citizens' gathering and enjoyment. It will be developed through four key components: mobility, environmental, urban/architectural and social. This and other new business opportunities aim to diversify EPM's income as a proactive response to the great challenges and opportunities coming in the next 20 years, given the growing changes in the public utility industry.



Innovation and development of new businesses and solutions

One of the achievements and major advances in the structuring of new businesses is the Solar Energy business, for which we identified the action strategy in order to address it both in Colombia and in Central America countries where EPM has a presence in the energy business. Implementation is expected to take place in 2015.

Aiming to determine a strategy to create a ESCO-type business (Energy Service Company Outsourcing), EPM Group conducted a feasibility study in nine countries with the Ernst & Young enterprise, which took into account the legal, technical, economic, commercial, regulatory and financial aspects. In light of the results obtained, which show great potential in some of the markets assessed, we have been structuring a strategic alliance with a partner.

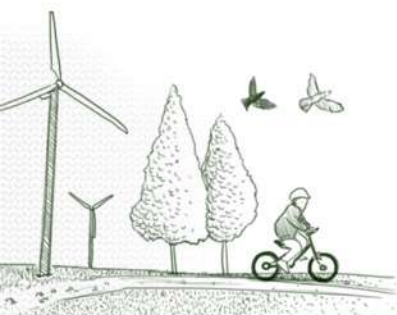
Regarding sustainable mobility, we are working on finding a supplier of vehicles to be a strategic partner for implementing the pilot electric vehicle project and for the implementation of operational tests on automobiles and battery chargers, taking into account the effects on power distribution networks. Additionally, we initiated the contracting process for a pilot project that will provide us with public charging equipment at strategic locations to increase users' autonomy and confidence.

As for solar solutions in not connected areas, we began the execution of two contracts: one with the IPSE to install 100 solar kits in Caquetá (San Vicente del Caguan) and another one with Antioquia Governor's Office to install 14 solar solutions in rural schools and indigenous reservations.

Moreover, we managed and signed a USD \$871,000 grant with the U.S. Trade and Development Agency (USTDA) in order to continue the second phase of the Valle de Nereidas Geothermal Project. The firm Dewhurst Group LLC was selected to carry out the study on conceptual geological modeling, definition of drilling sites, infrastructure engineering, and calculation and estimation of economic performance.

Regarding the Solid Waste Management Master Plan for Valle del Aburrá, its conceptualization was already finished and we are currently contacting potential partners for its development: IFC, Portland city (United States) and the Dutch Agency for Enterprise Development (RVO).

In 2014, investments on development and innovation projects amounted to COP \$8,863 million.



Customer-user focus

As part of the value proposal for public services and a solution portfolio with a comprehensive focus on the User, the following activities were developed:

We sought to facilitate Users' subscription. For this reason, during 2014 we provided gas service to 82.471 homes, of which 40.140 were located in Valle del Aburrá and 42.331 in other regions of Antioquia. 8.490 homes had access to water supply service and 8.640 to the sewerage service. Regarding energy service, we reached 35.119 new homes in Antioquia, of which 13.835 were located in the municipalities of Valle del Aburrá and 6.301 in other areas of the department.

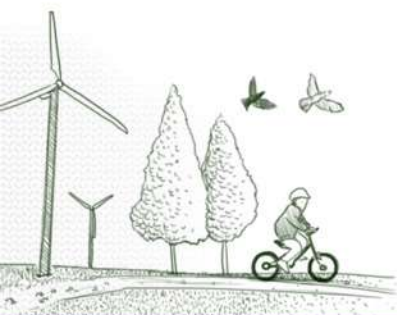
On the other hand, Gas without Borders program began in 33 new municipalities and infrastructure was built in 4 more, where we plan to provide this service by the first quarter of 2015. Thus, at the end of 2014, EPM was addressing 79 towns inside and outside Valle del Aburrá (63 municipalities and 16 rural settlements), with a total of 934.924 Users connected to this service, which places EPM Natural Gas as the third company in Colombia with the biggest amount of clients connected, having a 11,9% participation.

Regarding sustainable mobility, new alternatives and projects were implemented to achieve consolidation. Currently, there are 51.765 vehicles converted to natural gas in Antioquia. EPM continues to expand its own network of VNG stations by starting up four new stations. Two of them are for exclusive use: the Universidad de Medellín station for Metroplús mass transit system, and Tasajera station for the Envias's compactor fleet. And two are open to the public: one in the municipality of Sabaneta, and another in the municipality of Apartadó, in Urabá, which is the first EPM's regional station from the 13 existing ones at the end of year.

In 2014, our billing portal had great importance, with a 185% usage increase thanks to market dynamics and the use of new technologies. It went from 3.214 registered members in January 2014 to about 9.300 in December.

For ensuring pleasant experiences in service processes, and permanently looking to improve communication channels with customers, we highlight the management scheme for Large Customers, Government and Enterprises branches. Thanks to these actions, now we provide full service to more than 22.000 facilities with assigned account executives to meet all their needs with EPM.

We achieved to account for 45.329 registered Users during the year thanks to this offer of value contained in the SOMOS loyalty and recognition program, which seeks to reward customers' good behavior in service use and bill payment through the allocation of redeemable points for EPM services and a broad network of partners.



Operational performance

In 2014, hydrological levels under the historical averages were recorded in Colombia (81% in EPM, 91% in the country), a reduction that considerably affected EPM's generation of hydraulic energy.

Hydric contribution decrease occurred between April and September and was mainly due to a warming of the Pacific Ocean. It made it necessary to manage the operation of the generation plants and their associated reservoirs with special care, minimizing the economic impact without risking the fulfillment of the company commitments in relation to the reliability in the electric power supply to the country.

In order to achieve this purpose, several adjustments were made to the business commercial strategy, such as non-firm gas acquisition in the gas secondary market to enable the operation with natural gas of La Sierra thermal power station from April to September.

On the other hand, the PPI as indexer of the prices of the energy sold through contracts had a performance above expectations, with an accumulated growth of 5,6% in 2014, which helped to achieve budgeted incomes.

Regardless contribution decrease, EPM managed to be the top hydraulic energy generator agent in the country and to take the reservoirs to a safe level in energy terms for starting 2015. As of December 31, 2014, EPM's total aggregated reservoir reached 84% and El Peñol reservoir reached 87% of their useful volume.

By identifying opportunities to optimize the existing infrastructure and making the appropriate management with competent authorities, the Generation business was able to increase net effective capacity of the Porce III (from 660 MW to 700 MW) and Playas (from 201 MW to 207 MW) hydroelectric plants. This management meant higher revenues in 2014 amounting to COP \$669 million and it is estimated that it will be COP \$4.627 million by 2015.

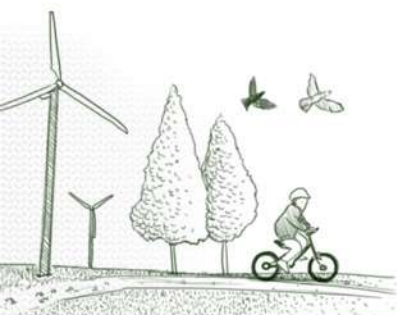
In this same working front, leaks in the uptake and gates of Guadalupe III were corrected, representing and additional business revenue worth COP \$7.215 million. Besides, cost savings totaling COP \$3.408 million were achieved by managing the consumption of auxiliary circuits and associated services in generating plants and by implementing energy efficiency initiatives.

As for Transmission and Distribution, the Field Productivity project was developed. The Continuous Improvement of Service Quality project and the Loss Control and Reduction program were created and approved to group extent. Both initiatives will reduce future costs and increase revenue. Moreover, we made connection contracts to develop the infrastructure of customers such as Ecopetrol S.A., generators and large industries nationwide, ensuring income through connection charges close to COP \$16.500 million.

Regarding Water Provision business, there was a costs recovery in energy efficiency of COP \$950 million, to which is added a substantial reduction in network and connection damage by 4,54% and 29,1% respectively, with clear strategies for preventive and predictive maintenance.

As for the Wastewater Management business and after many years of work, issuance of Decree 1287 was obtained in July 2014, which governs the use of biosolids produced at the San Fernando wastewater plant, providing many use possibilities for this product. We also made progress in the construction of a composter located in Don Matías municipality, in Antioquia, where a third of biosolids will be processed.

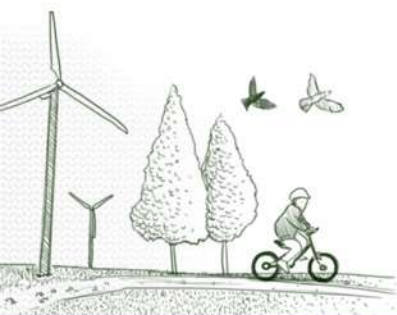
We managed to reduce damage and obstruction indicators in sewerage network per kilometer and a 99,8% of spillways in good condition, optimizing the process of waste water collection and transportation. Through a field research, we were able to bill 4.200 facilities that used to have this service without being invoiced, which



increased service coverage and revenues.

Regarding Gas business, we participated in several projects during the year with a COP \$1.500 million revenue, including Field Productivity where we developed actions aimed at optimizing the users subscription process.

In the solid waste business, we developed the Linda Calle Siglo XXI (XXI century Pretty Street) strategy together with Emvarias. We built Altair cell and started operation in the Pradera landfill, whose capacity for final disposal of waste is about 6 million m³, giving a period of about 14 years. Investment amounted to COP \$22.000 million. The leachate treatment plant for the landfill was designed and it is planned to be built and begin operations in 2015. In addition, the fleet of compaction vehicles was modernized and vehicles of this kind were adapted for VNG for the first time in Colombia and Latin America. A new contracting model for the cleaning process was implemented with Fundación Universidad de Antioquia, improving the working conditions of about 900 company employees such as drivers, crew and sweeping operators. Furthermore, this subsidiary achieved a net profit of COP \$20.000 million, the highest one in its history.

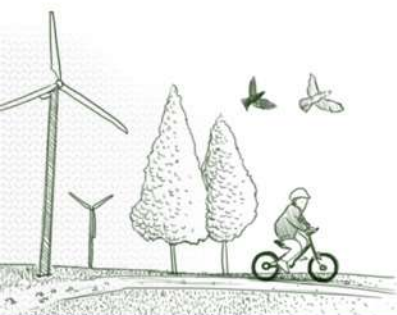


Human talent

Ensuring the talent the organization needs for fulfilling its ambitious goals requires a constant and dedicated work that includes the selection of human talent focused on opportunity and suitability. Through this process, the recruitment of 59 official workers and 4 public employees was ensured and, even more importantly, 45 labor contracts were modified, making a reality the dream of those 45 employees of improving their work conditions in terms of responsibility, position and salary. Internships for 483 apprentices and university students were also ensured after carrying out all the necessary procedures.

In order to ensure the quality of life of all the organization's workers, the following process was performed:

- **40,799** conventional benefits that totaled COP 18,296 million were assigned in 2014. 96.05% of EPM workers received at least one benefit during the one-year term.
- **486** loans totaling **COP 39,340 million** were approved for housing after the funds were broadened by signing the Collective Negotiation and the Extra-conventional Agreement. **69%** of the company employees own their homes. The interest percentage was reduced for employees earning more than 6 smmlv (Colombian legal minimum monthly salary in force), the formula for extending the effective payment term of the credits was redesigned and adjusted to the fund regulations in order to make them more flexible and increase the coverage.
- The gym facilities in the EPM Building were modernized, as well as in several different branches and generation stations.
- The implementation of the telecommuting program pilot was started with **31** employees, and three new different working shifts were established in order to facilitate the entry to the building and contribute to the environmental management, mobility and sustainability.
- Events such as the following were held: EPM's Classic Day and the Family Day, which hosted more than **11,000 invited attendees**, the Secretaries Day, the Children's Day, the Occupational Health Sessions, the "Recognizing my company" pilot program, and the alliance with the National Customs and Tax Direction Office (DIAN) for updating the Unique Tax Registry, which all the employees must have for their tax declaration.
- The psychosocial risk measurement was made with the participation of 83.27% of EPM's workers, and the activity was supported in many energy and water subsidiaries.
- A settlement was reached for the Collective Convention negotiation with the Sintraemdes workers union. Regarding the subject of pensions, the closeness with the Colpensiones pension fund and the improvement in the assistance to the pre-pensioners allowed 357 workers to start enjoying their pension after fulfilling the requirements to obtain it.



Administrative support

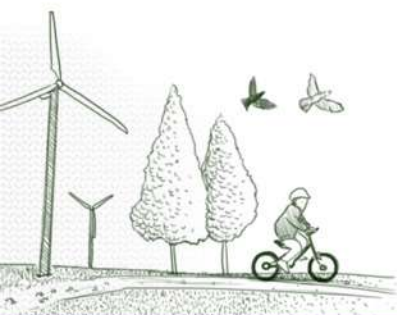
Construction of terraces and green walls, and installation of new food services for the employees. Besides, the bicycle parking project was started inside and in the surroundings of the EPM Building, and at the same time, the work of the Eatic laboratories in Ruta N and CIEN was completed.

For the development of the Ituango, Gas, Water, Transmission & Distribution and Corporate projects, 87 land properties were purchased, 459 easements were constituted, and 379 miners were indemnified. An outsourcing model was developed and contracted for constituting easements in the Nueva Esperanza and the La Ceja-Sonsón line projects.

Through the Social Contracting program, 114 public works and service provision contracts were executed, totaling an amount of **COP 22,756 million**. This contracting mechanism is applied to community action boards, which not only generates employment opportunities, but also contributes to the strengthening of these community organizations by means of the surplus that are allocated to diverse works for the benefit of the communities.

The project for the comprehensive management of safety was designed based on infrastructure, people and electronic coverage risks.

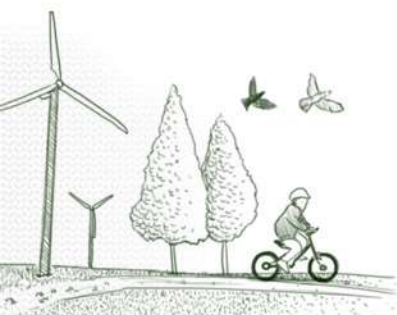
As a contribution to the protection of the environment, office technologies were implemented to eliminate the use of paper and secure the information. In that sense, the digitalization of the documentation of property negotiations with a 17% reduction in the consumption of photocopies (approximately 216,000, and the file space was optimized too).



Quality management system

Analysis of the Quality Management Policy

The current Quality Management Policy is adjusted to the needs of the organization, therefore, it is not necessary to update it.



Analysis of the Quality Management Policy

Item	Si	No	Observations	Person/department in charge
Is the quality management policy consistent with the comprehensive management policy and the strategic planning of the company?	X		Is the Comprehensive Management Policy consistent with the Strategic Planning elements?	Corporate Development Management Office
Is the quality management policy adequate for the company according to the regulatory framework that is currently in force?	X		Is the Comprehensive Management Policy (that was defined as the quality policy of the Quality Management System -QMS-) adequate for the entity's corporate purpose established in article 3 of EPM Bylaws, Municipal Agreement No. 12, 1998.	Corporate Development Management Office
Is the quality management policy consistent with the definitions of the QMS?	X		Is the Comprehensive Management Policy consistent with the definitions of the QMS that were posed based on the dispositions of the reference rules and the Public Function Administrative Department?	Corporate Development Management Office
Has the quality			The Organizational Culture and Human Development Management Office established a work plan for identifying the topics (such as the quality management policy) that will be disclosed	Organizational



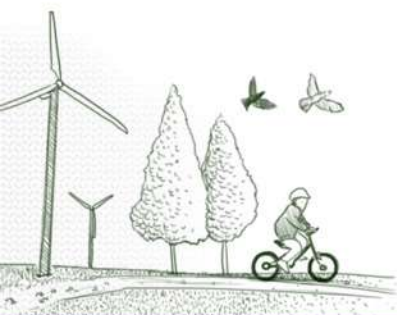
management policy been disclosed to and understood by the employees?	X		to EPM's contractors and/or public officers. In 2014, the MECI diagnosis and the control auto-evaluation were also used for obtaining a perception on the understanding of the employees about the basic quality management elements, input for the strategy that was defined and that will be implemented to achieve the understanding of the policy.	Culture and Human Development Management Office
Is it necessary to modify the quality management policy?		X	It is not necessary to adjust the comprehensive management policy, which was established as the quality policy for the Management System.	Corporate Development Management Office



Results of the internal quality audits

In 2014, the program was fulfilled with a combined-audit approach, that is, the Quality Management Systems were simultaneously audited in accordance with the Colombian Technical Standard for Public Management 1000 (NTCGP 1000), certified Management Systems (ISO 9001, ISO 14001), and they were accredited according to the Colombian Technical Standard ISO/IEC 17025, achieving the carrying out of a verification in the implementation of the referred management systems.

Findings that allow the continuous improvement in the audited processes were identified and important improvement opportunities were also identified in the accredited laboratories based on a thorough technical analysis.



Results of the internal quality audits

Indicators	Goal	Score
Audit program compliance %	100%	100%
Audits Evaluation	4.8	4.9
Auditors Evaluation	4.5	4.7



Results of the internal quality audits

			Company QMS		QMS Certified		QMS Accredited	
Item	Total	%	NTCGP 1000	%	NTC-ISO 9001 y 14001	%	NTC-ISO/IEC 17025	%
Strength	86	37%	14	41%	55	41%	17	26%
Improvement opportunity	117	50%	15	44%	70	52%	32	49%
Non-conformities	31	13%	5	15%	10	7%	16	25%
Total findings	234	100%	34	100%	135	100%	65	100%



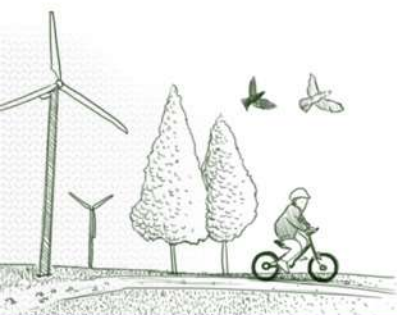
Improvement Actions by Process

As product of the revision of the Quality Management System by last year's directing team, an aspect worth highlighting is the improvement made for a greater control and a timely follow-up to the improvement actions by process. These actions were migrated to the ERA-Kairos IT tool with the purpose of consolidating and managing in a more adequate way the improvement plans (which were previously recorded in an Excel template) within the continuous improvement of the Quality Management System. In October 2014, the Learning Management, Organizational Design and Risk Engineering direction offices designed and offered a virtual course through the EPM Group University for training the target audience on the ERA Kairos tool: experts and people responsible for the processes, organizational managers, personnel from the Performance Units, staff from the Corporate Audit Department and risk managers, from which 272 workers have been trained. The continuous improvement and management of the processes was consolidated with the implementation of the tool for risk management and the Business Group's Improvement Plans in November 2014, which was performed by the corresponding responsible teams. The improvement plans for 127 processes of the current Model were uploaded to the Kairos tool production database. From all the defined actions, 45% were preventive and improvement-related, which evidences the continuous improvement of the Quality Management System in a proactive way, avoiding the materialization of risks in the processes. Within the tool implementation process and the continuous improvement purpose of the Quality Management System, a unique improvement plan was consolidated for each process based on the diverse plans that were previously defined by each one of the sources of origin: internal audits, management auto-evaluation, external evaluations, comprehensive risk management, management by process, and revision by the Direction Office, among other. Furthermore, the software previews were designed; the rules, warnings and reports were revised and adjusted; and the licenses were assigned according to the users' profile. The team of professionals from the Performance Management Units and the Organizational Managers worked on the assurance of the quality and completeness of the information that was migrated to the improvement plans of several processes, as well as in the updating process of said information.

This tool facilitates the comprehensive and effective follow-up and the analysis of the actions defined in the improvement plans. Some of the benefits are the following:

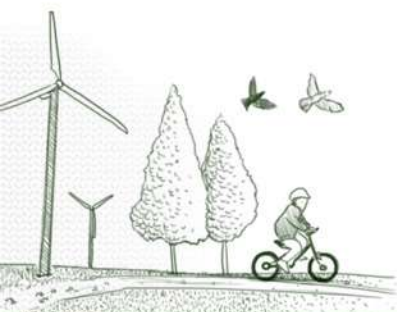
- Analysis and evaluation of risks in the diverse management levels that were defined.
- Centralized information of the risk and improvement plans.
- Real-time access to the information.
- Reliability and availability of the information of the risks and improvement plans.
- Integration of the improvement plans from different origins.
- Monitoring to the improvement plans that are the responsibility of the corresponding person/team in charge of each Process.
- Facilitation of the audit function management by the organization and other control bodies to the improvement plans.

Under the coordination of the MECI work team, led by the Corporate Development Management, a work plan will be developed to keep strengthening the management of the improvement plans in terms of their definition, follow-up and control, ensuring an adequate and complete processing in the information system, and a wider use of the tool for the analysis and the continuous improvement of the Quality Management System.



Conclusion of the Quality Management System status

The Quality Management System implemented by EPM in accordance with the Public Management Quality Technical Standard NTCGP 1000: 2009 is: convenient, adequate, suitable, efficient and effective.



Quality Management System status summary

Item analyzed	Yes	No	Observations
Convenience: Is the Quality Management System consistent with the strategy and the strategic objectives?	x		Currently, the objectives of the Quality Management System correspond to the strategic objectives, and recurring follow-up is made from the Balanced Scorecard by identifying improvement actions.
Adequacy: Are the actions and decisions defined and implemented for the Quality Management System enough for fulfilling the requirements of the customers and all other stakeholders of the company, and the requirements of the applicable legislation?	x		Senior managers base their decisions on the analysis and follow-up of the management to support the fulfillment of the strategic planning that was established.
Effectiveness: Have the planned activities been carried out and have the results planned for the Quality Management System been achieved?	x		The planned objectives have been achieved and the results are permanently monitored by means of diverse mechanisms, such as: Governance Committees or Integration and Coordination Meetings (ICM).
Efficiency: Have the results been achieved through the optimal use of the resources?	x		Resources are adequately used in and for the plans, programs and projects that are executed to achieve the organizational purposes.



Effectiveness: Has the company achieved the impact expected for its stakeholders?

x

Satisfactory progress is being made in the engagement with the stakeholders and in the execution of the plans defined with each one of them.

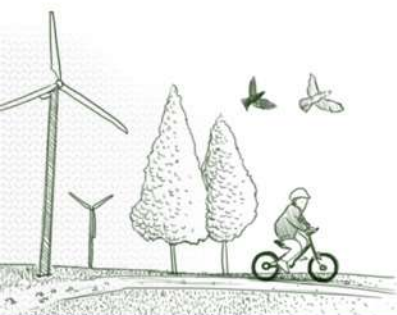


Control environment

In 2014, significant progress was made in the strengthening of the control culture and environment, which has been guided by the Internal Control Management Policy adopted by EPM's Board of Directors with the purpose of generating trust among the stakeholders.

In that sense, different actions were carried out to adapt and improve the internal elements to respond to the corporate needs, the regulatory requirements, and best associated practices:

- The company voluntarily participated for the seventh consecutive time in the Measurement of transparency policies and mechanisms, which is promoted by the "Transparencia por Colombia" (Transparency for Colombia) corporation, with a result of 93 points out of 100, increasing 2 points in comparison to the previous measurement. Significant improvements were achieved in the Dialog components, which includes the interaction with Users and Suppliers, and Clear Rules, related to matters of business ethics and corporate governance.
- EPM Group's companies have also undergone the evaluation of their transparency mechanisms and practices, with results higher than the average of the sectors in which they operate. Thus, the companies consolidate a transparent management in the eyes of the stakeholders.
- EPM's audit activity obtained its international certification before the Global Institute of Internal Auditors (IIA), which recognized EPM as the Colombian company with the most certified auditors. An engagement and intervention plan was started with the purpose of standardizing control practices and achieving synergies among the EPM Group's audit teams.
- The Office of the Medellín Comptroller General closed the account for EPM and the Group's companies, which projects EPM's efficient fulfillment of the tax management regarding the public resources. All the requirements of the assurance suppliers were timely and effectively served, contributing to the strengthening of the control environment of both EPM and the Group's companies.



Awards and accolades

In 2014, the company was awarded significant Awards and accolades:

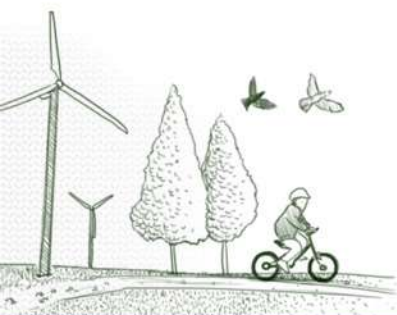
National Engineering Prize: the company was awarded the National Engineering Prize and Antioquia's Engineering Prize for the "Primavera" Solar Vehicle. Additionally, EPM was recognized as the most innovative company in the country in polls made by the Portafolio newspaper and the Dinero magazine.

Silver Category Accolade and the inclusion of EPM into The Sustainability Yearbook 2014, for its performance in the Dow Jones Sustainability Index: EPM was included in the recognized worldwide sustainability journal after getting a score of 77 over 100 in the Dow Jones Sustainability Index in 2013, which is why the company was awarded a silver accolade, being within 5% of the companies with the highest ratings in the multi-service and water sector.

Honorable mention: for being the Colombian company with the most professionals certified by The Institute of Internal Auditor.

Most creative internal means of communication: this accolade was awarded by the Spanish firm Inforpress for the Communication Management Office's Telephone Bulletin for the water and energy operators who do not have access to a computer or another means of communication.

"Emisores-IR" accolade: this accolade, which is valid for one year, was awarded to EPM by the Colombian Stock Exchange. This initiative promotes and recognizes the best practices in terms of information disclosure and stakeholders engagement in Colombia.



General information



Social and Environmental Management

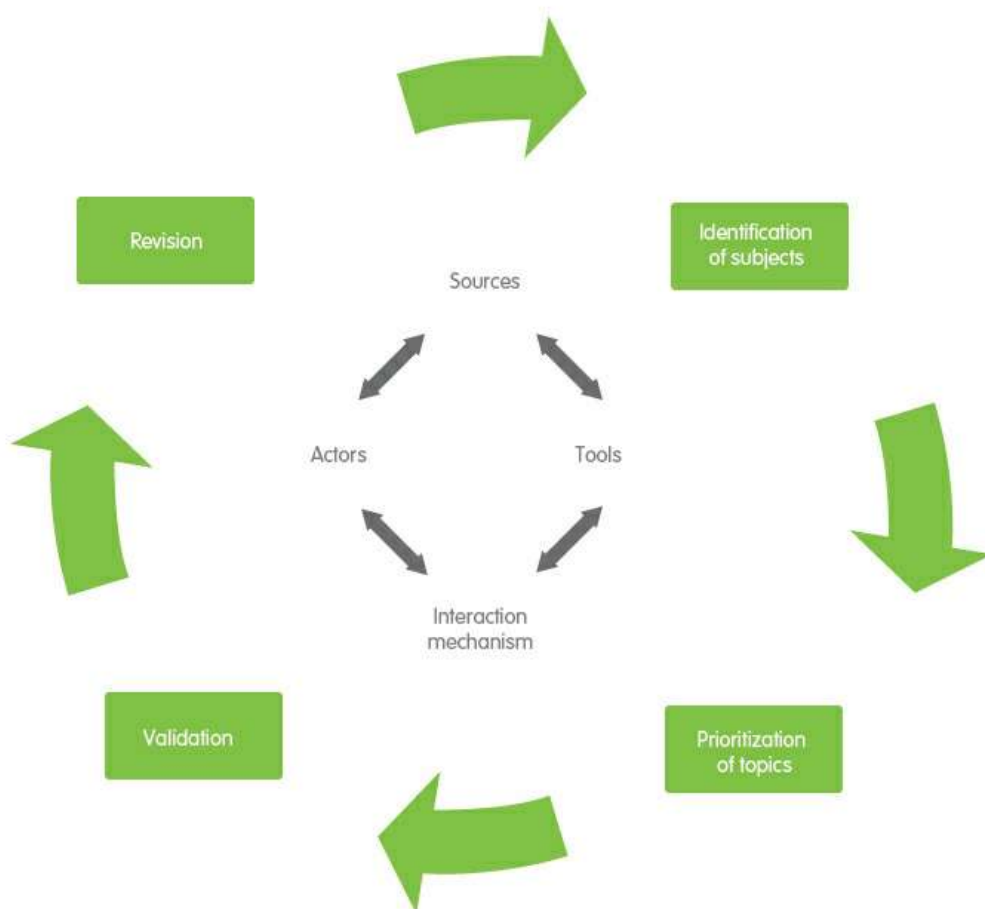


Material aspects and coverage

The implementation of the Engagement Model for the companies of the EPM Group was started in 2014 based on the adaptation of the Stakeholder Engagement Manual issued by the AccountAbility Institute, the UNEP and the Stakeholders Research Associates, in line with the principles of the AA1000 standard regarding inclusion, thoroughness, relevance and responsiveness. The content of the first record was defined in this context. The record includes information on the EPM Group's Colombian companies, as a response to the GRI-G4 methodological recommendations. **GRI G4-18**

Procedure for identifying the materiality of the EPM Group

GRI G4-18



Identification of subjects

In order to build the list of subjects of importance, the company resorted to the voices of the stakeholders by means of direct dialogs in some cases, and through studies on expectations, needs, satisfaction or reputation, in other cases. Transactional interaction mechanisms, such as the ones for complaints and claims, were also used. The stakeholder direct participation degree is heterogeneous because it corresponds to the engagement dynamic of each one of the companies, which are in different evolution stages.

The voices of the stakeholders combined with the knowledge of the EPM Group's people on their territories, and with their experiences in the day-to-day interaction by means of the diverse processes of the companies.

The identified subjects were contrasted with strategic planning elements of the EPM Group, and with relevant global subjects of sustainability in order to incorporate them, if they were not identified in prior steps, provided that they belong to our environment and our strategy. The following sources were considered: the thematic areas and the Sustainable Development Goals of the post-2015 world development agenda, <http://www.centroregionalpmal.org/web-pacto/esp/?q=/publicacion-centro-regional>, the PNUD 2010–2014 human development reports, the WBCSD work lines, the ISO26000 International Social Responsibility Standard, the Dow Jones Sustainability Index, the sustainability reports of outstanding companies of the sector, events such as the 7th World Urban Forum, and the topics of the GRI *Sustainability Topics for Sector* document.

The resulting list of subjects and their corresponding actors was submitted to subsequent processes of refining, revision, discussion and analysis, and to a pre-selection based on potential economic, environmental and social impacts for the EPM Group and the society, at the discretion of people with a vast knowledge of the subsidiaries and the corporate core. That was how the list of subjects to prioritize was obtained.

Prioritization of topics



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The prioritization was performed jointly with specialists of the organization by means of the *Prioritization criteria for material topics*, an instrument designed by the company for estimating the value degree potentially generated or damaged by each subject for the EPM Group and its stakeholders.

This instrument assigns high values for the convergence of criteria, but the suitability of this condition was put as a matter to be analyzed in EPM's 2014 materiality exercise due to the fact that subjects with great importance in only one of the three evaluated categories can end up with a low total score, even if it has major repercussions on sustainability. With the purpose of compensating for this situation, the system was adjusted by means of an empirical contrast of the results, carried out by people who have the capacity to visualize the impact of the priority sustainability topics on the EPM Group, its stakeholders and the society in general.

For analyzing subjects and topics, qualitative techniques were used, translated into numerical expressions that makes it easier to understand, contrast and visualize certain qualities or trends, without forgetting that reality surpasses the limitations of the instruments trying to model it.

Prioritization criteria for material topics		
Importance of the topics for the EPM Group: impact or value of the topic for the EPM Group.	Importance of the topics for the stakeholders: impact and value of the topic for EPM Group's stakeholders.	Topic management potential: possibilities or opportunities provided by the topic for developing it.
It includes the strategic planning; the social, economic and environmental aspects underlying in EPM Group's policies; the capacities of the companies; and the diverse time horizons.	It includes the stakeholders' expectations and needs; the extent, scale and urgency of the economic, social or environmental impact; the closeness of the affected party; and the diverse time horizons.	It includes the state of the issue in the context, its development in the organization, and the mobilization of the stakeholders around it.



Validation

The Sustainable Development Management Department refined the final result with expert criterion and based on the contributions received from the Management Committee (one of the Board of Directors support committees). The Strategy and Growth Executive Vice-President's Office is the responsible for ensuring that all fourteen material topics are reflected on the content of the Sustainability Report.

The materiality results are communicated to the strategic corporate planning and the business planning departments in order to ensure the articulation with the strategic planning, feed the environment analysis and the 2015-2018 Business Plan.

The associated risks were identified for every material topic and for several relevant subjects, strengthening thus the organization's comprehensive risk management. This information can be broadened during the identification of the stakeholders.

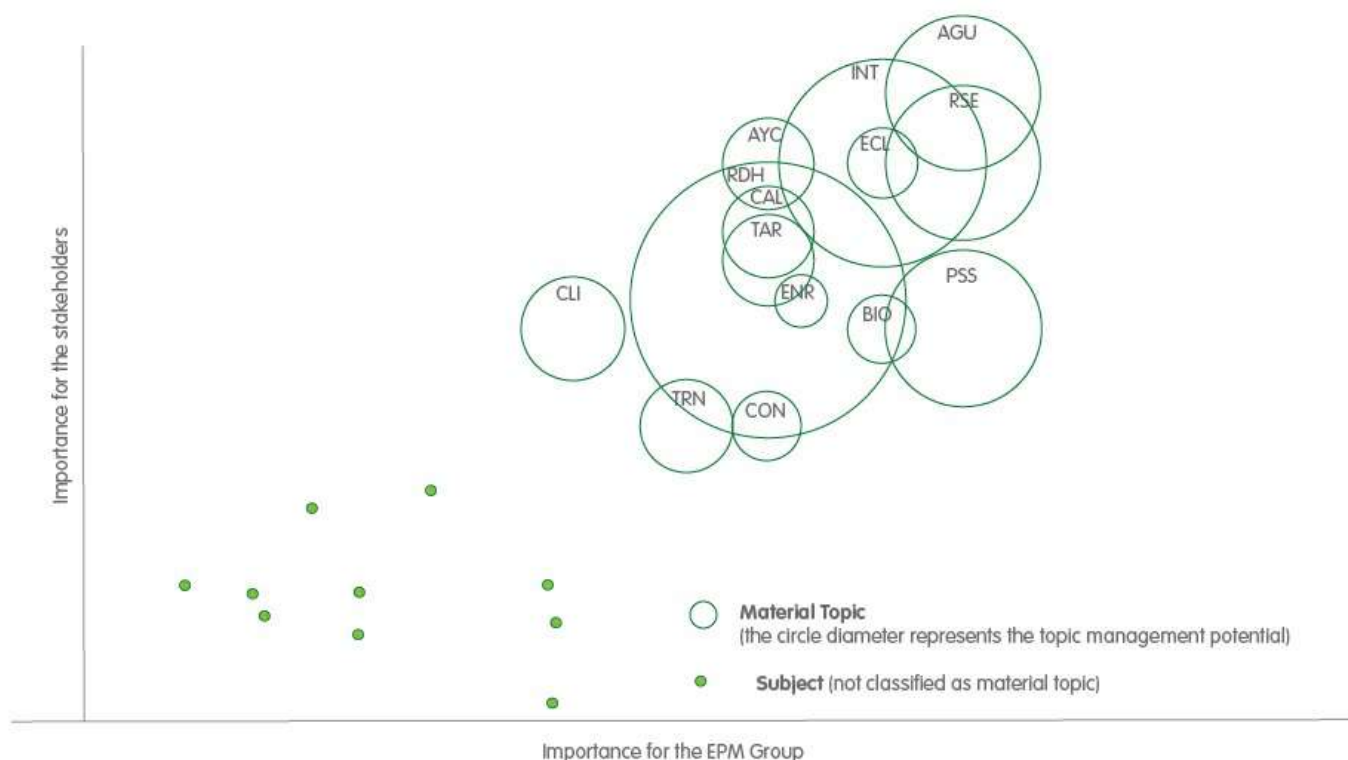
The material topics are the axes upon which the engagement with all the stakeholders is managed by the business and support departments.

In 2014, the materiality exercise expanded its scope to the EPM Group's Colombian companies.

Revision

The lessons learnt in previous EPM materiality exercises were used for approaching the Group materiality, which will keep evolving to reflect the expansion of the scope of a growing business group that is on its way to stabilizing a deep transformation process. The experience and knowledge acquired with this first materiality exercise for the EPM Group will feed future versions. **GRI G4-19**

Material topics



Material topics	These are material topics because they have impact on...
AGU Water conservation	The survival and the supplies for productive processes.
AYC Access and purchasability of the public utility services	The universalization; accident and soil risks; coexistence conflicts.
BIO Biodiversity	The functional basis for the ecosystemic services that are necessary for the development of any human activity.
CAL Quality and safety of the products and services	The competitiveness and the quality of life.
CLI Quality of the work environment	The construction of coherence, trust; and on the productivity.
CON Responsible contracting	The sustainability and competitiveness through the development of capabilities applied to the local corporate fabric.
ECL Climatic strategy	The water shortage; floods and droughts; results of the productive activities.
ENR Diversification of renewable energies	The access to sustainable energy sources; and on the dependence on the water resource.
INT Integration in the territory	The feasibility of projects and operations; and on the role of the company as a development agent.
PSS Population without service	A basic lack, related to the business, of a very vulnerable population.
RDH Human Rights	The feasibility of the activities and on people's dignity.
RSE Balance in the Corporate Social Responsibility actions in the territories	The coherence with the strategic statements.
TAR Fees and prices	The financial sustainability; the competitiveness; and the payment capacity.
TRN Transparency and openness of the information	Less corruption and extra-costs; and more access to opportunities.



The material topic “balance in the Corporate Social Responsibility actions in the territories” is deployed in the record by means of actions associated with the other material topics; for this reason, and due to its transversal character, it is not developed within the Report but presented in this chapter.

The “balance in the Corporate Social Responsibility actions in the territories” is achieved to the extent socially responsible behaviors are incorporated into all the processes of the EPM Group’s companies, with criterion unity based on the strategic planning and the Corporate Social Responsibility policy. This approach is aimed at pervading the decisions, the business plans and their execution.

The orientation of the corporate social responsibility in the EPM Group is supported on a scheme for:

- Determining the evolution status of the EPM Group’s companies with regard to the orientations of the Corporate Social Responsibility policy.
- Defining goals for the diagnosed aspects and the necessary actions to fulfill them.
- Supporting the implementation process.
- Monitoring the progress of the companies towards a common direction by means of the corporate social responsibility trajectory indicator of the Balanced Scorecard, respecting the group vision and the particular conditions of each company and the environment.

Goals and results of EPM Group’s trajectory in Corporate Social Responsibility

	2013	2014	2015
Goal	45%	50%	64%
Result	40%	50%	Not applicable



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Coverage of the 2014 Sustainability Report

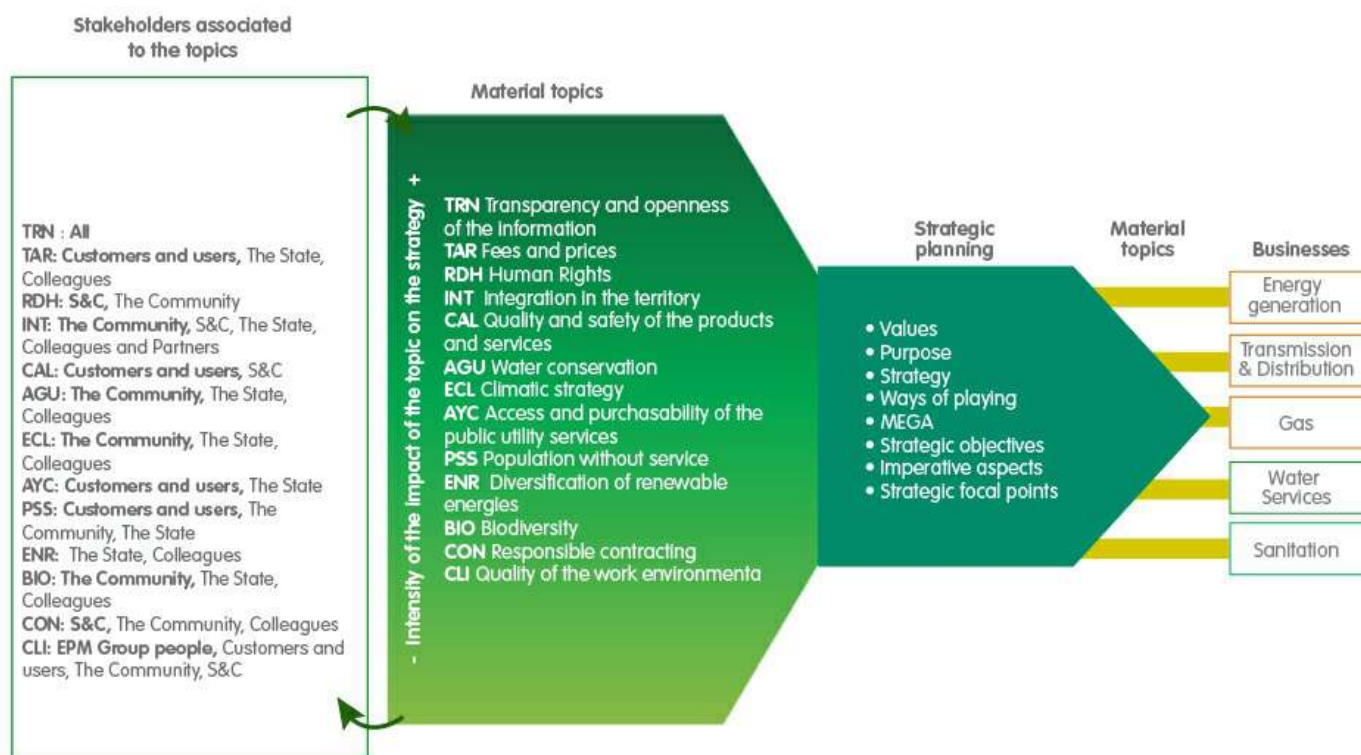
The internal coverage or materiality of the topics in relation to the diverse departments of the organization was analyzed for the Group as a whole, and it was also globally analyzed for all its companies, according to the degree of the impact of each material topic on the strategic planning and business elements. The result is represented with the intensity of the color of the block containing the list of material topics in the graphic of the “analysis of the external and internal elements on which the material topics have had an impact.”

The internal coverage study in this first materiality exercise for the Group was aimed at establishing which material topics are relevant for each company. The first conclusion of the analysis is that the topics have different weight according to the particularities of each company and its context. The internal coverage will continue to be subject of study, and it is expected that the sustainability records 2015 and the ones for the following years will include all the information related to this aspect.

The external coverage, that is the materiality of the topic outside the organization, is expressed by means of the association among the stakeholders and the topics.

GRI G4-20
GRI G4-21

Analysis of the external and internal elements on which the material topics have had an impact



Supplementary information within the Sustainability Report



The 2014 sustainability record includes sustainability subjects (which were not classified as material topics) as supplementary information. The report on these subjects is maintained because they constitute information of interest, and because it responds to diverse commitments related to initiatives or measurements in which EPM has willingly participated, for which public disclosure of information is necessary, and the Sustainability Report is the most suitable means to provide it.

“Integration in the territory” is a material topic whose Group approach (on construction) relies on standardized guidelines so that the way the companies have presence in the territories promotes the sustainable human development and the competitiveness. Apart from accounting for this, the 2014 Report contains some of the actions of the supplementary topic “comprehensive presence in territories” from EPM’s previous report. This content will be reorganized in the next report in order to focus the topic on the model that is currently being designed.

In a strict sense, there are no changes of scope and coverage with respect to the previous records, due to the fact that this is the first one that visualizes material topics with a Group scope for Colombia. **GRI G4-23**

Reformulation and correction of data with respect to previous records

The following are the adjustments made to the data reported in prior years. These data were the product of calculation methodology improvements or adjustments in the information systems: **GRI G4-22**

Access and purchasability of the public utility services

- **Coverage – Network expansion:** The service coverage data reported in previous years were modified with the purpose of maintaining coherence with the calculation methodology proposed by the Ministry of Mines. This methodology uses the number of houses with access to the network and the number of houses available in Antioquia according to the DANE (National Statistics Administrative Department).
- **Expansion of the gas networks:** The amounts reported in 2013 were corrected because these figures only included the kilometers constructed in Medellín and its metropolitan area, but the ones constructed in other municipalities were not included.
- **Rural electrification:** The number of connected installations was corrected for both 2012 and 2013 due to adjustments in the calculation criteria. The liquidation rates used for 2012 and 2013 were unified, as well as the entities that were taken as comparison basis, in order to include the most representative entities.

Quality and safety of the products and services: the SAIDI and SAIFI values for 2012 and 2013 were updated because they were mixed due to adjustments in the information collection template.

Work environment

- **Retirees and pensioners:** In the “Retirees and pensioners” chart, the amounts reported for 2012 and 2013 were revised and corrected because, after performing a comparison, it was observed that the values were reported in thousands instead of millions.
- **Occupational safety and health:** In the EPM’s occupational safety chart, the accident indicators for 2012 and 2013 were significantly different to the one for 2014 because the K constant of the formula changed from 1,000,000 in 2012 and 2013 to 250,000 in 2014.
- **Recruitment process:** there is a variation in the presentation of the indicators. The “Internal recruitment



processes” descriptor was changed to “Recruitment processes” because all the recruitment processes are open. Additionally, the “Employees promoted” descriptor was changed to “Contract modifications” because the modifications are caused by diverse situations, not only due to job promotions.

Thus, the method for calculating the “Total people selected” was corrected: only adding the “Total contract modifications” and the “Total people recruited” because not all recruitment processes result in the recruitment of a person. This change implies a decrease in the total people selected reported, which was 90 in 2012 and 134 in 2013..

- **Training and development:** For 2014, the calculation of this data was modified considering the following average: number of hours of training x level / number of employees x level. This change was made with the purpose of truly establishing the average of hours of training received by each employee by level. This change in the calculation has an impact on the variation with respect to 2012 and 2013.

Sustainable production and consumption



- **Energy consumption**

All the figures for the previous years were re-expressed in terms of GJ/year or GWh/year with the purpose of presenting figures comparable among themselves, and so that the reader can easily establish comparisons.

- **Water purification energy consumption:** the amounts for 2012 and 2013 were modified because, besides the energy consumption of the DWTPs, the consumptions of both tanks and pumping stations were also included.
- **Energy consumption at EPM's headquarters:** the information reported for 2012 in the 2013 Sustainability Report was modified after the building population calculation was refined.

- **Comprehensive solid waste management**

All the figures were presented in terms of t/year.

- **Waste produced by EPM:** the information on the biodegradable waste reported in the 2013 Sustainability Report for 2012 and 2013 was modified due to an adjustment in the conversion factor for the measurement of vegetables waste (felling and pruning) by means of field measurements in accordance with the environmental variables of the diverse regions.

- **Efficient energy use**

- **Electric energy generation according to the source:** it was stated in the 2013 Sustainability Report that the mini and micro power stations reached a generation of 132.11 GWh/year. This figure only included the data of the primary distribution system of drinking water. The 2014 Sustainability Report includes a new figure of 574 GWh/year that corresponds to the power generation based on the operation of the mini and macro hydroelectric plants, which include the generation plants of the aqueduct system and the ones of the power generation business.

- **Other efficient practices and consumptions**

- **Paper consumption:** it includes the paper consumption in the facilities and the paper used for photocopies. Differently to the previous years, the paper consumption from the public utilities bill printing contract was excluded, and the calculation of the consumption per capita was modified.

Corporate citizenship

- **EPM Foundation**

- The figures of the investment and people benefited in 2013 by the Medellín-Antioquia Alliance for Higher Education changed in regard to what was reported in the 2013 Sustainability Report, because the data related to the Municipality of Medellín is not included any longer in order to avoid duplications in the report. In the future, the reports will only include the resources of the contributions made by the EPM Foundation and the Antioquia Governor's Office.
- Differently to previous years and to avoid duplicates, the beneficiaries of EPM Foundation's "Espacios EPM para la Cultura" (EPM Cultural Events) program were not reported because they were counted in the cultural activities carried out in the events of "Parque de los Deseos", the



Library, the Water Museum and the Articulated Life Units.

Integration in the territory

- **“Aldeas” program:**

- The figures of the chart for 2012 and 2013 were rectified with respect to the information presented in the 2013 Sustainability Report. The reported contributions correspond to the total houses of the program's Phase IV.



Report profile

EPM reports annually the information on sustainability management **GRI G4-30**. This report corresponds to the period from January 1 to December 31, 2014, and it is the ninth report based on the GRI Guidelines. **GRI G4-28**. The previous report was presented in April 2014 in the Public accountability event **GRI G4-29**.

The report coverage corresponds to Empresas Públicas de Medellín S.A. E.S.P (EPM) and includes the management of the business lines: generation, transmission and distribution of electricity, gas, water and sanitation.

EPM Group has operations in 6 countries, this report contains information of the Colombian companies of the EPM Group. The energy sector includes the companies Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC), Centrales Eléctricas del Norte de Santander S.A E.S.P. (CENS), Electrificadora de Santander S.A. E.S.P. (ESSA) and Empresa de Energía del Quindío S.A E.S.P. (EDEQ). The water and sanitation sector includes: Aguas de Malambo S.A. E.S.P., Aguas de Urabá S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Regional de Occidente S.A. E.S.P., Aguas Nacionales EPM S.A. E.S.P., Empresas Públicas de Oriente Antioqueño S.A. E.S.P and Empresas Varias de Medellín S.A. E.S.P.

Results from EPM as well as from the EPM Group are shown for the financial statements. **GRI G4-17**

The Sustainability Report presented encompasses social and environmental management, corporate governance, EPM and EPM Group financial management and the management report of the Manager. This information is reported annually to stakeholders and the society in general in the Public Accountability event and to other specific target audiences via face-to-face and virtual means.

The contents of the report were reviewed and approved by directors of the company and the report was externally verified by **Deloitte&Touche**, company that performs EPM external audit and also does the statutory audit for the EPM Group companies. **GRI G4-33**. More information: External verification.

This report elaboration was coordinated by EPM's Strategy and Growth Vice-Presidency.

Contact information: **GRI G4-31**

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This is the first Sustainability Report which contains information on the Colombian subsidiaries of the EPM Group. It was developed taking into account the provisions of the GRI - G4 methodology, fulfilling the criteria under the comprehensive option (GRI G4-32). Further, it is aligned with the Millennium Development Goals (MDGs) the principles of the Global Compact (GC), the ISO26000 standard and voluntary measurement in the Dow Jones Sustainability Index for multi-service and water sector.



Adjustment to progress communication (COP)

Commitments to the stakeholders

EPM manages its relations based on the guidelines of the UNEP's "Manual of diagnosis and practice of the relations with stakeholders" (Accountability, and Stakeholders Research Associates). The company incorporates the 10 principles of the United Nations Global Compact into the management of the commitments to its stakeholders. This management is submerged in its strategic and operative challenges as follows:

- The human rights management is linked to the stakeholders: **Clients and users, Community, EPM People and Providers and contractors**. It is reported in full detail within the "**Human Rights**" topic.
- The labor rights management is linked to the stakeholders: **EPM People and Providers and contractors**. It is reported in full detail within the "**Work environment**" topic.
- The environmental management is reported in detail in the topics **Biodiversity, Water conservation, Renewable energies diversity, Climatic strategy and Sustainable production and consumption**.
- The management focus and subjects related to anti-corruption topics are reported in a general way in the section on Ethics, **Compliance and Transparency and openness for the stakeholders**.

The compliance of the social and environmental management topics at EPM to the Global Compact are in Global Compact – GC.

This report meets the requirements of the

Global Reporting Initiative Index – GRI G4



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2014 GRI General Contents

GRI - G4 Aspects and Indicators	Location in the report or answer	The report of the verification of these contents can be consulted on: External verification
Strategy and analysis		
G4-1 Statement from the main responsible person regarding the decision-making in the organization about the relevance of sustainability for the organization.	CEO	

External verification

In accordance with the independence standards required by the Ethical Code of the International Federation of Accountants (IFAC), in the independent verification report issued by Deloitte, the independence they have with EPM is confirmed. Additionally, it also mentions that all employees perform annual updates to the ethics policy, which promptly declares no conflicts of interest with EPM, its subsidiaries and its stakeholders.

The verification was carried out in accordance with standard ISA 3000 – – International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

According to what is established in the indicator **GRI G4-33**, the verification report presents for each of the topics, the aspects and indicators of the GRI G4 methodology, or the internal indicators, that were subject to verification.



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The independent verification report includes in the conclusion that there are no evidences of issues that would indicate that the Sustainability Report contains significant errors or has not been prepared in accordance with the extensive versions of the Sustainability Reporting Guidelines of the Global Reporting Initiative (G4).

EPM Group 2014 Independent review report

This Sustainability Report was externally verified by Deloitte&Touche, company that performs EPM external audit and also does the statutory audit for the EPM Group companies.



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GRI G4 – Dow Jones Sustainability Index (DSJI) for the multi-service and water sector

Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

GRI - G4		DJSI	
GRI - G4 category: General			
GRI - G4 subcategories	GRI - G4 aspects	DJSI dimensions	DJSI criteria
Strategy and analysis	Strategy and analysis	1 - Economic	1.2 - Risk and crisis management
			1.10 - Scorecards / Measuring systems
Organization's profile	Organization's profile	1 - Economic	1.5 - Client relations management
			1.6 - Supply chain management
			1.8 - Market opportunities
		2 - Environmental	2.2 - Environmental policy / Environmental management systems
			2.5 - Climate strategy
			2.6 - Electric energy generation
			2.7 - Transmission and distribution



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		3 - Social	3.2 - Indicators of labor practices and Human Rights
Report profile	Report profile	2 - Environmental	2.1 - Environmental report
		3 - Social	3.1 - Social report
Identification of material aspects and coverage	Identification of material aspects and coverage	2 - Environmental	2.1 - Environmental report
		3 - Social	3.1 - Social report
Stakeholders involvement	Stakeholders involvement	2 - Environmental	2.1 - Environmental report



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Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Stakeholders involvement	Stakeholders involvement	3 - Social	3.1 - Social report 3.8 - Relations with the stakeholders
Governance	Corporate governance	1 - Economic	1.1 - Corporate governance 1.2 - Risk and crisis management
Ethics and integrity	Ethics and integrity	1 - Economic	1.3 - Codes of conduct / compliance / corruption and bribery 1.4 - Anti-monopoly policy

GRI - G4 category: Economic

GRI - G4 subcategories	GRI - G4 aspects	DJSI dimensions	DJSI criteria
	Economic performance	1 - Economic	1.2 - Risk and crisis management
		2 - Environmental	2.5 - Climate strategy
	Indirect economic impacts	2 - Environmental	2.1 - Environmental report
		3 - Social	3.1 - Social report



Economic	Acquisition practices	1 - Economic	1.6 - Supply chain management
	Availability and reliability	1 - Economic	1.2 - Risk and crisis management
			1.8 - Market opportunities
			1.9 - Price risk management
		2 - Environmental	2.6 - Electric energy generation
			2.7 - Transmission and distribution
			2.8 - Water-related risks



Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Economic	System efficiency	2 - Environmental	2.6 - Electric energy generation
			2.7 - Transmission and distribution
	Management on the demand side	1 - Economic	1.5 - Client relations management
			1.8 - Market opportunities
	Research and development	1 - Economic	1.8 - Market opportunities
			1.11 - Water operations

GRI - G4 category: Environment

GRI - G4 subcategories	GRI - G4 aspects	DJSI dimensions	DJSI criteria
	Water	2 - Environmental	2.3 - Operational eco-efficiency
			2.8 - Water-related risks
	Biodiversity	2 - Environmental	2.4 - Biodiversity
	Emissions	2 - Environmental	2.3 - Operational eco-efficiency



Environmental	Energy	1 - Economic	2.5 - Climate strategy
			1.11 - Water operations
		2 - Environmental	2.3 - Operational eco-efficiency
	Products and services	2 - Environmental	2.5 - Climate strategy
			2.2 - Environmental management policy / system
			2.3 - Operational eco-efficiency



Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Environmental	Effluents and waste	2 - Environmental	2.2 - Environmental management policy / system
			2.3 - Operational eco-efficiency
			2.8 - Water-related risks
	Transportation	2 - Environmental	2.2 - Environmental management policy / system
	Environmental evaluation of suppliers	1 - Economic	1.2 - Risk and crisis management
			1.6 - Supply chain management
		2 - Environmental	2.8 - Water-related risks

GRI - G4 category: Social performance

GRI - G4 subcategories	GRI - G4 aspects	DJSI dimensions	DJSI criteria
	Diversity and opportunity	1 - Economic	1.1 - Corporate governance
		3 - Social	3.2 - Indicators of labor practices and Human Rights
		1 - Economic	1.6 - Supply chain management



Labor practices and decent work	Employment	3 - Social	3.4 - Talent attraction and retention
			3.6 - Occupational health and safety
	Training and education	3 - Social	3.3 - Human talent development
			3.4 - Talent attraction and retention
			3.6 - Occupational health and safety
	Equal remuneration for Women and Men	3 - Social	3.2 - Indicators of labor practices and Human Rights
			3.4 - Talent attraction and retention



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Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Labor practices and decent work	Health and safety	3 - Social	3.6 - Occupational health and safety
	Evaluation to suppliers regarding labor practices	1 - Economic	1.6 - Supply chain management
	Labor complaint and claim mechanisms	1 - Economic	1.6 - Supply chain management
		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Indigenous people rights	3 - Social	3.2 - Indicators of labor practices and Human Rights
	Evaluation	3 - Social	3.2 - Indicators of labor practices and Human Rights
			3.8 - Relations with the stakeholders
	Evaluation to suppliers regarding Human Rights	1 - Economic	1.6 - Supply chain management
		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Investment	1 - Economic	1.6 - Supply chain management



Human Rights		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Freedom of association and collective bargaining	3 - Social	3.2 - Indicators of labor practices and Human Rights
	Complaint and claim mechanisms on human rights	1 - Economic	1.3 - Codes of conduct / compliance / corruption and bribery
			1.6 - Supply chain management
	Non-discrimination	3 - Social	3.2 - Indicators of labor practices and Human Rights
	Safety practices	3 - Social	3.2 - Indicators of labor practices and Human Rights



Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Human Rights	Forced and compulsory labor	1 - Economic	1.6 - Supply chain management
		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Child labor	1 - Economic	1.6 - Supply chain management
		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Anti-corruption	1 - Economic	1.6 - Supply chain management/p>
			1.3 - Codes of conduct / compliance / corruption and bribery
		3 - Social	3.2 - Indicators of labor practices and Human Rights
	Local communities	1 - Economic	1.6 - Supply chain management
		2 - Environmental	2.2 - Environmental policy / Environmental management systems
			2.4 - Biodiversity



Society			2.8 - Water-related risks
		3 - Social	3.5 - Corporate citizenship and philanthropy
			3.7 - Access to water
	Public policy	1 - Economic	1.3 - Codes of conduct / compliance / corruption and bribery
	Anti-competitive behavior	1 - Economic	1.4 - Anti-monopoly policy
	Regulatory compliance - Society	1 - Economic	1.4 - Anti-monopoly policy
	Evaluation to suppliers regarding impacts on the community	1 - Economic	1.6 - Supply chain management
	Planning and response to emergencies and disasters	1 - Economic	1.2 - Risk and crisis management



Alignment with GRI – G4 with the Dow Jones Sustainability Index for the multi-service and water sector

Society	Planning and response to emergencies and disasters	2 - Environmental	2.8 - Water-related risks
Product responsibility	Labeling of products and services	1 - Economic	1.5 - Client relations management
	Customer privacy	1 - Economic	1.5 - Client relations management
	Access	1 - Economic	1.5 - Client relations management
			1.8 - Market opportunities
		2 - Environmental	2.6 - Electric energy generation
	Information supply	1 - Economic	2.7 - Transmission and distribution
			1.5 - Client relations management



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Information supply

1 - Economic

1.5 - Client relations management

GRI G4 – ISO 26000

Alignment between GRI - G4 and ISO 26000

Alignment between GRI - G4 and ISO 26000			
GRI - G4		ISO 26000	
GRI - G4 category: General			
GRI - G4 subcategories	GRI - G4 aspects	Fundamental ISO 26000 principles and matters	ISO 26000 matters
Strategy and analysis	Strategy and analysis	Organization's governance	Organization's governance



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Alignment between GRI - G4 and ISO 26000

Organization's profile	Organization's profile	Organization's governance	Organization's governance
		Human Rights	Fundamental labor principles and rights
		Labor practices	Employment and labor relations
			Employment conditions and social protection
			Social dialog
Identification of material aspects and coverage	Identification of material aspects and coverage	Organization's governance	Organization's governance
Stakeholders involvement	Stakeholders involvement	Organization's governance	Organization's governance
Report profile	Report profile	-	-
Corporate governance	Corporate governance	Organization's governance	Organization's governance
Ethics and integrity	Ethics and integrity	-	-

GRI - G4 category: Economic

GRI - G4 subcategories	GRI - G4 aspects	Fundamental ISO 26000 principles and matters	ISO 26000 matters
Economic	Economic performance	Environment	Climate change mitigation and adaptation
		Active community involvement and development	Active community involvement and development
			Wealth and income creation
			Social investment



	Presence in the market	Human Rights	Discrimination and vulnerable groups
		Labor practices	Employment conditions and social protection



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Alignment between GRI - G4 and ISO 26000

Economic	Presence in the market	Active community involvement and development	Employment creation and skills development
			Wealth and income creation
	Indirect economic impacts	Human Rights	Economic, social and cultural rights
		Fair operation practices	Promoting social responsibility in the sphere of influence
			Respect for property rights Respeto al derecho de propiedad
		Consumer matters	Access to essential services
		Active community involvement and development	Active community involvement and development
			Education and culture
			Employment creation and skills development
			Technology development and access
			Wealth and income creation
			Social investment



Acquisition practices	Fair operation practices	Promoting social responsibility in the sphere of influence
	Active community involvement and development	Employment creation and skills development
		Wealth and income creation
Availability and reliability	-	-
Management on the demand side	-	-
Plant dismantling	-	-
System efficiency	-	-



Alignment between GRI - G4 and ISO 26000

Economic	Research & development	-	-
GRI - G4 category: Environment			
GRI - G4 subcategories	GRI - G4 aspects	Fundamental ISO 26000 principles and matters	ISO 26000 matters
Environmental	Materials	Environment	Sustainable use of resources
	Energy	Environment	Sustainable use of resources
		Fair operation practices	Promoting social responsibility in the sphere of influence
	Water	Environment	Sustainable use of resources
	Biodiversity	Environment	Protection of the environment, biodiversity and restoration of natural habitats
	Emissions	Environment	Pollution prevention
			Climate change mitigation and adaptation
	Spillages and waste	Environment	Pollution prevention
			Sustainable use of resources



	Products and services	Environment	Protection of the environment, biodiversity and restoration of natural habitats
			Pollution prevention
			Sustainable use of resources
		Fair operation practices	Promoting social responsibility in the sphere of influence
		Consumer matters	Sustainable consumption



Alignment between GRI - G4 and ISO 26000

Environmental	Environmental regulatory compliance	Environment	Pollution prevention
			Sustainable use of resources
			Climate change mitigation and adaptation
			Protection of the environment, biodiversity and restoration of natural habitats
	Transportation	Environment	Sustainable use of resources
		Fair operation practices	Promoting social responsibility in the sphere of influence
	General	Environment	Pollution prevention
			Sustainable use of resources
			Climate change mitigation and adaptation
			Protection of the environment, biodiversity and restoration of natural habitats
		Environment	Pollution prevention
			Sustainable use of resources



	Environmental evaluation of suppliers		Climate change mitigation and adaptation
			Protection of the environment, biodiversity and restoration of natural habitats
		Fair operation practices	Promoting social responsibility in the sphere of influence
	Environmental complaint and claim mechanisms	Environment	Pollution prevention
			Sustainable use of resources
			Protection of the environment, biodiversity and restoration of natural habitats

GRI - G4 category: Social performance



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Alignment between GRI - G4 and ISO 26000

GRI - G4 subcategories	GRI - G4 aspects	Fundamental ISO 26000 principles and matters	ISO 26000 matters
Labor practices and decent work	Employment	Labor practices	Employment and labor relations
			Employment conditions and social protection
			Health and safety at work
	Company/worker relations	Human Rights	Technology development and access
			Fundamental labor principles and rights
			Employment and labor relations
			Employment conditions and social protection
	Health and safety	Labor practices	Social dialog
			Health and safety at work
			Active community involvement and development
			Education and culture
			Health



Training and education	Labor practices	Human development and training at the workplace
	Active community involvement and development	Employment creation and skills development
Diversity and opportunity	Human Rights	Discrimination and vulnerable groups
	Labor practices	Fundamental labor principles and rights
Equitable compensation for men and women		Employment and labor relations
	Human Rights	Discrimination and vulnerable groups



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Alignment between GRI - G4 and ISO 26000

Labor practices and decent work	Equitable compensation for men and women	Human Rights	Fundamental labor principles and rights
		Labor practices	Employment and labor relations
			Employment conditions and social protection
	Evaluation to suppliers regarding labor practices	Human Rights	Fundamental labor principles and rights
		Fair operation practices	Promoting social responsibility in the sphere of influence
		Labor practices	Employment and labor relations
			Employment conditions and social protection
			Social dialog
			Health and safety at work
			Human development and training at the workplace
		Human Rights	Fundamental labor principles and rights
		Fair operation practices	Promoting social responsibility in the sphere of influence



	Labor complaint and claim mechanisms		Employment and labor relations
		Labor practices	Employment conditions and social protection
			Social dialog
			Health and safety at work
			Human development and training at the workplace
Human Rights	Investment	Human Rights	Due diligence
			Human Rights complicity



Alignment between GRI - G4 and ISO 26000

Human Rights	Investment	Fair operation practices	Promoting social responsibility in the sphere of influence
	Non-discrimination	Human Rights	Conflict settlement
			Discrimination and vulnerable groups
			Fundamental labor principles and rights
	Freedom of association and collective bargaining	Labor practices	Employment and labor relations
		Human Rights	Due diligence
			Human rights risk situations
			Human Rights complicity
			Civil and political rights
			Fundamental labor principles and rights
		Labor practices	Employment and labor relations
			Social dialog



Child labor	Human Rights	Due diligence
		Human rights risk situations
		Human Rights complicity
		Discrimination and vulnerable groups
		Fundamental labor principles and rights
	Fair operation practices	Promoting social responsibility in the sphere of influence
Forced and compulsory labor	Human Rights	Due diligence
		Human rights risk situations



Alignment between GRI - G4 and ISO 26000

Human Rights	Forced and compulsory labor	Human Rights	Human Rights complicity
			Discrimination and vulnerable groups
			Fundamental labor principles and rights
		Fair operation practices	Promoting social responsibility in the sphere of influence
	Safety practices	Human Rights	Human Rights complicity
		Fair operation practices	Promoting social responsibility in the sphere of influence
		Labor practices	Employment and labor relations
	Indigenous people rights	Human Rights	Conflict settlement
			Discrimination and vulnerable groups
			Civil and political rights
		Fair operation practices	Respect for property rights



Evaluation	Human Rights	Due diligence
		Human rights risk situations
		Human Rights complicity
Evaluation to suppliers regarding Human Rights	Human Rights	Due diligence
		Human Rights complicity
	Fair operation practices	Promoting social responsibility in the sphere of influence
	Labor practices	Employment and labor relations
Complaint and claim mechanisms on human rights	Human Rights	Conflict settlement



Alignment between GRI - G4 and ISO 26000

Society	Local communities	Human Rights	Economic, social and cultural rights
		Medio ambiente	Pollution prevention
			Protection of the environment, biodiversity and restoration of natural habitats
		Active community involvement and development	Active community involvement and development
			Education and culture
			Employment creation and skills development
			Technology development and access
			Wealth and income creation
			Health
			Social investment
	Anti-corruption	Fair operation practices	Anti-corruption
	Public policy	Fair operation practices	Responsible political involvement
		Active community involvement and development	Active community involvement and development



Anti-competitive behavior	Fair operation practices	Fair competition
		Respect for property rights
Regulatory compliance - Society	Fair operation practices	Anti-corruption
	Active community involvement and development	Wealth and income creation
Evaluation to suppliers regarding impacts on the community	Fair operation practices	Promoting social responsibility in the sphere of influence



Alignment between GRI - G4 and ISO 26000

Society	Evaluation to suppliers regarding impacts on the community	Active community involvement and development	Active community involvement and development
			Education and culture
			Employment creation and skills development
			Technology development and access
			Wealth and income creation
			Health
	Complaint and claim mechanisms regarding impacts on the community	Active community involvement and development	Social investment
			Promoting social responsibility in the sphere of influence
	Planning and response to emergencies and disasters		Health
	Customer health and safety	Human Rights	-
		Fair operation practices	Economic, social and cultural rights
		Labor practices	Promoting social responsibility in the sphere of influence
			Health and safety at work



Product responsibility		Consumer matters	Protection of health and safety
			Sustainable consumption
	Labeling of products and services	Consumer matters	Responsible marketing
			Protection of health and safety
			Sustainable consumption



Alignment between GRI - G4 and ISO 26000

Product responsibility	Labeling of products and services	Consumer matters	Consumer service, support and complaint and dispute settlement
			Access to essential services
			Education and awareness
	Marketing communication	Consumer matters	Responsible marketing
			Consumer service, support and complaint and dispute settlement
			Education and awareness
	Customer privacy	Consumer matters	Consumer data protection and privacy
	Regulation compliance - Product responsibility	Consumer matters	Consumer service, support and complaint and dispute settlement
	Access	Consumer matters	Access to essential services
	Information supply	-	-

Millennium Development Goals (MDG)



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Millennium Development Goals

- 1  Eradicate extreme poverty and hunger.
- 2  Achieve universal primary education.
- 3  Promote gender equality and empower women.
- 4  Reduce child mortality.
- 5  Improve maternal health.



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6



Combat HIV/AIDS, Malaria and other diseases.

7



Ensure environmental sustainability.

8



Global partnership for development.



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Alignment of the topics with the Millennium Development Goals - MDG

Material issues	1- Eradicate extreme poverty and hunger	2 - Achieve universal primary education	3 - Promote gender equality and empower women	4 - Reduce child mortality	5 - Improve maternal health	6 - Combat HIV/AIDS, Malaria and other diseases	7 - Ensure environmental sustainability	8 - Global partnership for development
Access and purchasability of the public utilities	●	●		●	●	●	●	●
Biodiversity							●	●
Quality and safety of the products and services				●		●	●	
Responsible contracting	●	●	●				●	●
Water conservation				●	●	●	●	●
Human Rights	●	●	●	●		●	●	●
Diversification of renewable energies							●	●
Climatic strategy							●	●
Integration in the territory	●	●		●	●	●	●	●
Fees and prices	●	●		●		●	●	●
Transparency and openness of the information								●

Supplementary topics	1- Eradicate extreme poverty and hunger	2 - Achieve universal primary education	3 - Promote gender equality and empower women	4 - Reduce child mortality	5 - Improve maternal health	6 - Combat HIV/AIDS, Malaria and other diseases	7 - Ensure environmental sustainability	8 - Global partnership for development
Corporate citizenship	●	●		●	●	●	●	●
Tax compliance								●
Work environment	●		●					
Guild and Inter-institutional management	●						●	●
Regulatory management							●	●
Research, development and innovation (R&D+I)	●			●		●	●	●
Sustainable production and consumption						●	●	●



Strategic Objectives (BSC)

Alignment of the topics with the strategic objectives

Material topics	Generation of value	Clients and markets		Operations				Learning and development				
	Increasing value for stakeholders	Growing in markets and businesses	Strengthening of the relations with the external stakeholders	Optimizing the management of assets	Providing a comprehensive service to customers with solutions adjusted to their needs	Optimizing processes	Strengthening the management of projects	Developing the organizational capabilities required for the strategy	Optimizing and consolidating the information systems for the Group's decision-making processes	Strengthening the comprehensive development of the Group's human talent and good culture	Strengthening the Corporate Governance	Strengthening the management with the internal stakeholders
Access and purchasability of the public utilities	epm	epm	epm		epm	epm	epm					
Biodiversity	epm											
Quality and safety of the products and services	epm		epm	epm	epm	epm						
Responsible contracting	epm		epm		epm	epm						
Water conservation	epm		epm			epm						
Human Rights	epm		epm					epm	epm	epm	epm	epm
Diversification of renewable energies	epm				epm	epm						
Climatic strategy	epm					epm						
Integration in the territory	epm		epm		epm							
Fees and prices	epm	epm	epm	epm	epm	epm						
Transparency and openness of the information	epm		epm									

Supplementary topics	Generation of value	Clients and markets		Operations				Learning and development				
	Increasing value for stakeholders	Growing in markets and businesses	Strengthening of the relations with the external stakeholders	Optimizing the management of assets	Providing a comprehensive service to customers with solutions adjusted to their needs	Optimizing processes	Strengthening the management of projects	Developing the organizational capabilities required for the strategy	Optimizing and consolidating the information systems for the Group's decision-making processes	Strengthening the comprehensive development of the Group's human talent and good culture	Strengthening the Corporate Governance	Strengthening the management with the internal stakeholders
Corporate citizenship	epm		epm		epm							
Tax compliance	epm		epm									
Work environment	epm							epm	epm	epm	epm	epm
Guild and inter-institutional management	epm		epm									
Regulatory management	epm	epm	epm									
Research,	epm	epm	epm		epm	epm						



development and innovation (R&D+I)	epm	epm	epm		epm	epm						
Sustainable production and consumption												



Global Compact (GC)

United Nations Global Compact Principles

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.
	Principle 5: Businesses should uphold the effective abolition of child labor.
Environment	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	Principle 7: Businesses should support a precautionary approach to environmental challenges.
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
Anti-Corruption	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Alignment of the relevant topics with the Global Compact Principles

	Human Rights		Labor				Environment			Anti-corruption
Material topics	01 – Protection of Human Rights	02 – Non-complicity in Human Rights abuses	03 - Freedom of association and collective bargaining	04 – Elimination of forced and compulsory labor	05 – Abolition of child labor	06 - Non-discrimination	07 – Prevention of environmental problems	08 – Promotion of environmental responsibility	09 – Promotion of environmentally friendly technologies	10 – Work against corruption, extortion and bribery
Access and purchasability of the public utility services										
Biodiversity										
Quality and safety of the products and services										
Responsible contracting										
Water conservation										
Human Rights										
Diversification of renewable energies										
Climatic strategy										
Integration in the territory										
Fees and prices										



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Alignment of the relevant topics with the Global Compact Principles

Transparency and openness of the information										
Global Compact Principles										
	Human Rights		Labor				Environment			Anti-corruption
Supplementary topics	01 – Protection of Human Rights	02 – Non-complicity in Human Rights abuses	03 - Freedom of association and collective bargaining	04 – Elimination of forced and compulsory labor	05 – Abolition of child labor	06 - Non-discrimination	07 – Prevention of environmental problems	08 – Promotion of environmental responsibility	09 – Promotion of environmentally friendly technologies	10 – Work against corruption, extortion and bribery
Corporate citizenship										
Tax compliance										
Work environment										
Guild and inter-institutional management										
Regulatory management										
Research, development and innovation (R&D+I)										



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Alignment of the relevant topics with the Global Compact Principles

Sustainable production and consumption										
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Stakeholders



Identification of the stakeholders

Identification of the EPM Group's stakeholders is done by taking into account three **GRI G4-25** :

The stakeholder **legitimacy** is evaluated in accordance with the framework of the desirable actions, their own or adequate within the system of regulations, values, beliefs and definitions of society. In operating terms, the level of legitimacy is estimated in function of the existence of regulations, contracts, covenants, and agreements with regard to the topics that connect it to the organization.

Power is evaluated in terms of coercive power (the power of force or power of arms), utilitarian power (direct or indirect economic power over the organization, for example, the power of information and knowledge is indirect), and symbolic power (power of relations, political support, social and cultural recognition).

Urgency or dependency is evaluated in terms of criticality of the urgency (magnitude of the dependency or of the response demand that it has over the organization) and of the speed required for a response when faced with an urgent situation.

EPM identified the following stakeholders based on the aforementioned criteria: **GRI G4-24** :

- Customers and Users
- Colleagues
- The Community
- Owner
- The State
- EPM Group people
- Investors



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- Suppliers and Contractors
- Partners

The relationship with these stakeholders is managed from the material issues having identified risks, as well as some controls that remain under construction. The consequences of these risks are ranked based on the following criteria:

- Permanence over time and business competitiveness: related to quality, efficiency, growth, expansion, business viability, reputation, transparency and trust variables.
- Addition of value for stakeholders: in terms of satisfaction, trust, fairness, participation, quality of life improvement.
- Environmental, social, and economic balance, as well as territorial security: it takes into account productive vocation, sustainable use of resources, respect for human rights, basic needs related to public utilities, security, impact management, construction of social fabric.

Vision of the risks associated with the material topics and the stakeholders

Material topics	Stakeholders associated	Aspects associated with the risks
Access and purchasability of the public utility services	Customers and Users, The State.	Development and life quality goals
Biodiversity	The Community, The State, Colleagues.	Migratory processes that induce pressure in the provision of public utility services in strategic ecosystems; adequate territory management.



Vision of the risks associated with the material topics and the stakeholders

Quality of the work environment	EPM People, Customers and Users, the Community, Suppliers and Contractors.	Alignment of behaviors with the declared values.
Quality and safety of the products and services	Customers and Users, Suppliers and Contractors.	Quality of life and human development.
Responsible contracting for local development	Suppliers and Contractors, the Community, Colleagues.	Development of local capacities and fostering of territorial sustainability through the promotion of the corporate fabric.
Water conservation	The Community, The State, Colleagues.	Depletion or surplus of the resource, contamination, lack of optimization of watersheds. Lack of knowledge and low management capacity of the parties involved.
Diversification of renewable energies	The State, Colleagues.	Scarce diversification; substitutes; growth hampering.
Balance in the Corporate Social Responsibility actions in the territories.	Balance in the Corporate Social Responsibility actions in the territories.	Focus, appropriateness and adequate implementation of the actions.
Climatic strategy	The Community, The State, Colleagues.	Greenhouse effect gas emissions; alteration in the service provision, processes and projects; detriment in the operating income due to climatic effects.
Integration in the territory	The Community, Suppliers and Contractors, the State, Colleagues, and Partners.	Capabilities to plan and execute adequate integrations in territories with different complexities and dynamics.
Population without service	Customers and Users, the Community, the State.	Development and life quality goals
Respect for and promotion of Human Rights.	The Community, Suppliers and Contractors, the State, Colleagues, and Partners.	Direct violations or through third parties; use of strength; work harassment; extortion practices.
Fees and prices	Customers and Users, The State.	Fee raise.
Transparency and openness of the information	All	Sufficiency, opportunity, participation and availability.



For EPM Group, stakeholders are social groups with high legitimacy, power and urgency, who have a certain homogeneity and stability regarding their interests to EPM Group.



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Involvement of the stakeholders

The planned deployment for the interaction model with EPM Group range for Colombia in 2014 was carried out. It began from checking the relationship between organizational strategy and stakeholders, gathering previous interaction experiences of the companies in the EPM in Colombia. As a result of this work, we highlight:

- Identification of the material issues for interactions, accepting the methodology set in “Guidelines for the practice of relations with the stakeholders”, and the process for determining materiality suggested by GRI G4. En: Material aspects and coverage
- The dialogues with stakeholders as well as providing relevant issues, generate challenges about response capacity, management of expectations, and the seemingly opposing interests. The divergence of interests between local stakeholders and the global society presents management complexities, for example, the case of a population that defends an economic activity that creates jobs, even if it means the deterioration of a water source.
- Allocation of relation leaders and development of the first plans of Group relations.
- “Customers” stakeholder group changed its name to “Customers and users”, a name that covers different segments and approaches to this group.
- “EPM People” stakeholder group changed its name to “EPM Group people” when it refers to Group personnel.

In 2014, tactical relations plans were executed for the fourth consecutive year, with an 88% weighted goal fulfillment.

Communications with EPM stakeholders **GRI G4-26**

On April 29, 2014, during the event “Sustainability: Dialogue and Public Accountability”, the CEO made a public balance on sustainability management with on-site public and local television broadcasting. Viewers interacted with questions by phone or social networking. At the end, a press conference was made, so the local media recorded the event.

The event gave continuity to the direct participation of stakeholders, with roundtables for Community, Suppliers and Contractors, and Group EPM People, as well as control agencies, environmental authorities and academia. **GRI G4-26**

The results of these activities were used as one of the supplies for identifying the relevant matters for the stakeholders and the organization.

The following link contains the complete information on the Dialogue and Public Accountability activity, the material submitted by the CEO, and the reports from all roundtables. At: <http://www.epm.com.co/site/Home/SostenibilidadEPM/InformedeSostenibilidad.aspx>

Furthermore, EPM had a constant interaction with the stakeholders through activities such as the following:

- Experiential diploma course that includes customer visits offered to members of the EPM Board, managers and staff in order to understand their environment, needs and concerns.
- Seven Supplier and Contractor companies participated together with ISA and ISAGEN suppliers in the



First Steps program from the Colombian Network for Global Compact extended to the Antioquia Node, led by EAFIT and accompanied by ISAGEN in implementation. In the program, EAFIT students with an experiential learning methodology support the training, diagnosis and implementation process of CSR and sustainability issues through the 10 principles of the Global Compact.

- 15 meetings were held with Suppliers and Contractors, bringing together approximately 828 companies to address issues such as suppliers record mechanism, contracting processes, suppliers portfolio presentation.
- Training on public utilities for oversight members and discussions about public utilities in the subregions of Antioquia.
- Programs with community organizations, for the articulation of actions focused on the local and regional sustainable development in the territories.
- Meetings with municipal administrations and the community, and joint agendas with environmental authorities.
- Meetings with retirees and pensioners.
- Annual evaluation of the 2013 Sustainability Report with the stakeholders representatives, which provided insights for this report and for the CSR management in general.



In the graph of value generated and distributed, a quantitative expression of the impact on stakeholders is expressed, based on the methodology of the Fourth Financial Statement of Uruguayan Luis Perera Aldama, and on the table of financial resources for voluntary initiatives.

Financial Statement detailed for stakeholders - EPM Parent Company's Fourth Financial Statement

As of December (COP millions))					
	As of December 2014	Share	As of December 2013	Share	Variation
Revenue	5,923,341	131%	5,656,943	126%	5%
Direct costs	(1,744,709)	-38%	(1,678,526)	-38%	4%
Operating value generated (OVG)	4,178,632	92%	3,978,417	89%	5%
Controlled and non-controlled investments income	464,087	10%	568,568	13%	-18%
Accounting items	(108,484)	-2%	(73,029)	-2%	49%
Value added generated (VAG)	4,534,236	100%	4,473,956	100%	1%
Owner	1,010,832	22%	1,183,493	26%	-15%



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Employees	549,752	12%	555,711	12%	-1%
Reinvestment in the company	1,359,005	30%	1,024,024	23%	33%
The State	581,548	13%	366,738	8%	59%
Suppliers of goods and services	486,869	11%	501,919	11%	-3%



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Financial Statement detailed for stakeholders - EPM Parent Company's Fourth Financial Statement

Community and environment	268,962	6%	263,146	6%	2%
Financial suppliers	277,268	6%	578,925	13%	-52%
Value added distributed (VAD)	4,534,236	100%	4,473,956	100%	1%
Value of surplus effectively paid	1,010,832		1,183,493		



EPM - Beneficiaries and financial resources allocated to voluntary initiatives

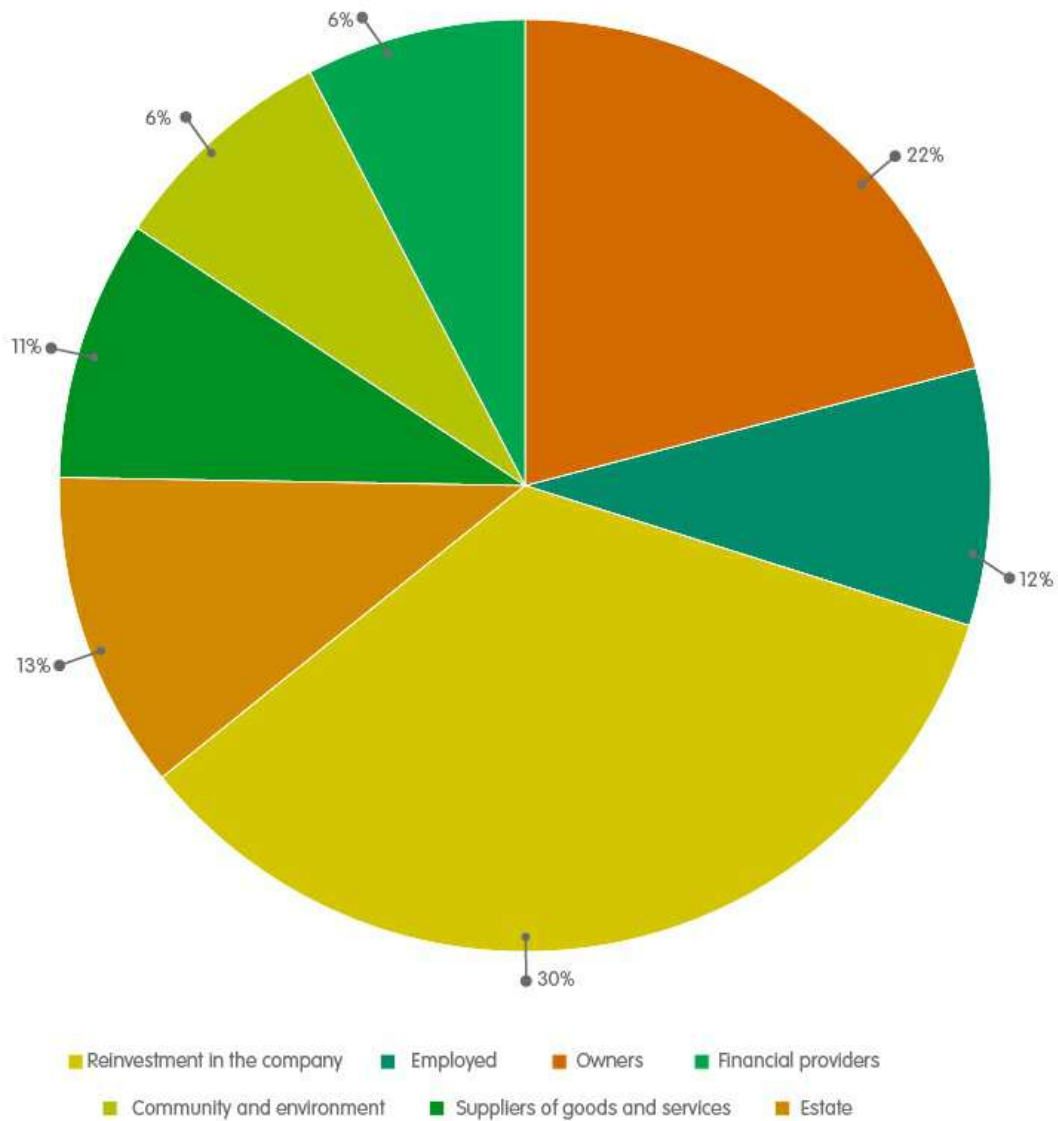
Stakeholder	People benefited			COP millions		
	2012	2013	2014	2012	2013	2014
The Community	7,443,326	6,988,367	7,147,960	187,871	178,195	248,185
Customers and Users	6,530,118	8,554,949	13,328,942	31,887	42,337	43,370
EPM People	74,613	71,342	69,291	27,226	29,717	26,632
Suppliers and Contractors	975	1,328	1,510	26,457	31,084	22,818
Total	14,049,032	15,615,986	20,547,703	273,441	281,333	341,005



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Value generated and distributed EPM and EPM Group 2014



2014 was the first implementation year of the stakeholders relations model according to the Group vision.

Commitments to external sustainability initiatives

External sustainability initiatives signed or adopted by EPM



AA1000 Stakeholder Engagement Standard
Interaction with stakeholders.



Agreement for sustainability
Sustainable development, public policies, water, energy, environment, solid waste, information and communications technologies, Human Rights, sustainable integration to the territory.



ALOAS

Latin American Association of Water and Sanitation Operators
Institutional development of provider companies, health, salubrity, human development, sustainability, environmental protection.



Architecture for a better world
Corporate sustainability, priorities of the post-2015 worldwide development agenda, long-term business subjects, action and collaboration platforms, social and market-related drivers and



Latin American Wind Power Association
Wind power



Business for peace
Global Compact
Commitment of the Private Sector to peace topics.



incentives, transparency and
accountability.

Caring for Climate

Caring for Climate
Climate change



Colombian Business Council for Sustainable Development
Corporate social responsibility, sustainability



Worldwide Business Council for Sustainable Development
Water, energy, climate, ecosystems, social impact, chains of value and consumption, people's capabilities..



Mining & Energy Committee
Human Rights: public and private safety privada



Declaration of Rio
Sustainable development



Dow Jones Sustainability Index
Economic, social and environmental index



Global Reporting Initiative
GRI
Global sustainability report

"Guías Colombia"
(Colombian Guidelines)

Guías Colombia
Human Rights and International Humanitarian Rights



International Hydropower Association
Human Rights and International Humanitarian Rights.



ETHOS indicators

Values, transparency and corporate governance, internal audience, environment, suppliers, consumers, community, governance, society.

ISO 14001 – Environmental Management

Environmental management.

ISO 26000 – International Standard on Social Responsibility

Governance, Human Rights, labor practices, environment, fair operation practices, consumer matters, active involvement and community development.



International Water Association
Sustainable water management.



Post-2015 Millennium Development Goals and Objectives

Poverty, education, gender, health, child mortality, environment, development.



Ecuador Principles
Environmental and social management.



Global Compact Principles
Labor rights, Human Rights, environment, anti-corruption matters.

Kyoto Protocol

Kyoto Protocol
Emissions, clean development mechanism projects



The CEO Water Mandate
Global Compact
Commitment of the Private Sector to water management.



Transparency for Colombia
Transparency measurement in public utility companies.



epm

estamos ahí.



Precaution principle

In the EPM Group, the cautious attitude to protect the environment and human health, included in the precaution principle, is an essential part of its strategic direction. The goal is defined under the precepts of sustainable human development, proposing a business action for harmonizing the financial, social and environmental results. The strategy sets out corporate social responsibility as the compass for growth and profitability and optimizing operations **GRI G4-14**.

EPM Group has set forth on actions based on the national environmental and risk management policies associated with biodiversity loss, climate variability and risks to the people.

These actions have contributed to scientific strengthening, to achieve synergies with different actors for environmental protection, and support decision-making, aimed at the protection of environmental services such as CO2 fixation, reducing and offsetting emissions, protection and use of water resources, landscape management and protection of biodiversity. This has been done through its own strategies and in partnership with other actors, as the initiatives Corporación Cuencaverde and the BANCO2 program. In: Water conservation action

EPM believes that the lack of an absolute scientific certainty is no excuse for postponing the implementation of effective and anticipatory measures to fight the degradation of the environment.



Customers and users



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EPM's composition (number of facilities connected)

	2012	2013	2014
Energy service	2,001,312	2,082,382	2,147,578
Gas service	716,486	831,496	927,580
Water supply service	1,019,899	1,048,858	1,076,215
Basic sanitation service	995,610	1,028,043	1,050,590
Total of all services	4,733,307	4,990,779	5,201,963



Relations objective

Facilitate access and enjoyment of public services, promoting joint actions with different legitimate actors to influence sustainable human development in the territories where the Group is already present or where it is planning to intervene.

Leader of Relationship plan

Relations Marketing Direction Office – Commercial Vice-Presidency

Indicators

Financial resources			
	2012	2013	2014
EPM's financial resources allocated to voluntary initiatives (RFDIV)	COP 31,887 million	COP 42,337 million	COP 43,370 million



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Beneficiaries and financial resources allocated to voluntary initiatives with the Users

Program	People benefited			COP millions		
	2012	2013	2014	2012	2013	2014
Effective saving for the customer through the Dignifying Homes program (1)	368,140	403,116	510,610	6,947	7,122	8,959
"Antioquia Iluminada" program (2)	64,132	85,279	64,427	4,909	13,904	9,863
Drinking Water Community Brigades	800	180	960	72	30	80
Prepaid electric power service	52,148	50,780	60,871	3,576	4,164	4,666
Ecodescuento -bono millón- (Eco-discount -one-million voucher-)	2,806	4,323	3,479	486	850	1,112
Water reactive operative	32,400	270,000	N.A.	-	9	N.A.
Social funding	36,279	27,568	28,053	4,642	4,686	5,302
Account funding (3)	74,706	83,172	82,217	7,693	8,144	8,931
Communication and engagement (4)	5,898,708	7,630,531	12,578,325	3,562	3,428	4,457
Total	6,530,118	8,554,949	13,328,942	31,887	42,337	43,370



Beneficiaries and financial resources allocated to voluntary initiatives with the Users

Notes:
 (1) The Dignifying Homes program includes the conventional connections to the water and electric power services, plus the connections installed through the "Energy for the Return" and "Gas without Borders" programs.
 (2) For the "Antioquia Iluminada" program, the "COP million" reporting criterion related to the amount funded was changed for the real saving for each customer.
 (3) For the Account Funding program, the "COP million" reporting criterion related to the amount funded was changed for the real saving for each customer.
 (4) In Communication and engagement, the "people benefited" item was adjusted: the history report was changed from families to people.

The Community



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Composition

This stakeholder group comprises the population settled in the areas where EPM Group's companies operate.



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Relations objective

Establish multidirectional commitments with a meaning shared among the community, state authorities and other legitimate actors in the territories where EPM Group companies operate, to co-manage permanent and relevant strategies in society and the environment that result in equity and a better quality of life for people in the framework provided by the policies and routing group.

Leader of Relationship plan

Relations Marketing Direction Office – External Relations Management Office – Environmental and Social Management Office – Projects and Engineering Management Office.

Indicators

Financial resources			
	2012	2013	2014
EPM's financial resources allocated to voluntary initiatives (RFDIV)	COP 187,871 million	COP 178,195 million	COP 248,185 million



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Beneficiaries and financial resources allocated to voluntary initiatives with the Community

Program	People benefited			COP millions		
	2012	2013	2014	2012	2013	2014
Medellín Christmas Lights Event	1,350	1,350	1,350	12,000	15,000	22,000
Library	540,290	625,012	500,629	3,714	3,786	3,746
EPM Fund for Regional Higher Education (1)	204	192	156	1,559	1,510	644
Administration of freely leased assets (free leases) (2)	N.A.	N.A.	N.A.	2,361	2,706	2,558
Urban parks (3)	2,942,756	2,828,370	2,526,302	2,144	2,851	2,496
Involvement in development projects *	50,922	76,054	80,000	8,886	8,170	8,743
Institutional and community strengthening *	9,240	12,120	7,280	936	934	1,675
EPM Foundation (4)	3,879,554	3,424,699	3,806,753	14,799	9,167	23,250
"Camino al barrio" *	N.A.	N.A.	N.A.	662	688	882



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Beneficiaries and financial resources allocated to voluntary initiatives with the Community

"Aló EPM" (metropolitan and regional) *	-	N.A.	N.A.	1,932	1,769	1,904
Planet Plan *	-	N.A.	N.A.	450	534	796
Antioquia Museum traveling exhibitions	13,500	19,055	24,505	112	150	137
Events (including creative barbers) (5)	4,730	N.A.	N.A.	226	N.A.	N.A.
"Aldeas" Program	780	1,515	985	7,911	2,446	19,563
Environmental expense (6) *	N.D.	N.D.	N.D.	130,180	128,484	145,308
Articulated Life Units (abbreviated UVAs in Spanish)	N.A.	N.A.	200,000	N.A.	N.A.	14,483
* Programs with a higher level of alignment with the corporate social responsibility focus.						
Total	7,443,326	6,988,367	7,147,960	187,871	178,195	248,185

Notes: (1) In 2009, forgivable loans were granted to 261 youngsters for higher education studies. The 156 beneficiaries reported in 2014 are the students who are still active. (2) The "people benefited" item was adjusted; previously, the number of contracts was reported. (3) The urban parks item includes the visitors to "Parque de los Deseos;" thus, the amounts for 2011 and 2012 are recalculated. (4) The 2013-2014 increase in resources consists in investments to the AMA alliance, the Water for Education program, and the operation of two UVAs. The 2013 beneficiaries changed due to an adjustment in the reporting method for the Library Network and EPM Spaces programs, and due to the omission of the 609 AMA Alliance beneficiaries. (5) It was concluded in 2012. (6) The amounts for 2012 were amended due to the adjustment in the classification criteria and in several accounting accounts.

Amounts generated and distributed

2012	2013	2014
COP 246,407 million (6%)	COP 263,146 million (6%)	COP 268,962 million (6%)



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The State



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Composition

National, state, and municipal entities from the branches of the executive, legislative and judicial powers, as well as official entities from other countries and supranational bodies and organizations.

Relations objective

Promoting the inter-institutional articulation with the State for regional development in favor of the economic, social and environmental sustainability of the EPM Group, in a close and transparent way, without actions that substitute the functions of the official institutions.

Leader of Relationship plan

External Relations Management Office – Communication and Corporate Relations Vice-Presidency

Indicators



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Amounts generated and distributed

2012	2013	2014
COP 500,812 million (12%)	COP 366,738 million (8%)	COP 581,548 million (13%)

Suppliers and contractors



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Composition

This stakeholders group comprises suppliers of labor, small suppliers of goods and services, suppliers of knowledge, strategic suppliers, and big suppliers of goods and services.



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Relations objective

Set relationship schemes aligned with the strategic direction of the EPM Group, to make contracting a tool for both the strategic objectives and the sustainable and competitive development of the territories, by enhancing the local production network and strengthening and developing suppliers and indirect worker conditions that favor sustainable human development.

Leader of Relationship plan

Services and Supplies Vice-President

Indicators

EPM's financial resources allocated to voluntary initiatives (RFDIV)

2012	2013	2014
COP 26,457 million	COP 31,084 million	COP 22,818 million



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Beneficiaries and financial resources allocated to voluntary initiatives with Suppliers and Contractors

Program	People benefited			COP millions		
	2012	2013	2014	2012	2013	2014
Social contracting (1)	975	1,328	1,510	26,309	30,788	22,756
Social merchandising (2)	N.D	N.D	N.D	148	296	62
Total	975	1,328	1,510	26,457	31,084	22,818

Notes: (1) In 2013, the Water & Sanitation Vice-President's Office started significant projects by means of social contracting; its completion is reflected on the decrease of the 2014 amount. (2) The approximate decrease of 90% in the purchases to Social Merchandising suppliers in 2014 with regard to previous years is due to the use of the existing materials, which satisfied the needs.

Generated and distributed amounts (including suppliers of goods and services and financial service providers)

2012	2013	2014
COP 645,580 million (15%)	COP 1,080,844 million (24%)	COP 764,137 million (17%)

Colleagues



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Composition

This stakeholder group comprises the companies that provide public utilities across the country, as well as the guilds and organizations that discuss topics of common interest for this sector.



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National guilds and associations:

- National Association of Companies from the Sector of Public Utilities and Supplementary and Inherent Activities (Andesco)
- Colombian Association of Electric Energy Generators (Alcogen)
- Colombian Association of Electric Energy Distributors (Asocodis)
- Colombian Natural Gas Association (Naturgas)
- Colombian Committee from the Commission of Regional Energy Integration (COCIER)
- Colombian Energy Committee (Cocme), which represents the World Energy Council in Colombia
- Technologic Research and Development Center Corporation from the Electric Sector (Cidet)
- Cooperation and Investment Agency for Medellín and the Metropolitan Area (ACI)
- Colombian Business Council for Sustainable Development (Cecodes)
- National Natural Gas Operation Council (CNO-Gas)
- National Operation Council (CNO)
- Transmission Planning Advisory Committee (CAPT)
- Colombian Electrical Information System (SIEL)
- Commercialization Advisory Committee (CAC)
- Colombian Institute of Technical and Certification Standards (Icontec)
- Colombian Institute of Technologies for Underground Infrastructure (ICTIS)
- Global Compact Local Network in Colombia
- Service Leaders Network



Composition

International Associations:	<ul style="list-style-type: none"> • Latin American Wind Power Association (Lawea) • Latin American Water and Sanitation Operators Association (Aloas) • International Water Association (IWA) • International Hydropower Association (IHA) • World Business Council for Sustainable Development (WBCSD)
Business associations:	<ul style="list-style-type: none"> • Colombian-American Chamber of Commerce • National Businessmen Federation (Fenalco) • Colombian Chamber of Construction (CAMACOL)

Relations objective

Formulating and implementing a coordinated strategy for the sustainability of the economic, social and environmental setting, promoting a responsible behavior of the sector within the framework of collaboration relations among competitors and colleagues.

Leader of Relationship plan

External Relations Management Office – Communication and Corporate Relations Vice-Presidency



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EPM Group people



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Composition				
Composition of EPM Group's employee population in Colombia	EPM Group in Colombia	2012	2013	2014
	Senior Managers	262	231	304
	Professionals	2,943	3,115	2,969
	Technologists, technicians and assistants	4,094	4,175	4,022
	Maintenance Staff	1,382	1,389	1,464
	Total	8,681	8,910	8,759
	EPM			



Composition				
Composition of EPM Group's employee population in Colombia	Senior Managers	170	174	227
	Professionals	2,100	2,241	2,051
	Technologists, technicians and assistants	2,475	2,532	2,347
	Maintenance Staff	1,079	1,083	1,002
	Total	5,824	6,030	5,627
	Energy business subsidiaries in Colombia			
	Senior Managers	74	40	42
	Professionals	792	820	813
	Technologists, technicians and assistants	1,533	1,552	1,523
	Maintenance Staff	146	145	137
	Total	2,545	2,557	2,515
	Water business subsidiaries in Colombia			
	Senior Managers	18	17	35
	Professionals	51	54	105
	Technologists, technicians and assistants	86	91	152
	Maintenance Staff	157	161	325



	Total	312	323	617
EPM People composition	EPM			
	Employees	582	6,030	5,627
	Beneficiaries	9,941	10,350	10,647
	EPM's retirees	2,453	2,425	2,355



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Composition				
EPM People composition	Apprentices and interns	264	316	313
	Total	18,482	19,121	18,942

Relations objective

Fortalecer la relación Gente Grupo EPM-organización para favorecer la confianza y elevar el desarrollo humano sostenible de los grupos de interés, y así lograr el cumplimiento de los objetivos empresariales.

Leader of Relationship plan

Human Development Management Office – Communication and Corporate Relations Vice-Presidency

Indicators

Financial resources indicators			
EPM's financial resources allocated to voluntary initiatives (RFDIV)	2012	2013	2014
	COP 27,226 million	COP 29,717 million	COP 26,632 million



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Beneficiaries and financial resources allocated to voluntary initiatives with the EPM People

Program	People benefited			COP millones		
	2012	2013	2014	2012	2013	2014
Learning (1)	5,884	6,030	5,334	4,407	4,857	2,944
Benefits	41,410	42,002	40,799	15,781	16,937	17,393
Psychological and spiritual guidance	6,939	3,789	3,513	128	46	51
Entrepreneurship	92	18	35	11	3	16
Plenary adulthood	399	504	466	149	114	337
Cultural projection (2)	517	438	167	105	316	314



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Beneficiaries and financial resources allocated to voluntary initiatives with the EPM People

Professionals in training (3)	32	60	-	1,250	1,621	-
Group interactions and support (4)	5,824	4,200	5,220	656	340	34
Employee stores operating expenses (5)	13,516	14,301	13,757	4,739	5,483	5,543
Total	74,613	71,342	69,291	27,226	29,717	26,632

(1) The execution amount decreased due to changes generated by the EPM Group transformation process and the Guarantee Law (public contracting restrictions before elections). (2) The number of attendees decreased because the cultural week event was not carried out. (3) The New Professionals in Training program was not carried out in 2014. (4) There is a costs difference because the follow-up was performed by EPM's direct employees, so there was no external contracting. (5) The operational expenses amount of the Employee Stores in 2013 was corrected. The COP 4,541 million correspond to September 2013, the amount as of December 2013 is COP 5,483 million.

EPM People - Amounts

	2012	2013	2014
Amounts generated and distributed	COP 514,621 million (12%)	COP 555,711 million (12%)	COP 549,752 million (12%)

Investors



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Composition

This stakeholder group comprises agents who are determinant for the provision of long-term financial resources to EPM. They act directly or indirectly in the capital market and they do not share ownership in EPM or its subsidiaries. The following are several of the investors: local and international bond holders, long-term funding resource suppliers, facilitators, and governmental entities.

Relations objective

Consolidating the trustworthiness with the investors and other local and international security market agents, aiming to ensure the corporate purpose.

Leader of Relationship plan

Corporate Finance Vice-President's Office

Owner and related parties



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Composition

Municipality of Medellín (Municipal Mayor and City Council) and Board of Directors.

Relations objective

Strengthening the municipal administration's commitment to the excellence of EPM's administration and its autonomy in the Corporate Governance Model in a stable and continuous manner, under the condition of the effective application of the EPM Corporate Responsibility Model, on an ethical basis rather than an assistance-seeking basis for environmental, social and economic sustainability.

Leader of Relationship plan

General Secretariat – Corporate Governance Unit

Indicators

Amounts generated and distributed

2012	2013	2014
COP 838,841 million (20%)	COP 1,183,493 million (26%)	COP 1,010,832 million (22%)

Partners



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Composition

This stakeholder group comprises EPM Group's partners in its 48 local and foreign companies.

Relations objective

To maintain the trust based on the strict compliance with rights and commitments.

Leader of Relationship plan

General Secretariat Vice-Presidency Office – Corporate Governance Unit



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Access and purchasing power of public utilities

Video: <https://www.youtube.com/embed/047jVJHAo9g>

Availability of residential public utilities through conventional and alternative solutions that promote human and territories development.

Purchasability is related to options and solutions available so that customers and users have the opportunity to permanently enjoy residential public utilities, satisfying their likes, preferences, and needs, and taking into account their capacities and disposition.

Access implies availability of the service, considering the regulation and standards, through infrastructure solutions. Specific characteristics of unserved populations such as settlements outside the areas in the land use plans or high-risk areas are taken into account, in order to find solutions, either from the own capabilities of EPM or in coordination with other entities.

Universalization, understood as access and purchasability solutions, is a focus of the CSR policy. It is defined in the social dimension of the MEGA approved by the Board of Directors. Moreover, it is in the business core and is the essential contribution of the EPM Group to the construction of sustainable and competitive territories.

Due to its purpose and capabilities, the EPM Group is an agent destined to convene other agents in order to find solutions to this issue of high social value for its companies and stakeholders. This issue also has important implications in the construction of sustainable and competitive territories.

EPM Management



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2014 Goals	2014 achievements	Compliance
Energy coverage: To continue increasing our coverage by developing access solutions through the projects of Rural Electrification, Prepaid Electricity, and Dignifying Homes.	The energy service coverage in relation to the total population in the territory served reached 99.03% in 2014.	Total
Social funding: To benefit 27,000 new families and small enterprises. To offer new financing programs to EPM customers to improve trade deals, taking into account the specific needs of customer segments.	In 2014, the social Funding credits surpassed the established goal; 28,053 new customers were benefited, totaling 170,000 registered customers. The credit for the residential segment, formerly "Tarjeta Grupo EPM" (EPM Group Card), is now part of the EPM Group SOMOS Recognition and Loyalty Program, changing its denomination to "Crédito para el Hogar Somos" (SOMOS Home Credit).	Total
Dignifying Homes - Energy: To provide 34,822 homes with natural gas through the Dignifying Homes program.	The compliance of Dignifying Homes - Energy was 101%, with 35,119 connected households.	Total
Dignifying Homes - Water: To continue to strengthen the social contracting plan. To replicate the social contracting plan in the EPM Group.	In 2014, Dignifying Homes - Water connected 8,640 customers to the aqueduct service and 8,490 to the sewerage service. The company will continue using the Social Contracting model.	Total
Prepaid Energy: To provide 15,000 users with electricity under a prepaid model.	In 2014, EPM connected 14,677 customers/users to the Prepaid Energy service in Antioquia.	Total
Rural Electrification: To provide 14,000 homes with electricity in various regions of Antioquia.	EPM connected 15,053 households to the electricity service through the Rural Electrification program in 2014.	Total



2014 Goals	2014 achievements	Compliance
Dignifying Homes - Gas: To provide 83,173 homes with natural gas through the Dignifying Homes Program.	In 2014, Dignifying Homes connected 82,472 users (from strata 1, 2, and 3) to the gas service.	Total
Water Coverage: To continue working on the San Nicolas Valley and Llanaditas projects.	The work on the aqueduct and sewerage service expansion projects was continued in Llanaditas (Medellín's Comuna 8) and in the San Nicolás Valley (municipalities of Envigado, El Retiro, and Rionegro), with the purpose of connecting close to 50,000 customers to both services.	Total
Prepaid Water Service: To sign the contract for the installation and start of operations of the prepaid service measuring instruments. To carry out the necessary activities for the start of operations of the measuring instruments. To start subscribing customers.	The measuring instruments for the implementation of the Prepaid Water Service were not bought because the bidding suppliers did not comply with the technical requirements. In 2015, the contract for the provision of the meters will be awarded in order to start the comprehensive tests of the offer (including several customers) in May 2015.	Not fulfilled
Customer financing: To continue strengthening the financing plans seeking to provide conditions that meet the specific needs of customer segments. To continue implementing the electronic signature and fingerprint on payment arrangements as well as on Customer Service records along with the documents in the electronic folder of the customer.	In 2014, EPM implemented the financing assistance in all the in-person channel branches in Antioquia to provide a better service to the customers. The financing decree was modified to fulfill the specific needs of each customer segment. The implementation of the electronic signature and fingerprint on payment arrangements was continued.	Total
To structure and start implementing offers targeting vulnerable populations with a comprehensive view of the customer, including the continuation of the Prepaid Water Service, the Customized Payment model pilot. To raise resources from national funds (gas). To connect 15,000 new users to the electricity service through the Prepaid Energy model, among other.	In 2014, the organization worked with offers for the vulnerable sub-segment with the purpose of providing solutions adjusted to the characteristics of this group of users, especially their payment difficulties: <ul style="list-style-type: none"> - The "Paga a Tu Medida" (Customized Payment) offer was implemented. - The target market was expanded in the Prepaid Energy program to benefit a greater number of customers. - Within the framework of the Rural Prepaid program, 9 underdeveloped rural districts were connected to the service, for a total of 326 customers/users subscribed to the service model. - Prepaid Water Service: the development of the offer was continued for getting ready its implementation in 2015. 	Partial
Gas without Borders: To start providing this service in 36 new municipalities and rural districts outside the Aburrá Valley.	The EPM Natural Gas service provision was started in 32 new municipalities and rural districts for a total of 79 (63 municipalities and 16 rural districts).	Partial



Goals for 2015

To connect 27,784 customers to the electrical power service through the Dignifying Homes program; to facilitate the registration of 5,300 homes to the Rural Electrification program, and provide the families with education and assistance on the new electricity service.
To take the natural gas service to 20 new municipalities and rural districts in Antioquia; to connect 74,315 new customers, of which 65,596 will be from strata 1, 2 and 3 and will be subscribed to the Dignifying Homes Program.
To build the necessary infrastructure in the areas that currently lack coverage to make feasible the service for 5,537 electricity service users, 3,387 water supply service users, and 2,890 sewerage service users in the Aburrá Valley, and 2,783 gas service users in Medellín.
To develop a work plan for the definition of the access indicator in areas that currently lack coverage: definition of the methodology for calculating the size of the problem in Medellín and Antioquia (possible number of installations), identification of possible solutions to mitigate the access to the service and its benefits, preparation of an action plan for the proposed solutions, definition of goals for Medellín and Antioquia for 2016 and beyond, start of the work with subsidiaries to implement the calculation of the indicator since 2016.
To subscribe 9 thousand new customers to the Customized Payment program.
To subscribe 14 thousand new users to the Prepaid Energy service.
To subscribe 10,500 new users to the Prepaid Water Service.
To subscribe 404,600 people to the SOMOS points program and achieving an accumulated number of 450 thousand people registered.
To benefit 30 thousand users with the SOMOS Home Credit, and to achieve an accumulated number of 200 thousand users subscribed.



“Customized payment” program

“Paga a tu Medida” (customized payment) is a payment collection initiative that allows users (who have a Sisbén rating between 2 and 33 points) to pay EPM’s bill in installments of up to 5 per billing term, adapting the method of payment to the frequency of their income. It is an offer that improves the users’ quality of life as it provides them with more flexible options for paying the bill, and it enables them to maintain their legal connection to the public utility services, avoiding thus suspensions as well as reconnection costs. Additionally, the program entails benefits for EPM by contributing to ensure the revenue, reduce the accounts payable and lowering the operational costs due to suspension and reconnection.

By the end of 2014, 4,982 customers from Antioquia’s municipalities had registered in the “Paga a tu Medida” program, with an acceptance rate of 89%. These customers made 1,569 payments from September to December, which translated into a 1.77 monthly average use of coupons.

EPM Management

EPM started operating the “Paga a tu Medida” program in August 2014, and it was publicized through informative and awareness-raising workshops organized for the target market and by means of information published on the media and at the customer service branches. 4,982 customers from all of Antioquia’s regions registered from August to December 2014.

The goal for 2015 is to register 9,000 new customers in the program.

Standpipes and community meters



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Community meters for sewage service and energy standpipes are non-conventional modalities of utility provision, destined to some areas that do not have an individual measurement, due to network expansion restrictions. Collective meters from which the service extends to homes are installed, receiving a charging average consumption according to the stratum consumers belong to.

EPM installed 426 meters associated with energy standpipes, which benefited over 1,704 people; likewise EPM invested COP 3,429 millions. In all, there are 13,983 houses provided with energy service thanks to the implementation of public standpipes by the Company.

EPM Management

Six community meters were installed in 2014 by EPM, aimed at delivering drinking water provision to 960 people located in Medellín and Bello municipalities informal settlements:

- Medellín: El Pomar, La comuna 1, Hato Viejo, la comuna 7.
- Bello: Hato Viejo, El Hueco and La Orquídea.

Energy community meters decreased in 2014 in comparison to the previous year. EPM interests is to promote the Energía Prepago connection as replacement to minimize the disconnection risk and to generate benefits for users. One of these interventions was made in the Brigadas de Mitigación del Riesgo framework, which took place in La Cruz, La Honda y Versalles 2, Medellín neighborhoods; where 800 families obtained the prepaid payment system.



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Electric energy dispensers and communal meters

	Water - Communal meters				Energy - Public dispensers			
Indicator	2012	2013	2014	Variation	2012	2013	2014	Variation
Number of meters connected	12	1	6	500.0%	1,648	798	426	-46.6%
Number of people benefited	8,487	180	960	433.3%	6,592	3,192	1,704	-46.6%
Millions of COP invested	72	30	80	166.7%	466	717	3,429	378.2%
Number of households covered	1,886	45	240	433.3%	12,560	10,935	13,983	27.9%



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Management in the EPM Group's subsidiary companies in Colombia

EPM and ESSA have installed energy standpipes to users under restricted service provision through traditional way.

ESSA is carrying out an action plan to formalize the energy service in the legalized settlements by the municipality of Bucaramanga, in accordance with Act 002 2013; in 2014 the settlements Doce de Octubre and Villa Mercedes were intervened, the normalization of Campestre Norte I, II, III customers is still pending; which consists of approximately 1,670 homes.

Financing of accounts and defaulting

It is a standardization mechanism for defaulting customers through the financing of expired concepts and bills, with low interest rates and long payment periods.

Customers fall behind in the payment of their bills, and due to the regulations and fairness with the system, their service must be suspended until the situation is resolved. Once the customer has paid or reached a payment agreement, the service is reconnected in less than 24 working hours. The defaulting status occurs



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with a higher probability in the population with economic, social (strata 1, 2, and 3) and security-related limitations due to structural situations inherent to the country.

In 2014, payment for 82,217 users was financed, for a total of COP \$50,843 million. This represents customer savings of COP \$8,931 million, compared to the rates offered by the financial system.

EPM Management

In 2011, EPM started the development of a user assistance program for users that present payment difficulties, with the purpose of facilitating their access to public utilities in a regular and legitimate way, avoiding they fall into the defaulting status. The program is based on the focalization of the population, the design of comprehensive offers, and the creation of alliances.

In 2014, we continued strengthening offers aimed at users with payment difficulties, in order to prevent them from reaching defaulting status. Some of them are: Prepaid Water pilot program, Prepaid Energy, Customized Payment, special conditions for Housing Reform, credit programs, insurance to cover unforeseeable events, incentives for good payment practice (SOMOS loyalty program), educational and cultural projects.

Customer satisfaction regarding account financing service in 2014 was greater than 9 (being 10 the higher value), a steady behavior during the last four years.



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Defaulting - EPM water business

Stratum 1	8,081	8,373	6,908	-17.5%
Stratum 2	13,938	14,746	11,876	-19.5%
Stratum 3	6,648	7,541	6,108	-19.0%
Stratum 4	973	1,149	977	-15.0%
Stratum 5	469	641	513	-20.0%
Stratum 6	190	242	251	3.7%
Non-residential	3,491	3,868	3,425	-11.5%
Total	33,790	36,560	30,058	-17.8%
Residential and non-residential services total	1,019,899	1,048,858	1,076,215	2.6%
Defaulting percentage	3.31%	3.49%	3%	-20.0%

Source: Corporate Finance Vice-President's Office



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Defaulting - EPM energy business

Indicator	2012	2013	2014	Variation
Stratum 1	24,912	30,173	28,323	-6.1%
Stratum 2	17,542	18,420	14,893	-19.1%
Stratum 3	7,588	8,303	6,917	-16.7%
Stratum 4	1,434	1,619	1,368	-15.5%
Stratum 5	590	726	637	-12.3%
Stratum 6	224	293	355	21.2%
Non-residential	8,113	8,779	7,853	-10.5%



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Defaulting - EPM energy business

Total	60,403	68,313	60,346	-11.7%
Residential and non-residential services total	2,001,312	2,082,382	2,146,409	3.1%
Defaulting percentage	3.02%	3.28%	2.81%	-14.3%

Source: Corporate Finance Vice-President's Office



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Defaulting - EPM gas business

Indicator	2012	2013	2014	Variation
Stratum 1	1,432	2,439	3,584	46.9%
Stratum 2	9,857	11,463	11,876	3.6%
Stratum 3	5,379	6,095	5,690	-6.6%
Stratum 4	598	779	660	-15.3%
Stratum 5	354	425	377	-11.3%
Stratum 6	122	197	195	-1.0%
Non-residential	551	730	744	1.9%
Total	18,293	22,128	23,126	4.5%
Residential and non-residential services total	716,422	831,496	927,494	11.5%
Defaulting percentage	2.55%	2.66%	2.49%	-6.4%

EPM Group Subsidiaries Management in Colombia

EPM Group companies implement strategies such as IVR calls, agent calls, sending letters, visits, loans assistance, and administrative and pre-legal actions in order to reduce loan portfolio and normalize service for defaulting customers. Socialization and user education was one of the aspects strengthened in 2014, raising awareness on the importance of paying the bills to continue having access to a timely and good quality service.



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Defaulting - EPM Group's Colombian water business subsidiaries

Indicator	2012	2013	2014	Variation
Aguas de Occidente				
Stratum 1	31	43	54	25.58%
Stratum 2	92	91	128	40.66%
Stratum 3	41	42	49	16.67%
Stratum 4	13	29	55	89.66%
Stratum 5	18	9	14	55.56%
Stratum 6	1	4	4	0.00%
Non-residential	67	109	92	-15.60%
Total	263	327	396	21.10%
Residential and non-residential services total	12,807	13,898	14,764	6.23%
Defaulting percentage	2.05%	2.35%	2.68%	14.00%
Aguas de Oriente				
Stratum 1	-	-	-	-
Stratum 2	2	3	2	-42.1%
Stratum 3	6	9	7	-23.9%
Stratum 4	0	1	0	-95.2%



Stratum 5	4	5	6	15.6%
Stratum 6	0	0	0	
Non-residential	6	7	7	5.2%
Total	19	25	22	-11.8%
Residential and non-residential services total	3,550	3,796	4,063	7.0%



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Defaulting - EPM Group's Colombian water business subsidiaries

Defaulting percentage	0.52%	0.66%	0.54%	-17.6%
Aguas de Urabá				
Stratum 1	1,787	2,778	3,060	10.15%
Stratum 2	1,122	1,638	1,913	16.79%
Stratum 3	330	501	577	15.17%
Stratum 4	45	64	67	4.69%
Stratum 5	-	-	-	-
Stratum 6	-	-	-	-
Non-residential	358	585	626	7.01%
Total	3,642	5,566	6,243	12.16%
Residential and non-residential services total	53,785	56,915	60,633	6.53%
Defaulting percentage	6.77%	9.78%	10.30%	5.29%
Aguas de Malambo				
Stratum 1	133	353	232	-34.3%
Stratum 2	169	397	218	-45.1%
Stratum 3	18	47	35	-25.5%
Stratum 4	-	-	-	-



Stratum 5	-	-	-	-
Stratum 6	-	-	-	-
Non-residential	26	35	32	-8.6%
Total	346	832	517	-37.9%
Residential and non-residential services total	19,348	22,325	21,343	-4.4%



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Defaulting - EPM Group's Colombian water business subsidiaries

Defaulting percentage	1.79%	3.73%	2%	-35.0%
Emvarias				
Stratum 1	N/R	N/R	8,363	N/A
Stratum 2	N/R	N/R	5,486	N/A
Stratum 3	N/R	N/R	1,133	N/A
Stratum 4	N/R	N/R	195	N/A
Stratum 5	N/R	N/R	75	N/A
Stratum 6	N/R	N/R	22	N/A
Non-residential	N/R	N/R	1,249	N/A
Total	N/R	N/R	16,523	N/A
Residential and non-residential services total			817,379	N/A
Defaulting percentage			2.02%	N/A

The total values for services include facilities with active services, as well as those with services currently suspended.

Source: Corporate Finance Vice-President's Office



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Account Funding - EPM Group's Colombian water business subsidiaries

Indicator		2014
Aguas del Oriente		
Customers funded		347
COP millions funded		366
Savings in relation to the financial system (COP millions)		N/A



Account Funding - EPM Group's Colombian water business subsidiaries

Aguas del Occidente	
Customers funded	105
COP millions funded	25
Savings in relation to the financial system (COP millions)	4
Aguas de Urabá	
Customers funded	4,876
COP millions funded	1,311
Savings in relation to the financial system (COP millions)	231
Aguas de Malambo	
Customers funded	3,763
COP millions funded	1,720
Savings in relation to the financial system (COP millions)	867
Emvarias	
Customers funded	8,493
COP millions funded	291
Savings in relation to the financial system (COP millions)	51



Source: Corporate Finance Vice-President's Office

Defaulting - EPM Group's Colombian energy business subsidiaries

Indicator	2012	2013	2014	Variation
CHEC				



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Defaulting - EPM Group's Colombian energy business subsidiaries

Stratum 1	146	217	360	65.90%
Stratum 2	210	322	444	37.89%
Stratum 3	177	224	219	-2.23%
Stratum 4	52	61	55	-9.84%
Stratum 5	7	9	11	22.22%
Stratum 6	13	10	12	20.00%
Non-residential	139	217	243	11.98%
Total	744	1,060	1,344	26.79%
Residential and non-residential services total	425,507	436,170	446,631	2.40%
Defaulting percentage	0.17%	0.24%	0.30%	23.82%
ESSA				
Stratum 1	13,252	13,061	13,742	5.2%
Stratum 2	11,771	11,666	11,658	-0.1%
Stratum 3	2,619	2,395	2,475	3.3%
Stratum 4	746	814	762	-6.4%
Stratum 5	83	96	90	-6.3%
Stratum 6	72	67	83	23.9%



Non-residential	4,282	4,305	4,499	4.5%
Total	32,825	32,404	33,309	2.8%
Residential and non-residential services total	636,271	667,269	704,906	5.6%
Defaulting percentage	5.16%	4.86%	4.73%	-2.7%
CENS				



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Defaulting - EPM Group's Colombian energy business subsidiaries

Stratum 1	4,766	5,036	5,306	5.36%
Stratum 2	7,247	7,058	6,869	-2.68%
Stratum 3	1,332	1,449	1,566	8.07%
Stratum 4	270	285	300	5.26%
Stratum 5	26	30	34	13.33%
Stratum 6	3	3	3	0.00%
Non-residential	1,488	1,684	1,880	11.64%
Total	15,132	15,545	15,958	2.66%
Residential and non-residential services total	407,618	421,317	437,246	3.78%
Defaulting percentage	3.71%	3.69%	3.65%	-1.08%
EDEQ				
Stratum 1	1,370	785	700	-10.8%
Stratum 2	1,134	609	553	-9.2%
Stratum 3	447	332	301	-9.3%
Stratum 4	118	73	73	0.0%
Stratum 5	63	53	55	3.8%
Stratum 6	20	9	13	44.4%



Non-residential	1,191	902	928	2.9%
Total	4,343	2,763	2,623	-5.1%
Residential and non-residential services total	160,134	165,743	169,522	2.3%
Defaulting percentage	2.71%	1.67%	2%	-7.2%

Source: Corporate Finance Vice-President's Office



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Account Funding - EPM Group's Colombian energy business subsidiaries

Indicator	2012	2013	2014	Variation
CHEC				
Customers funded	34,030	30,958	21,736	-29.8%
COP millions funded	3,409	3,029	2,526	-16.6%
Savings in relation to the financial system (COP millions)	N/R	N/R	84	N/A
ESSA				
Customers funded	6,240	10,205	8,827	-13.5%
COP millions funded	6,046	8,162	6,865	-15.9%
Savings in relation to the financial system (COP millions)	2,283	2,853	1,770	-38.0%
CENS				
Customers funded	15,992	19,172	15,741	-17.9%
COP millions funded	16,720	14,315	14,548	1.6%
Savings in relation to the financial system (COP millions)	N/R	2,766	2,914	5.3%
EDEQ				
Customers funded	25,210	21,917	19,939	-9.0%
COP millions funded	3,096	2,453	3,063	24.9%
Savings in relation to the financial system (COP millions)	344	360	541	50.3%



Prepaid services



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Prepaid is a purchase mode for public utilities with the objective of solving disconnection due to payment difficulties. It is focused mainly on customers with payment difficulties, emphasizing population tiers 1, 2 and 3.

This system allows customers to control their consumption according to their income and, therefore, make a more efficient and conscious use of public utilities.

The prepaid energy service includes a prepayment meter on gratuitous loan, installation free of charge for the user, social support, among other conditions that allow the user to keep enjoying the service.

In 2014 EPM signed up 14,677 users to the prepaid system of supply of Prepaid Electricity. By december 2014 there have been 174,646 connected customers, of which 171,719 are active users.

Management in EPM

In 2014 EPM was providing the service of Prepaid Electricity to clients who had their service suspended at least for 5 months out of the last 12, or that were connected to a communal meter or public electric energy dispenser. The coverage was widened by including also users who have a Sisbén score lower than or equal to 33, that have a real state belonging to social stratum 1 or 2 and that are having difficulties with the payment of public utilities.

The Rural Prepaid Electric Energy offer is focused on users in rural districts of Antioquia, who are in less developed rural areas. It offers the possibility of accessing the service through a community leader who generates a PIN corresponding to the recharge and the monthly installment of the financing and then sends it to the client via a text message to his phone.

The Prepaid Water Service offer is focused on clients who have their service cut off in Medellin and the metropolitan area.

In 2014, EPM connected 14,677 customers with difficulties to make their payments to the Prepaid Energy service in Antioquia.



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By mid 2014 it was necessary to revalue the goal for the Prepaid services for less developed rural areas (with Dignifying Homes). This was due to the difficulty of access to the communications and data network in the rural districts that were yet to be connected to the electric grid. The goal was modified having into account the rural districts with ease of access to the cell phone and data network; eight of these districts were pending for connection under this model in 2014. this goal was exceeded since 9 rural districts of Antioquia were provided with the service of electricity, with 326 customers divided as follows:

- Municipality of Tarazá – La Cabaña rural district: 23 customers; La Esmeralda rural district: 45 customers; El Blanco rural district: 35 customers.
- Municipality of Valdivia – La América rural district: 48 customers; Génova rural district: 40 customers; La Siberia rural district: 40 customers; El Pescado y La Paulina: 37 customers.
- Municipality of Turbo – Arcua rural district: 58 customers.

The subscription management included dissemination workshops and programs for raising awareness of the community in the rural districts besides selecting and training the community leaders that perform the recharges

****In order to implement the Prepaid Water offer two contracting processes were held for selecting the measuring instruments provider with the purpose of awarding in 2015. Advances were made on the software development that the service operation required.

EPM's prepaid electric power service

Indicator	2012	2013	2014	Variation
Number of facilities connected	12,184	12,695	14,677	15.6%
Number of people benefited	52,148	50,780	60,871	19.9%
Millions of COP invested	3,576	4,164	4,666	12.1%



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EPM's prepaid electric power service

Average KWh consumption per prepaid installation	110	117	105	-10.3%
Average kWh consumption per postpaid installation	213	213	207	-2.9%

Management of EPM subsidiaries in Colombia

The Prepaid services of the EPM Group are implemented by the companies EPM and ESSA.

The Prepaid Energy project at ESSA started with a goal: To install 5,00 energy meters in the span of three years having a target market of residential clients from Bucaramanga and Barrancabermeja from strata 1, 2 and 3, with bills 90 or more days overdue, that lost the benefits obtained in previous amnesty plans or that received direct service.

In 2014 there are in total 4,429 customers of the prepaid model in 14 municipalities and rural districts under the area of influence of ESSA.

Prepaid service - EPM Group's Colombian energy business subsidiaries

Indicator	2012	2013	2014	Variation
ESSA				
Number of facilities connected	1,177	1,653	1,599	-3.3%
Number of people benefited	3,531	6,612	6,396	-3.3%
Millions of COP invested	898	1,261	1,220	-3.3%



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“Somos”

“Somos” is the recognition and loyalty program of the EPM Group, which seeks proximity to customers and satisfaction of their needs by establishing trusting dialogues. It invites us to play fair with the citizens, community, neighbors, and businesses. The members of the program receive recognition and rewards for their good practices, which are spread to other users. Good practices are boosted in the community to create a culture of civic responsibility.

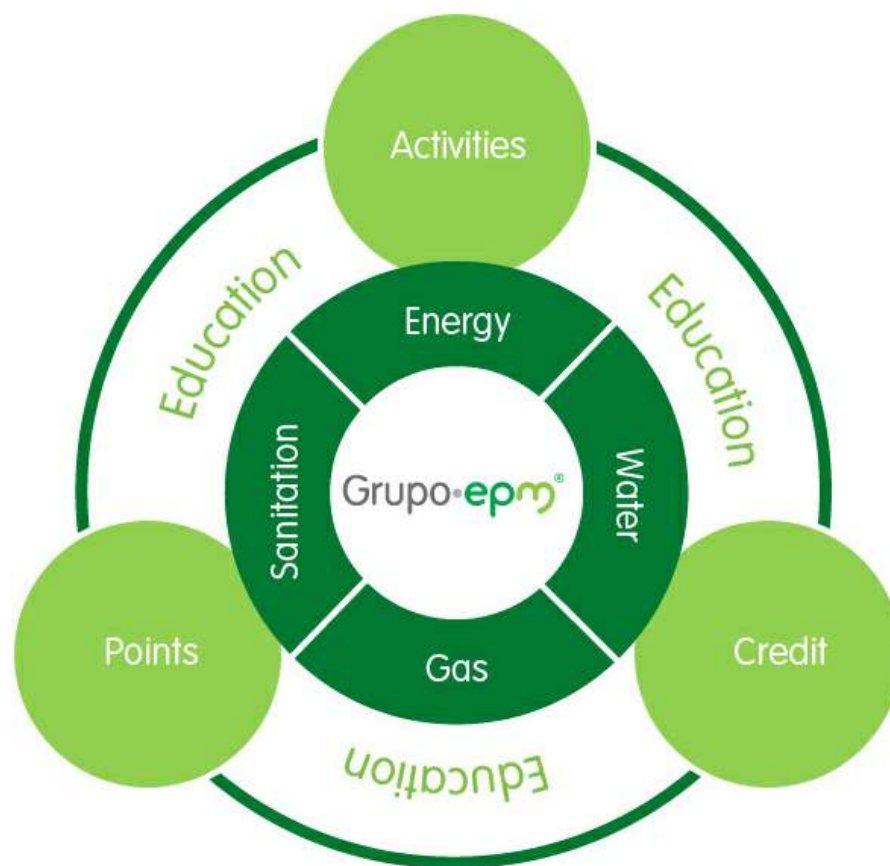
The “Somos” program is composed of different elements such as reward points, loans, activities, education, among others. It is intended that customers receive benefits through the earning and redemption of points, participation in activities, or access to a line of credit for the purchase of public utilities-related products.



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Unlike other loyalty programs, which aim at increasing sales, “Somos” focuses its efforts on providing recognition and rewards for doing things right: timely payment of public utilities, permanent timely payment, responsible use, payment through electronic means, among others. Following these good practices results in rewards and benefits to customers: amount credited to the utility bill, redemption of points on products from our business partners, access to the rewards catalog, amount credited to the credit for the “Somos” home, or vehicular natural gas refueling in EPM service stations.

Since its launch in October 2014, “Somos” has achieved a high impact in Medellín and the metropolitan area. 45,328 people joined the program up to December and they are able to enjoy the benefits associated with the reward points program. 75% of those people registered belong to the strata 1, 2, and 3, which shows the purpose of the company to get closer to the communities that need it most.

Subsidies

In accordance with Act 142 of 1994, the fees for public utilities in Colombia have a regime of subsidies and contributions that works as follows: the formulas for calculating the fees are applied to stratum 4, which generates the unit cost of the service as a result. A percentage called contribution is applied to that value in the cases of strata 5 and 6, the commercial sector and the industrial sector (several industrial activities are exempt of the contribution in the case of the electric power and gas services). Part of the cost of the basic consumptions is subsidized for strata 1, 2 and 3 with these contributions. The basic consumptions are between 130 and 173 kWh for the electric power service, 20 m³ for the water supply service, and 20 m³ for the gas service. Additionally, a percentage of the fixed charge of the water supply and sewerage services is subsidized.

The subsidies that EPM procured and delivered to the population served with the water supply, sewerage, electric power and gas services in 2014 totaled COP 325,346 million.



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EPM Management

The subsidies awarded to EPM's customers in 2014 for the water supply and sewerage services amounted COP 8,591 million, which benefited 1,469,828 families; COP 287,790 million for the electric power service, benefiting 1,661,397 families; and COP 28,965 million for the gas service, which benefited 386,693 families.

Water supply and sewerage service subsidies

Indicator	2012	2013	2014	Variation
Total subsidies (COP millions)	7,422	8,086	8,591	6.2%
Families benefited	1,388,450	1,427,312	1,469,828	3.0%

Notes: The information supplied corresponds to December in each year, for both services. The families benefited (units) are reported as the number of users from strata 1, 2 and 3 of the entire inter-connected system, Caldas and Barbosa, again for both services.

Source: Water & Sanitation Vice-President's Office:

Energy Service Subsidies

Indicator	2012	2013	2014	Variation
Total subsidies (COP millions)	253,112	265,290	287,790	8.5%



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Water supply and sewerage service subsidies

Energy Service Subsidies

Families benefited	1,543,622	1,607,297	1,661,397	3.4%
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In 2014, the subsidies and contributions balance presented a deficit. However, the Nation covered the entire deficit with budget contributions. The resources contributed by the Nation for the energy service totaled COP 155,048 million.

Source: Energy Transmission & Distribution Vice-President's Office.



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Water supply and sewerage service subsidies

Energy Service Subsidies

Indicator	2012	2013	2014	Variation
Total subsidies (COP millions)	19,086	26,138	28,965	10.8%
Families benefited	272,500	331,761	386,693	16.6%

Source: Gas Vice-President's Office.

EPM procured resources from the National Fund of Royalties, the Special Promotion Assessment Fund, and from Antioquia Governor's Office for the expansion of the gas service, facilitating the installations of service connections for users across the entire state. In 2014, COP 6,966 million were obtained for installing the connections for new customers, benefiting 56,519 families. COP 5,318 million of the mentioned resources were allocated for user families residing in Medellín and its metropolitan area.

Subsidies for connections to the gas service

Indicator	2012	2013	2014	Variation
Subsidies per connection	8,562	4,552	6,966	53,0%
Families benefited	83,800	84,506	56,519	-33,1%



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In 2014, the subsidies were mainly granted by the Antioquia Governor's Office, which contributed 40% and 50% of the service connection costs for each family. In previous years, the resources were provided by the Ministry of Mines and Energy, which contributed between 20% and 30%.

Source: Gas Vice-President's Office.

The vital minimum of drinking water is a patronage bestowed by the Municipality of Medellín to supply 2.5 m³/month of drinking water per person to the program beneficiary families. This patronage is applied by EPM to the public utility bill.

Vital minimum of drinking water				
Indicator	2012	2013	2014	Variation
Total subsidies (COP millions)	3,464	2,809	7,151	154.6%



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Vital minimum of drinking water

Families benefited	19,268	25,480	28,566	12.1%
Monthly average of people benefited	107,047	134,787	157,250	16.7%

Management in the EPM Group's Colombian subsidiaries

In 2014, the water business subsidiaries, including Emvarias, applied subsidies that totaled COP 24,442 million, benefiting 510,104 families. The energy business subsidiaries benefited 1,329,790 families with a total subsidy amount of COP 231,398 million.



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Subsidies - EPM Group's Colombian water business subsidiaries

Drinking water indicator	2012	2013	2014	Variation
Aguas de Urabá				
Total subsidies (COP millions)	2,044	3,846	4,175	8.6%
Families benefited	79,558	84,056	90,126	7.2%
Aguas del Oriente				
Total subsidies (COP millions)	74	61	63	3.6%
Families benefited	2,803	2,929	3,023	3.2%
Aguas de Occidente				
Total subsidies (COP millions)	234	427	477	11.9%
Families benefited	9,754	10,215	10,597	3.7%
Aguas de Malambo				
Total subsidies (COP millions)	2,064	2,286	2,641	15.5%
Families benefited	19,348	20,267	21,343	5.3%
Sanitation service indicator	2012	2013	2014	Variation
Emvarias				



Subsidies - EPM Group's Colombian water business subsidiaries

Total subsidies (COP millions)	22,142	22,690	24,442	7.7%
Homes benefited	494,470	494,409	510,104	3.2%
Monthly average of people benefited	-	-	505,807	

Source: Water & Sanitation Vice-President's Office.



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Subsidies - EPM Group's Colombian energy business subsidiaries

Drinking water indicator	2012	2013	2014	Variation
CHEC				
Total subsidies (COP millions)	51,811	45,522	47,504	4.4%
Families benefited	322,622	322,018	293,726	-8.8%
ESSA				
Total subsidies (COP millions)	81,920	80,664	83,645	3.7%
Families benefited	486,849	508,352	532,480	4.7%
CENS				
Total subsidies (COP millions)	70,200	74,595	80,916	8.5%
Families benefited	348,277	360,317	375,181	4.1%
EDEQ				
Total subsidies (COP millions)	20,516	17,414	19,333	11.0%
Families benefited	124,005	126,003	128,403	1.9%
Total for energy business companies				
Total subsidies (COP millions)	224,447	218,195	231,398	6.1%



Subsidies - EPM Group's Colombian energy business subsidiaries

Families benefited	1,281,753	1,316,690	1,329,790	1.0%
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“Dignifying Homes” program

Dignifying Homes is a registration program that provides funding of the connection and, in some cases, the internal network costs. It is mainly aimed at strata 1, 2 and 3 in order to facilitate the access to the public utilities.

This program started operating in EPM in the 60s and it is one of the programs to which the high coverage rates are attributed. Currently, the program includes all the services: water supply, sewerage, electric power and gas.

Dignifying Homes is also executed by CHEC, ESSA and EDEQ.

35,119 users were connected to the electric power service in Antioquia in 2014 through the Dignifying Homes program. 20,136 of them are from the Medellín metropolitan area and Antioquia's regions, and 14,983 are customers registered in the Rural Electrification program. Additionally, 8,490 users were connected to the water supply service, 8,640 to the sewerage service, and 82,471 to the gas service.

EPM Management

EPM invested COP 128,013 million in the Dignifying Homes Program in 2014 to facilitate the connection of users to the water supply, electric power and gas public utility services.



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Dignifying Homes - EPM water supply

Indicator	2012	2013	2014	Variation
Total facilities connected	1,535	2,615	17,130	555.1%
Number of people benefited	6,908	11,768	77,086	555.1%
Millions of COP invested	7,591	13,516	14,052	4.0%
Real savings for customers (COP millions) vs. financial system	662	1,110	1,113	0.3%

Note: the increase in the number of installations for the previous years is due to the fact that the customers connected by EPM's contractors were included in 2014 for setting the goal and reporting the installations connected. The contractors were hired through both public contracting and social contracting processes and, in both cases, the installation work is charged through the Dignifying Homes funding program.

Source: Water & Sanitation Vice-President's Office.



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Dignifying Homes - EPM Electricity service

Indicator	2012	2013	2014	Variation
Number of facilities connected in the Metropolitan Area	14,134	13,274	13,835	4.2%
Number of facilities connected in other regions	9,845	7,119	6,301	-11.5%
Total facilities connected	23,979	20,393	20,136	-1.3%
Number of people benefited	102,630	81,572	80,544	-1.3%
Millions of COP invested	13,623	11,426	15,987	39.9%
Real savings for customers (COP millions) vs. financial system	2,737	1,464	880	-39.9%
Total saving in COP during the financing	27,371	14,638	8,800	-39.9%

20,136 connections were installed in Medellín, its metropolitan area and in Antioquia's regions in 2014 within the Dignifying Homes Program. Additionally, 14,983 Rural Electrification program users were connected to the electric power service. These users are not reported in the chart due to the fact that they are registered in the mentioned program.

Source: Energy Transmission & Distribution Vice-President's Office.



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Dignifying Homes - EPM Gas:

Indicator	2012	2013	2014	Variation
Number of facilities connected in the Metropolitan Area	62,311	51,812	40,140	-22.5%
Number of facilities connected in other regions	13,749	41,776	42,332	1.3%
Total facilities connected	76,060	93,588	82,472	-11.9%
Number of people benefited	258,602	309,776	352,980	13.9%
Millions of COP invested	65,707	100,139	97,974	-2.2%
Real savings for customers (COP millions) vs. financial system	3,548	4,548	6,966	53.2%
Total saving in COP during the financing	35,475	45,480	69,660	53.2%



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Management in the EPM Group's Colombian subsidiaries

In 2014, CHEC, ESSA and EDEQ connected 9,277 users to the electric power service through the Dignifying Homes Program.



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Dignifying Homes: EPM Group's Colombian energy subsidiaries

Indicator	2012	2013	2014	Variation
CHEC				
Total facilities connected	1,573	895	1,878	109.8%
Number of people benefited	6,292	3,580	7,512	109.8%
Millions of COP invested	431	717	625	-12.8%
ESSA				
Total facilities connected	15,607	6,483	6,181	-4.7%
Number of people benefited	34,053	49,736	63,334	27.3%
Millions of COP invested	2,965	1,232	1,175	-4.6%
EDEQ				
Total facilities connected	1,054	1,169	1,218	4.2%
Number of people benefited	4,216	4,676	4,872	4.2%
Millions of COP invested	271	273	275	0.7%
Total energy companies				
Total facilities connected	18,234	8,547	9,277	8.5%
Number of people benefited	40,345	53,316	70,846	32.9%
Millions of COP invested	3,667	2,222	2,075	-6.6%



“Energy for the return” program



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With the “Energía para el Retorno” program, EPM facilitates access to energy services to people displaced by the armed conflict.

It encourages their return to their territories through total cancellation of any energy consumption debts generated during the displacement by unauthorized third parties. In the event of any consumption made by the family before the displacement, the program offers financing options for periods of up to 120 months (10 years), without requiring a down payment or adding any interests. Where necessary, the company proceeds to rebuild, replace or upgrade the existing electricity networks and also building new networks to provide the service to users who settle in the region.

EPM Management

In 2014, 92 installations were connected, which implied an increase vs. 2013, with 19 installations.

This program tends to lower its number of subscribers, since the phenomenon of return had its highest peak between 2009-2011, when there were high rates of accumulated displacement in Antioquia; especially in eastern municipalities, where the program has had a high impact.

EPM's “Energía para el Retorno” program				
Indicator	2012	2013	2014	Variation
Number of facilities connected	353	73	92	26.0%
Number of people benefited	1,511	312	460	47.4%
Millions of COP invested	1,113	245	481	96.4%



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Coverage – Network expansion

The construction of the infrastructure required to increase the area of coverage of services corresponds to the strategic objective of “Growth in customers and business” and aligns with the postulate of supporting and leveraging the development and competitiveness of the territories where the EPM Group is present.

In 2014, EPM reached 99.5% coverage in the water supply and sewage services, 99.0% coverage in electricity and 65.1% coverage in gas.

EPM Management

EPM continued the projects in the San Nicolas Valley (municipalities of Envigado, Rionegro and El Retiro) and Llanaditas (municipality of Medellin) to provide access to water and sewage services in these sectors. EPM explored the possibility of alternative construction techniques to connect households that due to technical conditions are not viable for connection to water service with the traditional system. Additionally, the company reviewed the information with the planning offices in towns outside the Aburrá Valley. This allowed the planning offices to grant their approval for the attention of customers who were considered non viable.

EPM coverage of the water supply and sewerage services has remained over 99.5% for the last three years.

EPM's water supply and sewerage service coverage

Sector	Water supply				Sewerage			
	2012	2013	2014	Variación	2012	2013	2014	Variación



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EPM's water supply and sewerage service coverage

Residential	919,740	945,231	973,763	3.0%	892,899	920,339	951,680	3.4%
Non-residential	78,120	80,124	81,983	2.3%	77,149	79,141	81,139	2.5%
Total customers	997,860	1,025,355	1,055,746	3.0%	970,048	999,480	1,032,819	3.3%
Total service coverage (%) in relation to the Land Use Plan	>99.5	>99.5	>99.5 *	0.0%	>99.5	>99.5	>99.5 *	0.0%
Total service coverage (%) in relation to total population in the territory served	N. D.	N. D.	N. D.	N.D.	N. D.	N. D.	N. D.	N. D.
Rural customers	28,875	30,174	8,066	-73.3%	26,901	28,280	7,020	-75.2%

* Estimated coverage based on the availability of aqueduct and sewerage system networks

The decline in rural customers in 2014 compared to previous years is due to an update of addresses made by the Municipality of Medellin in the San Antonio de Prado rural district. Some of these addresses had a rural nomenclature but were assigned a new urban nomenclature in the EPM systems.

Source: Water & Sanitation Vice-President's Office

In 2014, the EPM aqueduct infrastructure reached 263 km of primary distribution network and 3,406 km of secondary distribution networks. In sewerage, EPM has 357 km of collectors and interceptors and 4,115 km of secondary network.



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Expansion of EPM's aqueduct and sewage system networks

Indicator	Water supply				Sewage system			
	2012	2013	2014	Variación	2012	2013	2014	Variación
Total primary distribution networks (km)	264	263	263	0.0%	356	358	357	-0.3%
Total secondary distribution networks (km)	3,352	3,418	3,406	-0.4%	4,078	4,115	4,115	0.0%

The primary distribution network or matrix forms the main network serving a population and distributes water from transportation lines, treatment plants or compensation tanks to secondary networks. It maintains the basic operating pressures for the correct operation of the entire system, and generally does not deliver water en route.

The secondary distribution network is the part of the distribution network derived from the primary network. It distributes water to the neighborhoods and residential units. It can deliver water en route.

Source: Water & Sanitation Vice-President's Office

EPM serves 2,107,457 clients with the energy service by the end of 2014. This is a 99.03% coverage. There is a constant increase in the energy service coverage in relation to the total population of the territory served, resulting from the Rural electrification, Prepaid energy and Dignifying Homes programs.



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EPM's energy service coverage

Sector	2012	2013	2014	Variation
Residential	1,821,234	1,832,698	1,924,113	5.0%
Non-residential	178,895	184,193	182,182	-1.1%
Non-regulated	1,183	1,211	1,162	-4.0%
Total customers	2,001,312	2,018,102	2,107,457	4.4%
Total service coverage (%) in relation to the Land Use Plan	N. D.	N. D.	N. D.	
Total service coverage (%) in relation to total population in the territory served	97.50%	98.17%	99.03%	0.9%
Rural customers	403,442	429,176	419,242	-2.3%

Source: Energy Transmission & Distribution Vice-President's Office.

The EPM power infrastructure in 2014 reached 46.218 km of primary distribution networks and 37.087 km of secondary distribution networks.



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Expansion of EPM's electric power networks

Indicator	2012	2013	2014	Variation
Total primary distribution networks (km)	39,549	43,428	46,218	6.4%
Total secondary distribution networks (km)	34,503	36,068	37,087	2.8%

Source: Energy Transmission & Distribution Vice-President's Office.

In 2014, 79 communities had access to EPM natural gas service. The total number of clients connected is 934,969, which means a 65.1% coverage in Antioquia.

In 2014, 724 km of polyethylene network were built: 108 km in Medellin and its metropolitan area and 616 km in the rest of Antioquia.



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Coverage of EPM's gas service

Sector	2012	2013	2014	Variation
Residential	703,696	816,867	920,329	12.7%
Non-residential	12,679	14,514	14,527	0.1%
Non-regulated	47	50	45	-10.0%
Vehicle Natural Gas Service Stations	64	65	68	4.6%
Total customers	716,486	831,496	934,969	12.4%
Total service coverage (%) in relation to the Land Use Plan	N. D.	N. D.	N. D.	
Total service coverage (%) in relation to total population in the territory served	56.3%	60.5%	65.1%	7.6%
Rural customers	N. D.	N.D.	N. D.	
Vehicles running on gas	43,442	47,765	51,765	8.4%

Coverage data presented in previous years were amended to make them consistent with the calculation methodology proposed by the Ministry of Mines, which uses the number of households that have access to the network and the total number of homes in Antioquia provided by DANE.

Source: Gas Vice-President's Office



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Expansion of EPM's gas networks

Indicator	2012	2013	2014	Variation
Main steel pipeline (km)	87	87	87	0.0%
Polyethylene networks constructed over the year (km)	473	690	724	4.9%
Accumulated polyethylene networks (km)	4,928	5,618	6,342	12.9%



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EPM Group Subsidiaries in Colombia Management

From the total number of customers of the Water and Sanitation sector registered in 2014, EPM reported 1,055,746 clients in water distributions and 1,032,819 clients in sewage services. The other companies reported 97,076 customers in water distribution, 75,153 in sewage services and 731,813 clients of sanitation services.

Coverage of the water supply and sewerage services - EPM Group's Colombian subsidiaries

Company	Aqueduct				Sewerage			
	2012	2013	2014	Variation	2012	2013	2014	Variation
Aguas del Oriente								
Residential	3,162.0	3,366.0	3,568.0	6.0%	3,386.0	3,573.0	3,751.0	5.0%
Non-residential	388.0	415.0	452.0	8.9%	342.0	366.0	390.0	6.6%
Total customers	3,550	3,781	4,020	6.3%	3,728	3,939	4,141	5.1%
Total service coverage (%) in relation to the Land Use Plan	90.8	91.6	96.7	5.6%	100.0	100.0	100.0	0.0%
Rural customers	-	-	-		-	-	-	
Aguas de Occidente								
Residential	11,580	12,564	13,315	6.0%	8,748.0	9,552.0	10,217.0	7.0%
Non-residential	1,107	1,123	1,207	7.5%	910.0	903.0	981.0	8.6%



Total customers	12,687	13,687	14,522	6.1%	9,658	10,455	11,198	7.1%
Total service coverage (%) in relation to the Land Use Plan	97.3	97.3	96.0	-1.3%	82.6	85.2	81.4	-4.5%
Rural customers	-	-	-		-	-	-	
Aguas de Urabá								
Residential	47,019.0	49,594.0	52,846.0	6.6%	34,415.0	36,337.0	39,189.0	7.8%
Non-residential	4.481,0	4.342,0	4.444,0	2,3%	3.777,0	3.621,0	3.717,0	2.7%
Total customers	51,500	53,936	57,290	6.2%	38,192	39,958	42,906	7.4%



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Coverage of the water supply and sewerage services - EPM Group's Colombian subsidiaries

Total service coverage (%) in relation to the Land Use Plan	77.7	81.3	86.7	6.7%	65.5	67.0	72.4	8.1%
Rural customers	-	-	-		-	-		
Aguas de Malambo								
Residential	18,999	19,940	20,998	5.3%	14,949.0	15,882.0	16,720.0	5.3%
Non-residential	218	231	246	6.5%	161.0	181.0	188.0	3.9%
Total customers	19,217	20,171	21,244	5.3%	15,110	16,063	16,908	5.3%
Total service coverage (%) in relation to the Land Use Plan	86.0	90.1	97.5	8.2%	67.6	71.8	85.3	18.8%
Rural customers	-	-	-		-	-	-	
Total water service companies' customers:								
Residential	80,760	85,464	90,727	6.2%	61,498	65,344	69,877	6.9%
Non-residential	6,194	6,111	6,349	3.9%	5,190	5,071	5,276	4.0%
Total customers	86,954	91,575	97,076	6.0%	66,688	70,415	75,153	6.7%

The number of rural clients may fall as a result of the extension of the urban perimeter of the municipalities.

Source: Water & Sanitation Vice-President's Office



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Sanitation service coverage

Emvarias	2012	2013	2014	Variation
Residential	664,018	664,900	687,999	3.5%
Non-residential	43,655	42,874	43,814	2.2%
Total customers	707,673	707,774	731,813	3.4%



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Sanitation service coverage

Total service coverage (%) in relation to the Land Use Plan	98	98	99	0.8%
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Source: Water & Sanitation Vice-President's Office

The aqueduct network infrastructure of the national subsidiaries of Water is 77 km of primary distribution networks and 780 km of secondary distribution. The sewerage network has 45 km in collectors and interceptors and 472 km of secondary network.



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Expansion of the aqueduct and sewage system networks - EPM Group's Colombian subsidiaries

Indicator	Aqueduct				Sewage system			
	2012	2013	2014	Variación	2012	2013	2014	Variación
Aguas del Oriente								
Total primary distribution networks (km)	2	2	2	0.0%	-	-	-	0.0%
Total secondary distribution networks (km)	23	27	27	0.0%	20	26	26	0.0%
Aguas del Occidente								
Total primary distribution networks (km)	18	26	28	7.3%	11	11	11	0.0%
Total secondary distribution networks (km)	145	149	154	3.5%	44	44	44	0.0%
Aguas de Urabá								
Total primary distribution networks (km)	35	35	37	5.7%	2	2	2	0.0%
Total secondary distribution networks (km)	398	398	433	8.8%	313	314	318	0.0%
Aguas de Malambo								



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Expansion of the aqueduct and sewage system networks - EPM Group's Colombian subsidiaries

Total primary distribution networks (km)	10	10	10	0.0%	32	32	32	0.0%
Total secondary distribution networks (km)	166	166	166	0.0%	84	84	84	0.0%
Total water business companies networks								
Total primary distribution networks (km)	65	73	77	5.4%	45	45	45	0.0%
Total secondary distribution networks (km)	732	740	780	5.4%	461	468	472	0.9%

The primary distribution network or matrix forms the main network serving a population and distributes water from transportation lines, treatment plants or compensation tanks to secondary networks. It maintains the basic operating pressures for the correct operation of the entire system, and generally does not deliver water en route.

The secondary distribution network is the part of the distribution network derived from the primary network. It distributes water to the neighborhoods and residential units. It can deliver water en route.

Source: Water & Sanitation Vice-President's Office

From the total number of energy service clients, 2,107,457 are EPM clients and 1,754,929 are clients of the national subsidiaries. The primary distribution networks of the national subsidiaries, without including EPM, include 62 km of primary distribution networks and 102 km of secondary distribution.



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Coverage of the electric power service - EPM Group's Colombian subsidiaries

	2012	2013	2014	Variation
CHEC				
Residential	386,210	395,624	404,659	2.3%
Non-residential	39,221	40,456	41,887	3.5%
Non-regulated	1	1	-	
Total customers	425,432	436,081	446,546	2.4%
Total service coverage (%) in relation to the Land Use Plan	100%	100%	100%	0.0%
Total service coverage (%) in relation to total population in the territory served	99%	99%	100%	0.3%



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Coverage of the electric power service - EPM Group's Colombian subsidiaries

Rural customers	110,183	112,665	115,468	2.5%
ESSA				
Residential	568,885	594,357	627,767	5.6%
Non-residential	67,105	70,903	74,746	5.4%
Non-regulated	187	50	42	-16.0%
Total customers	636,177	665,310	702,555	5.6%
Total service coverage (%) in relation to the Land Use Plan	N. D.	N. D.	N. D.	N. D.
Total service coverage (%) in relation to total population in the territory served	97%	97%	97%	0.0%
Rural customers	151,236	157,844	166,744	5.6%
CENS				
Residential	373,413	385,924	401,240	4.0%
Non-residential	34,006	35,180	35,785	1.7%
Non-regulated	199	213	221	3.8%
Total customers	407,618	421,317	437,246	3.8%
Total service coverage (%) in relation to the Land Use Plan	N. D.	N. D.	N. D.	N. D.
Total service coverage (%) in relation to total population in the territory served	N. D.	N. D.	N. D.	N. D.
Rural customers	67,068	74,003	66,474	-10.2%



EDEQ				
Residential	143,065	146,251	149,854	2.5%
Non-residential	17,947	18,301	18,694	2.1%
Non-regulated	22	27	34	25.9%
Total customers	161,034	164,579	168,582	2.4%



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Coverage of the electric power service - EPM Group's Colombian subsidiaries

Total service coverage (%) in relation to the Land Use Plan	N. D.	N. D.	N. D.	N. D.
Total service coverage (%) in relation to total population in the territory served	99%	99%	1.0	0.0%
Rural customers	17,114	17,466	17,755	1.7%

The number of rural clients may fall as a result of the extension of the urban perimeter of the municipalities.

Source: Energy Transmission & Distribution Vice-President's Office.



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Expansion of the electric power networks - EPM Group's Colombian subsidiaries

Indicator	2012	2013	2014	Variation
CHEC				
Total primary distribution networks (km)	8.5	8.6	27.0	214.5%
Total secondary distribution networks (km)	12.4	12.4	24.6	97.3%
ESSA				
Total primary distribution networks (km)	17.3	18.0	18.6	3.6%
Total secondary distribution networks (km)	26.3	27.5	28.9	4.8%
CENS				
Total primary distribution networks (km)	11.8	12.3	10.6	-13.7%
Total secondary distribution networks (km)	23.9	15.7	22.4	42.5%
EDEQ				
Total primary distribution networks (km)	15.6	17.5	5.9	-66.1%
Total secondary distribution networks (km)	22.0	31.0	26.0	-16.1%
Total for energy business companies				



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Expansion of the electric power networks - EPM Group's Colombian subsidiaries

Total primary distribution networks (km)	53.2	56.3	62.1	10.4%
Total secondary distribution networks (km)	84.5	86.7	101.8	17.4%

Gas without Borders

The Gas without Borders program provides the Antioquia's municipalities outside Medellín's metropolitan area with natural gas by means of pipelines, by transporting compressed natural gas by road. From the decompression stations, the gas is distributed via pipelines to the homes, commercial establishments and places of consumption.

In 2014, EPM provided 32 municipalities and rural districts in Antioquia with the natural gas service, installing 42,676 new connections, benefiting around 170,704 people and investing approximately COP 46,283 million.

EPM Management



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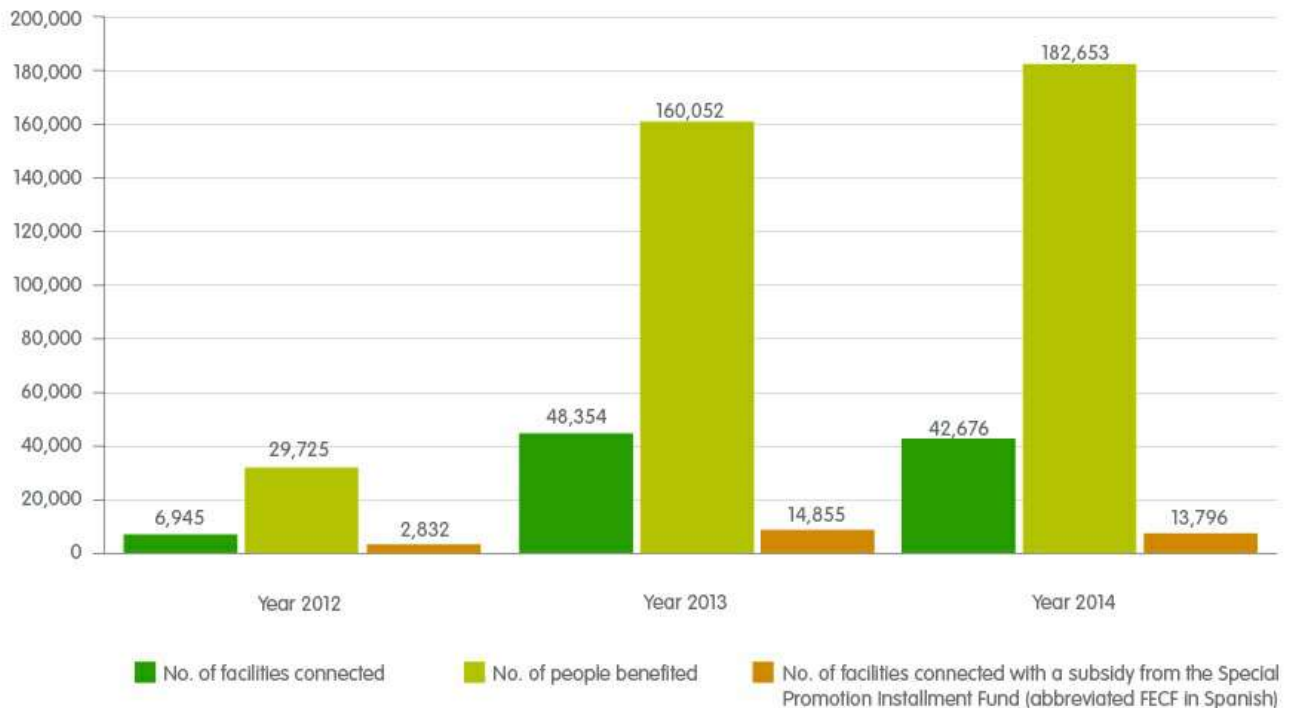


The following are the municipalities and rural districts that were provided with the natural gas service: Abejorral, Amalfi, Betania, Betulia, Cocorná, Concordia, Fredonia, Granada, Ituango, Liborina, Maceo, Olaya, Puerto Nare, Salgar, San Carlos, San Juan de Urabá, San Rafael, Valdivia, Urrao, Hispania, Sabanalarga, La Honda, Sucre, La Pesca, La Sierra, Versalles, Currulao, El Tres, Riogrande, San José del Nus, El Reposo, and Camilo C. At the end of the year, 53 municipalities and 16 rural districts were connected to EPM's natural gas service, totaling 125,165 homes outside Medellín and its metropolitan area.

EPM procured and obtained resources from the National Government to grant subsidies that benefited 13,796 families that are registered in the program.

EPM's goal for 2015 is to take the service to another 20 municipalities and rural districts in Antioquia.

Gas without Borders



Rural electrification



The rural electrification program is developed in all national EPM Group companies in order to expand the coverage of electric energy service to rural areas. It operates under the above name or under the names “Antioquia Iluminada” (Antioquia Illuminated), “CHEC Ilumina el Campo” (CHEC Brings Light to the Countryside), “Iluminemos Santander” (Light for Santander). Investments are made using EPM’s own resources and with the participation of public and private institutions.

The program includes the extension of the general use energy network, the cost of which is assumed by EPM, and the construction of internal facilities and connections, assumed by the customer with finance plans at lower rates than those on the financial market, through the Dignifying Homes program.

Through the Rural Electrification program, EPM provided 15,053 homes with electricity, with a direct impact on 64,427 people and an investment of COP \$65,817 million. The program surpassed the goal set for 2014 (14 thousand connections), reaching a performance of 107.5%.

EPM Management

EPM started the Rural Electrification program in 2009 with the goal of providing 42,000 homes with electricity within 2011. The goal was surpassed before that year and EPM decided to continue with the program.

As of 2014, this program has provided electricity to a total of 98,269 homes. Savings for connected families is calculated at COP \$986 million per year, and COP \$9,863 million for the 10-years total period.

The goal for 2015 is to make 5,250 connections, with an investment of COP \$32,101 million.



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EPM rural electrification

Indicator	2012	2013	2014	Variation
Number of facilities connected	14,984	19,925	15,053	-24.5%
Number of people benefited	64,132	85,279	64,427	-24.5%
COP millions invested in infrastructure	69,846	77,589	65,817	-15.2%
COP millions funded	6,033	14,999	9,637	-35.7%
Real annual savings for the customer (COP millions) vs. financial system	490	1,390	986	-29.1%
Real total savings for the customer (COP millions) vs. financial system	4,909	13,904	9,863	-29.1%

EPM Group Subsidiaries Management in Colombia

In 2014, the rural electrification projects carried out in the EPM Group energy companies outside Antioquia subscribed a total of 7,472 rural clients in the states of Caldas, Risaralda, Santander, Norte de Santander and Quindío. The investment made by the Group reached COP \$44,497 million.



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EPM Group Colombian subsidiaries rural electrification

CHEC					
Number of facilities connected	1,319	1,546	1,021	-34.0%	
Number of people benefited	6,595	7,730	5,120	-33.8%	
COP millions invested in infrastructure	4,250	6,040	4,292	-28.9%	
COP millions funded	62	387	242	-37.5%	
ESSA					
Number of facilities connected	1,970	4,011	4,434	10.5%	
Number of people benefited	7,880	16,044	17,736	ND	
COP millions invested in infrastructure	7,740	14,342	17,480	21.9%	
COP millions funded	1,576	3,208	3,759	17.2%	
CENS					
Number of facilities connected	N. D.	468	2,013	330.1%	
Number of people benefited	N. D.	1,872	8,284	342.5%	
COP millions invested in infrastructure	N. D.	3,707	22,629	510.4%	
COP millions funded	N. D.	N. D.	N. D.	N. D.	
EDEQ					
Number of facilities connected	12	24	4	-83.3%	



Number of people benefited	88	96	20	-79.2%
COP millions invested in infrastructure	88	189	96	-49.2%
COP millions funded	N. D.	N. D.	N. D.	N. D.
Total energy companies				
Number of facilities connected	3,301	6,049	7,472	23.5%



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EPM Group Colombian subsidiaries rural electrification

Number of people benefited	6,683	9,698	31,160	221.3%
COP millions invested in infrastructure	12,078	24,278	44,497	83.3%
COP millions funded	1,638	3,595	4,001	11.3%

Social funding

Social Funding is a program implemented in EPM, CHEC and EDEQ; it is intended to improve the users' quality of life by offering them product financing options with conditions that are more favorable than those of the market.

In EPM, it is aimed at residential and commercial customers, in order to make it easier for them to purchase products that promote the efficient use of public utility services and the use of information and communication technologies (ICT). Electric appliances, gas appliances, materials for home reformations, and other products related to ICT are financed. A credit called "Creceer" is offered to the productive sector, which is a credit aimed at small and medium enterprises with an offer that includes funding, training and technical assistance to help businesses improve their productivity and competitiveness.

In 2014, EPM's Social Funding credits surpassed the goal that was set, benefiting 27,795 new families and micro-companies for a total of 170,000 customers registered. Around 88% of the total registered customers are from strata 1 to 3 (mostly 2 and 3).

A total of COP 63,560 million was granted in credits, which represented estimated savings for all customers of COP 5,302 million, in relation to the financial system.



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EPM Management

Since October 2014, the credit offered to the residential segment is part of SOMOS, EPM Group's Customer Loyalty and Recognition program, as one of its main elements. Thus, it changed from the EPM Group Card to the SOMOS Home Credit.

A credit called "Creceer" is offered to the productive sector, which is a credit aimed at small and medium enterprises with an offer that includes funding, training and technical assistance to help businesses improve their productivity and competitiveness.

In 2014, the number of benefited customers increased in comparison to 2013 because EPM implemented the credit as one of the fundamental and distinguishing elements of the EPM Group's Customer Loyalty and Recognition program, SOMOS.

The SOMOS program focused its efforts on offering its customers different credit alternatives according to their needs. Several campaigns were carried out, providing discounts and benefits jointly with the commercial allies in the diverse seasons over the year (school season, Mother's Day, Father's Day, Christmas, among other). Also, several offers were provided in relation to the purchase of electrical appliances, gas appliances, and the conversion of vehicles to the natural gas system.

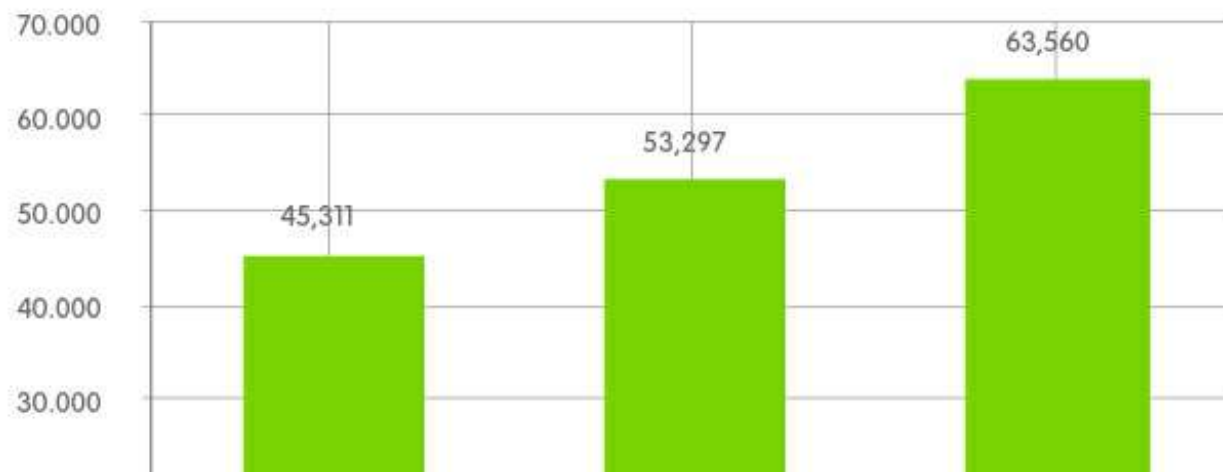
EPM social funding				
	2012	2013	2014	Variation
Families benefited	36,279	27,568	27,795	0.8%:



EPM social funding

Credits granted (COP millions)	45,311	53,297	63,560	19.3%
Saving for all the customers	4,642	4,686	5,302	13.1%

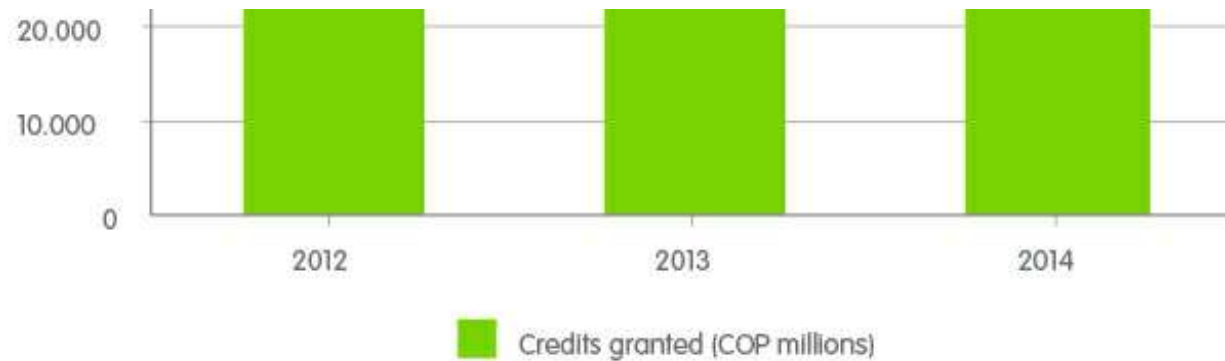
EPM social funding



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Colombian subsidiaries

Management in the EPM Group's

CHEC's customers totaled 40,852 in 2014, and 96% of them are from strata 1, 2 and 3. The company awarded a total of COP 7,807 million in credits.

EDEQ's program totaled 1,888 active cards, granting credit limits that amounted to COP 3,697 million. The total amount of the transactions made with the program cards was COP 794 million, that is COP 417 million more than in 2013, representing a growth of 110%.



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Social Funding: EPM Group's Colombian energy subsidiaries

	2012	2013	2014	Variation
CHEC				
Families benefited	4,066	6,222	6,557	5.4%
Credits granted (COP millions)	8,023	8,815	7,807	-11.4%
EDEQ				
Families benefited	1,842	1,887	1,888	0.1%
Credits granted (COP millions)	3,501	3,612	3,697	2.3%
Total energy companies				
Families benefited	5,908	8,109	8,445	4.1%
Credits granted (COP millions)	11,524	12,427	11,504	-7.4%



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Biodiversity

Video: <https://www.youtube.com/embed/ApN1tSURoog?wmode=transparent>

Biodiversity is defined as “the variability of living organisms of any kind, including, among other, terrestrial, marine and aquatic ecosystems, and the ecological complexes to which they belong. It comprises the diversity within each species, among species and the diversity of the ecosystems” (Biological Diversity Agreement, 1992).

Biodiversity has a concrete territorial expression on its different organization levels, from genes to ecosystems. It has a composition, a structure and an operation on each level and among levels. Many of these complex ecological interactions are expressed as ecosystemic services, which constitute direct and indirect benefits received by human beings.

In the context of the company, biodiversity is related to impact minimization and the conservation, protection, restoration, knowledge, recuperation, management and sustainable use of its woods, forests, water reservoirs and forest plantations, which are located at the areas of influence of its electric power generation, transmission and distribution and water projects.

Biodiversity is the functional basis for the maintenance of the ecosystemic services, some of which are highly important to the company, such as it is the availability of hydrological resources and erosion control. Furthermore, an adequate management of biodiversity and its ecosystemic services generates conditions for society acceptance, and it is particularly important to stakeholders such as the local communities, the media and the environmental authorities.

Phenomena such as climate change, rapid deforestation, river pollution, among other, generate new conditions that put a higher pressure on the subject of the management of hydrological resources, woods and forests and, in general, biodiversity. Thus, EPM assumes the responsibility to conserve, restore, protect, know and sustainably use such biodiversity and its ecosystemic services.

Biodiversity is valuable on its own. It generates a high economic, environmental and social value for the EPM Group because it is the functional basis for the maintenance of the ecosystemic services, which are necessary for the regulation of the climate, the hydrological cycle, the rainfall pattern, the protection of soils, among other, and it guarantees the availability of hydrological resources and the control of erosion.

EPM Management

In 2014, there were positive results for the biodiversity topic in the measurement of the Dow Jones sustainability index, in the multi-service and water sector. These results represent a challenge for the EPM Group.

The formulation of the Comprehensive Biodiversity and Ecosystemic Services Management Strategy was continued, as well as the creation of spaces for socialization and the involvement of the communities and institutions. Likewise, biodiversity conservation actions were carried out in compliance with the legal environmental obligations of its studies and projects. Such actions dealt with aspects related to the monitoring of fauna, flora and landscape, the conservation of protective areas, the management of fish resources and forest plantations, ecological restoration, the installation of covered cables in transmission lines, biological corridor initiatives, studies and disclosure of biodiversity-related information.





2014 goals	2014 achievements	Compliance
To continue working on the formulation of the Comprehensive Biodiversity Management Strategy by holding natural resources governance workshops with the participation of communities and institutions for reporting the progress made.	The partial results of the strategy were reported in 6 governance workshops that were held in 4 areas of interest for EPM with the participation of communities and institutions.	Total
To contract the necessary services to conduct the studies and procedures for completing the strategy (second part).	The WWF was hired so that it provides the necessary services for the formulation of the strategy with the economic support of the AFD.	Total

Goals for 2015
Biodiversity strategy
To complete the second and last part of the biodiversity strategy.
To perform an internal validation and get it approved.
To start the contracting process for the design of an application that unifies and manage the information on biodiversity or the formulation of the action plans for each business.

EPM Group management

For the management of the impacts caused on biodiversity by the activities of their projects, EPM Group's companies focused on the conservation of woods and forests, their protective areas, the establishment of compensation zones, the propagation of native species, the use of covered cable in the transmission lines, and the studies and inventories of species.

One action carried out by CENS that is worth highlighting is the installation of braided cable in the lines with the purpose of minimizing the impact caused on the fauna and flora by the pruning and felling activities. In order to comply with the requirements of the environmental authority regarding the compensations for the forestry interventions, EDEQ carried out reforestation activities in the Cajones stream biological corridor, evaluated the flora associated to the electric networks in the urban and rural zones of the Municipality of Armenia jointly with Universidad del Quindío and Colciencias, and conducted characterization studies of the



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vegetation and the presence of birds and mammals, and measured the electromagnetic field at several distances. Furthermore, besides conserving the woods and forests in protective areas, CHEC acquired new land with the purpose of establishing a biological corridor between the “Bosques de CHEC” Protective Forestry Reserve and “Los Nevados” National Natural Park. Emvarias identified protective zones and biological connectivity areas during the adaptation of the Altaír cell in the La Pradera landfill.



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Biodiversity strategy

Develop the biodiversity management and ecosystem services strategy in order to establish the fundamental principles, guidelines and strategic elements for the decision-making regarding preservation, restoration, sustainable uses, knowledge and information; as derived from principles and strategic pillars developed in the first part.

The company recognizes the dependency of its activities upon **ecosystem services** and understands that environmental supply is mostly determined by important rural and urban ecosystem areas protection and conservation. Therefore, the formulation of the comprehensive biodiversity management strategy is required because of the following reasons:

- The biodiversity and ecosystem services conservation is essential to the consolidation of competitive and sustainable territories.
- The biodiversity and ecosystem services loss brings risks for the business viability. Its conditions are vital to increase the availability and reliability of energy and water supply.
- The environmental supply maintenance in Medellin is determined by important rural and urban ecosystem areas protection and conservation.

The strategy objectives are: to identify the biodiversity values impacted by its activities; to prevent, minimize and mitigate biodiversity risks through business cycle; to identify conservation opportunities; to generate partnerships with ONG global and regional conservationists. These objectives are aimed at making biodiversity and ecosystem services the distinguishing element of EPM.

EPM Management

For the formulation of the **Comprehensive Biodiversity Management and Ecosystem Services Strategy, EPM, in association with the WWF (World Wildlife Fund) and under the auspices** of AFD (French Development Agency), identified both fundamental principles and strategic components that rule the strategy and which will be developed within specific guidelines and action plans for the business in the second phase of the formulation.

The fundamental guidelines established for the strategy are related to knowledge management, territory shared management and governance, sustainability in territories, conservation, biodiversity and ecosystem services use and management and risk management, vulnerability. The components point to knowledge management, , territory shared management and governance, sustainability in territories, conservation, biodiversity and ecosystem services use and management and risk management, vulnerability and generation of sustainable scenarios.

In order to socialize the partial results of the strategy formulation and seeking to facilitate communities and institutions involvement, six seminars regarding **governance in natural resources** were held in areas under the EPM projects influence. **These seminars were discussion and suggestion spaces** about the Social and environmental management in EPM, and **aimed at identifying** synergies and points of view to include into the strategy.

Management indicators:



Progress in the formulation of the strategy: 60%.

Protected areas, forests and plantations

Protected areas, forests and ecosystems that have value for biodiversity conservation, located in areas where EPM is present. Its planned management allows to prevent or mitigate the impact that may imply its projects or operations development.



EPM management



Protected and protecting areas and habitats: EPM depends on important ecosystem services to develop its activities, such as water resource regulation and sediment monitoring; these are important factors to the energy and water generation business. The diversity of habitats -aquatic, terrestrial, natural, modified- includes from reservoirs to forest areas which are a crucial support of biodiversity and derive from demands of environmental license or volunteer management within EPM environmental and social commitment.

In order to avoid the negative impact of protected areas, EPM previously analyzes environmental restrictions; However, some of its energy generation projects involve buffer zones, as the Porce IV project -under study- near to “Reserva Forestal Bajo Cauca Nechí” (departmental level), or “El Sireno” project, in closeness to Parque Nacional Natural Las Orquídeas, or the “Proyecto Espíritu Santo” -in study-, or the primary 13.2 kv line to Valdivia which passes through the natural resources reserve, Cauca river coastal zone. This is the reason why EPM will make the required subtractions and compensations.

Furthermore, the forests related to EPM infrastructure have caused the regional important protecting areas disclosure, such as hydroelectric project “Playas”, included in the “Reserva Forestal Protectora Playas”, the hydroelectric project “Peñol-Guatapé” in the “Distrito Regional de Manejo Integrado Peñol-Guatapé”, and the Protected Areas Regional System –SIRAP, for its initials in spanish-, the Piedras Blancas reservoir and its forests within the Reserva Forestal Protectora Nare, and Riogrande I and II projects, which catchment areas are located in the “Distrito de Manejo Integrado Sistema Páramos y Bosques Alto Andinos del Noroccidente Medio Antioqueño”. EPM analyzes the strategic components for the areas mentioned above in order to identify points in common and institutional synergies that lead to their conservation.

The impacts to biodiversity originated by EPM are connected with the habitats fragmentation, drainage, levels and flow changes, aquatic ecosystem pollution, deforestation and wildlife abuse. The impacts are managed through established measures and environmental authority monitoring.

EPM has under its rule important protecting areas which provides a significant habitat diversity, with over 37,617.62 hectares associated with biodiversity conservation; those are represented in 18,820.39 hectares of natural forests, 7,759.05 hectares of planted forests and 11,038.18 hectares of reservoir (UGASE, 2015).

Regarding the ecosystem services of these areas, the Company is carrying out actions aimed at improving fauna and flora knowledge and ecosystem protection -either in lands in proximity to the company territories and in areas under its projects influence-.

Endangered species, impacts and management measures for biodiversity: Regarding biodiversity knowledge, EPM carried out different studies for the consolidation of a biological corridor in the “Porce-Guadalupe” zone, which has included diverse analysis, from the landscape ecology and environmental services payment to the identification of biotechnological interest species. EPM has incorporated new demands to the environmental authority concerning the characterization and inventory of vascular and nonvascular epiphytes, which are being considered in the uprising of the closure, as well.

There are around 47 flora and fauna species under some category of threat (according to IUCN), either in projects zone in study or construction and operation zones; there are three in critical condition (CR) (*Ampea thespesioides*, in the Porce III project zone and terrestrial *Ateles hybridus y Tapirus*, in the Carboloma project area, in study), *Asphidosperma polyneuron* in endangered condition (EN) in the Porce III zone, and *Wettinia hirsuta* (palm) in the San Francisco project zone.

In the influence areas of EPM 72 flora species exist under national closure and 13 under regional closure, such as tree fern (*Cyathea caracasana*), mountain pine (*Podocarpus oleifolius*), oak (*Quercus humboldti*), tall cedar (*Cedrela montana*), cumin (*Aniba perutilis*), *Astronium graveolens*, *Juglans neotropica*, *Gustavia sp.* and a large variety of epiphytic plants. The main management measurement for the species listed above were the rescue and relocation of natural regeneration, and the compensation of the water resource areas, water



catchment areas for their conservation. In relation with fauna, most of the endangered species in influence zones of EPM correspond to the the Least Concern category (LC). Two species are under critically endangered category: *Ateles hybridus hybridus* y *Tapirus terrestris* Carboloma project zone and, in endangered category (EN), seven species: *Herpailurus yagouarondi*, *Leopardus wiedii*, *Pecari tajacu*, *Capito hypoleucus*, *Batrachemys dalhi* and *Podocnemis lewyana* in the Ituango, Porce, Carboloma project zones; in vulnerable category (VU) there are 12 species.

As part of EPM environmental researches or impact monitoring and management measures, the Company has identified 22 flora species and 29 endemic fauna species, especially in areas located within the Porce II, Porce III and Ituango, San Francisco and El Sireno projects zones. *Graffenrieda grandifolia gleason* -Porce III project- and *Wettinia hirsuta* -San Francisco project-, *Capito hypoleucus* -San Francisco project- stand out due to their dual endemic and endangered condition; *Ortalis columbiana* -San Francisco project- and *Hypopyrrhus pyrohypogaster* -El Sireno project – are classified under vulnerable and endemic species; and *Hampea thespesioides* Triana & Planch, as critically endangered and endemic species -Porce III project-.

The zones acquired by EPM near its reservoirs and water sources are intended to monitor sediment and contaminant income as well as regularize flows, thereby water reservoirs quality is improved in purification and generation plants. Different practice approaches have been disclosed destined to its management, such as forest plantation with introduced species for eroded areas or the natural forests sustainability protection.

Concerning the Porce-Guadalupe hydroelectric projects zone, some environmental monitorings were made about composition and wealth of fauna and flora; in light of all this, five environmental guidebooks were published –flora, reptile birds, amphibians and fish- for the purpose of promoting the disclosure of information about biodiversity. In the same area, some Neotropical otter –*Lontra longicaudalis*- animal populations were monitored as well as marmoset monkey –*Saguinus leucopus*- and felines assembly. In order to identify ecosystem conservation priorities, socio-environmental conflicts with communities and to propose management measures, the fishing baseline was lifted in the reservoirs.



Through the production and trees supply at reservoirs, the natural forest regeneration program facilitates the forest cover increase in the areas influenced by EPM projects. In 2014, over 2,500,000 seedlings of native and introduced species were produced and an ecological restructuring plan is being designed to the Porce III zone, in compliance with environmental license requirements; a native forest species conservation strategy is being developed among which the experiments with *Genipa americana* species stand out. In respect of invasive species control, 6,500 tons of *Eichornia crassipae* water plant and other species at El Peñol-Guatapé, Porce II, Riogrande, Porce II and Porce III reservoirs. For the forests plantations in Piedras Blancas, a comprehensive management plan has been formulated with a clear orientation towards ecosystem conservation.

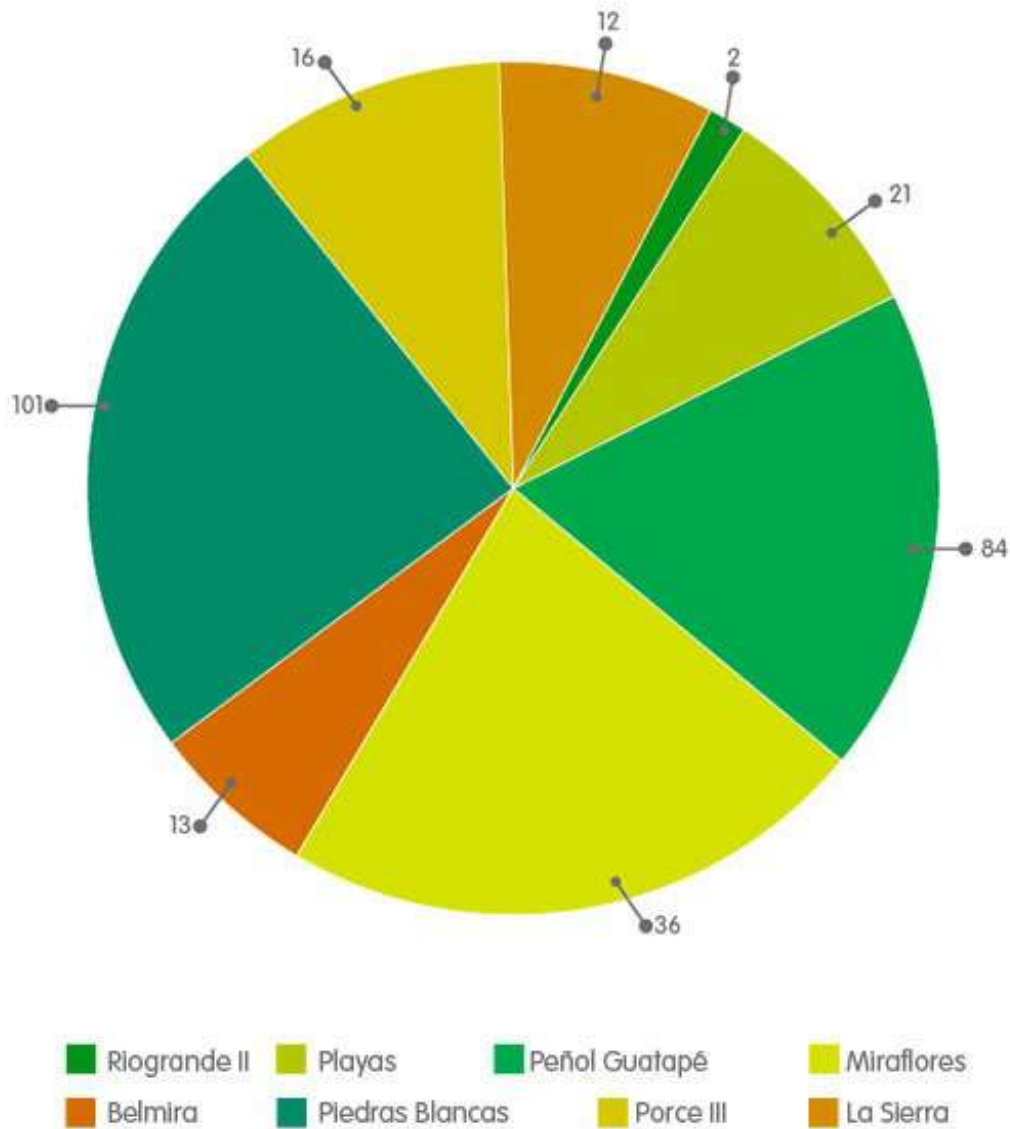
In order to mitigate the impact of flora and fauna, the insulated system cable installation keeps being carried out in the compact system of primary network, just as the power lines redesign, seeking to avoid environmentally sensitive areas cross and environmentally compatible structures incorporation (considerable-height poles) during the design, construction and expansion of the system.

The payment for environmental services was adopted in eastern Antioquia zones by means of the Cornare BanCO2 program destined to forests conservation and reduction emissions, for this purpose a REDD+ project was elaborated for the carbon market registered in the CCB standard, where the figure of a biological corridor is presented as a crucial component of biodiversity.

EPM restored about 285 hectares in its projects protecting areas and plants, through different techniques, such as native species plantation inside the Riogrande I and II, Playas, Peñol, Miraflores, Piedras Blancas, Porce, La Sierra and Belmira moorland zones, as follows:



Hectares of restored zones in EPM by project



Source: Génesis.



Endangered species within EPM project zones (IUCN classification)

Project name	Species
Ituango	25
Porce II	15
Porce III	26
Espíritu Santo	14
San Francisco	180
Sireno	24
Carboloma	41
Riogrande Yarumal	2
Total	327

Management in the EPM Group's subsidiary companies in Colombia

Protected and protecting areas and habitats: in the EPM Group's subsidiary companies no operations are registered within the National System of Protected Areas. However, an study is being carried out by CHEC on the Nevado del Ruiz geothermal project, located in proximity to the Nevado buffer zone; which has, in turn, conservation and protection action plans on Chinchiná and Campoalegre river basins, this basin comes from the Nevado del Ruiz National Park, and San Francisco river comes from the Reserva Nacional Protectora Alto del Nudo, these are considered supplying sources of its hydroelectric projects.



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All in all, over 5,800 natural forests, located in those areas, are owned by CHEC, from which agreements with regional institutions are established aimed at acquiring more areas and consolidating biological corridors.

Environmentally important zones, such as tropical dry forest ecosystem, were included in the “Proyecto Hidroeléctrico Ituango” (under construction); approximately 2,400 hectares were destined to the reservoir adequacy and to the compensation program for the loss of vegetative cover impact. Other protecting areas have been identified by Emvarias thanks to the biological corridors conformation for the fauna protection, which was restored inside not intervened areas in the landfilling Altaír operation “La Pradera”.

Endangered species, impacts and management measures: Aguas de Occidente subsidiaries formulated a establishment of native species plan for the soil protection in water catchment areas and La Pradera landfill (Emvarias); during the adequacy of Altaír system, a large variety of vegetal species were relocated, among which some were categorized as endangered or prohibited; as well as several amphibians, reptiles, mammals and birds. In accordance with CHEC assessment framework, important inventories have taken place about fauna, flora, birds relation with endangered, migratory and endemic species. A manual macrophytes removal is constantly performed when these invade the reservoirs.



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Natural and modified habitats in EPM Group (2014)

Project	Area (Ha)
EPM natural forest	18,273
Ituango natural forest	2,400
CHEC natural forest	5,800
EPM forest plantations	7,998
EPM reservoirs	11,101
CHEC reservoirs	108
Total	45,680

Source: IDSOS.

Flora and fauna endangered species in EPM Group influence areas (UICN classification)

Company	Threat level					Total
	UICN					
	LC	NT	VU	EN	CR	
EPM	215	28	40	16	3	302
CHEC	37		37	30	9	117
Ituango	1	8	10	6		25
Aguas EPM	2					
Emvarias	0	0	1	0	0	1
Total	255	36	88	52	12	445





Quality and safety of the products and services

Video: https://www.youtube.com/embed/RrR8PaLyeaw?list=PLpoDbb96pV4qeU0evTY_WSqBpVdbITRAo

Technical and commercial characteristics that are inherent to the service to fulfill the expectations of the clients and the regulation and control requirements. This topic comprises the actions that guarantee the quality and continuity in the provision of services, as well as aspects of client support, education and communication .

The economic value is associated with the goal of optimizing processes, which is the foundation of the competitiveness of the Group's business, and the quality to meet the requirements of customers and users. In terms of social value, the quality of the products has an impact on the quality of life and human development. At the same time, safety promotes the protection of life and health of internal and external stakeholders.

EPM Management



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2014 goals	2014 achievements	Compliance
Quality and continuity of water service. To continue with the preventive and corrective actions and to strengthen measurement and control systems aimed at maintaining established standards and fulfilling users expectations.	Goal was successfully achieved in every month this year, and the continuity indicators were fulfilled ($\geq 99.7\%$) and quality (IRCA between 0 and 5).	Total
Quality and continuity of energy service. To perform the required actions with the aim of improving the quality and continuity indicators obtained in 2013, in a cost-effective way.	A quality service improvement plan was elaborated where action plans regarding vulnerability, change of elements, protection coordination, shielding and filtering techniques, impact minimization of atmospheric conditions study were pointed out. An electric risk analysis was made in the operation of transmission lines and distribution networks. A map risks was designed.	Total
Quality and continuity of gas service. To maintain compliance of standards defined by regulations; 100% to pressure indices in individual lines, odorization and answer to technical service index; and 0% to equivalent duration of the interruptions.	The Pressure index in individual lines, the Odorization index and the IRST reached 100%; and 0% to equivalent duration of the interruptions.	Total
Satisfaction with the assistance channels. To maintain the indicators of assistance satisfaction established in, at least, 8.8/10.	The results obtained were higher than 8.8 for every item evaluated in the satisfaction survey (customer service offices and line, billing and financing).	Total
Complaints and claims assistance. To keep a minimum value of 0.5% in the complaints and claims indicators applicable and imputable to EPM.	In 2014, the complaint indicator was strengthened with a goal of 7.9 complaints out of every 10,000 plants. Likewise, the claims goal was redefined to 2.8 out of every 10,000 bills. The average results obtained during this year show values higher than the established goals, 7.3 for the complaints indicator and 2.5 for the claims indicator.	Total



2014 goals	2014 achievements	Compliance
Data protection for users. To continue with the strengthening of information management process to ensure the users data protection right, in accordance with Act 1581.	In 2014, the process management was strengthened based on a set of internal rules to guarantee the customer data protection; communication and training activities were constantly held in employees, Users, suppliers and contractors. In 2014, no incidents related to personal data breach were reported and no requirements were made by users over this topic. A mailbox has been provided for the assistance of customer data protection requests related to Act 1581, besides the official channels EPM has set out to communicate with the different groups of interest.	Total
User education. To benefit 250 thousand people with User education programs.	The established goal was surpassed; 315,167 people were benefited with the User education programs; More than 10,000 activities made in different territories made it possible to achieve this rate.	Total
User education. To develop the drinking water campaign to increase awareness between Users about the water resource; and to raise public awareness of the importance of EPM sewage and sanitation provision, leading Users to appreciate this service.	"Cuidado del Agua" campaign was massively disclosed, emphasizing the importance of water resource care and the efficient use of drinking water in daily life. The "Alcantarillado" campaign aimed at highlighting the perks of having the service, which, in turn, contributes to improve the environment.	Total
User education. To focus the efforts in educating the market about a safe use of energy by disclosing massive campaigns and direct actions. To educate 10,000 rural electrification Users.	16,452 users received social accompaniment, out of which 7,616 correspond to rural electrification. The aim was to explain the energy service, its safe and efficient use and to promote the legality and timely payment. In accordance with Resolution 9 0708, the Ley de Uso Seguro (Safe Use Law) warnings were posted in the billing of February and August; thus more than 1.8 million subscribers were benefited. In addition, Primers of the RETIE (Technical Regulations of Electrical Installations) were delivered to approximately 12,000 new Users.	Total
Measurement of User satisfaction. In accordance with the new segmentation model of EPM Group, in 2014 the satisfaction and loyalty indicators will be measured and the relevant variables regarding the approach with users will be periodically monitored throughout the year.	As a result of the satisfaction-loyalty study, which will take place from 2014 onwards, the satisfaction indicator was nationally established for the Business Group; the loyalty indicator was assigned into the national companies. The national satisfaction index of EPM Group was 79,2.	Total
Communication. To fulfill the responsible advertising framework, which guides commercial and institutional communication aimed at obtaining an indicator equal to or higher than 90%.	Overall rating: 96.48%. No requirements or complaints were made related to EPM advertising.	Total





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Goals for 2015

To raise the awareness of 280,000 people with relation to education matters.

To intervene 10,000 vulnerable families with the Saving and Legality Culture plan.



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Customer assistance

Customer Service at EPM Group is based on providing satisfactory experiences to the customers who interact with the company. For that purpose, it has different assistance methods enabling to address the requirements.

EPM offers its customers different communication channels: face-to-face assistance centers, on-line Customer Service representatives located at different offices who provide remote assistance to customers at busy facilities (integrating voice and video), a mobile office, a 24/7 toll-free customer service hotline, written assistance via letter, fax, e-mail, and web page, special service to builders and coownership administrators.

In May 2014, EPM implemented the web portal to address requests, complaints, and claims. This tool enables the customers to submit their requests without the need to visit an office in person. As of December, 701 requests were addressed.

In 2014, the payment collection service was expanded by 76 per cent, compared to 2013. At the end of the year, there were 41,786 payment points available in Antioquia for EPM customers.

EPM Management

Customer assistance channels

In 2014, the means for assisting EPM users were strengthened:

- There are 152 face-to-face assistance centers that addressed 1,386,138 transactions by the customers.



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- The customers performed 8,768 transactions through the on-line representatives, a 41 per cent increase compared to 2013.
- We started addressing the petitions and requirements from builders in all the regions in Antioquia. Before that, they were processed in a centralized manner.
- Queue management systems were installed in 112 offices in Antioquia, in order to measure waiting or service times of the customers.
- In order to make access easier to handicapped customers, ramps and special bathrooms were built in the new offices. Likewise, the following offices were renovated for this population: Gómez Plata, South-West Region, Guarne, La Ceja, Mutatá, Caldas.
- The inter-institutional support and the coordinated work were promoted through 341 visits to authorities and leaders in the municipalities during 2014. In Urabá, we worked with the Municipality of Apartadó in meetings on integration and management in neighborhoods and rural districts.
- A total of 1,853 appointments were made through the hotline 44 44 100 for administrators of coownership, in order to address their requirements.
- Assistance to users of Emvarias at EPM offices, through the on-line representative, so there was no need for the customer to visit another place.
- The IVR for the customer service hotline was improved, in order to reduce the length of the messages, better forward the calls, and provide more comprehensive information on the contractors who visit the facilities of the customers.

In 2014, personal data protection gained relevance through the consolidation of internal regulations, training to employees, coordinated work with Suppliers, and approaching the subsidiaries to analyze policies and by-laws. There is a mailbox available to address requirements related to Law 1581 on personal data protection, besides the official channels EPM provides to communicate with its stakeholders. That work made possible that, in 2014, there were no incidents related to personal data breach or requirements by the customers on such topics.

EPM's customer assistance channels

Channel	Quantity				Number of transactions			
	2012	2013	2014	Variation	2012	2013	2014	Variation



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EPM's customer assistance channels

Branches	151	151	152	0.7%	1,628,341	1,427,230	1,386,138	-2.9%
Mobile branch office	1	1	1	0.0%	317	309	558	80.6%
Telephone customer assistance line	1	1	1	0.0%	6,619,249	5,173,918	5,331,990	3.1%
Service to builders and multiunit real estate administrators	4	4	4	0.0%	90,518	80,485	77,877	-3.2%
Written communication channel	1	1	1	0.0%	74,984	237,214	234,059	-1.3%
Online service (chat)	1	1	1	0.0%	2,663	7,545	6,630	-12.1%
Online assistance	42	38	40	5.3%	4,305	6,206	8,768	41.3%

Source: Commercial Vice-President's Office

Note:

– In 2013, EPM comprised 151 offices. In January, San Benito Office, which only provided financing services, was taken in and Puerto Valdivia Office started providing services —for a total of 153 offices. In June 2014, the decision to close Makro Office was made, due to the transaction comprehensiveness across all the offices.

– The on-line Customer Service representatives provide remote assistance from different places to customers in busy offices, integrating voice and video.

Collection channels

Among the alternatives available in 2014 for the customers to pay EPM utilities, we highlight 5,050 additional assistance centers in Antioquia, through independent brokers managed by a third party who provides services to the company. The brokers work with a device that enables them to place money orders for small



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amounts, recharge mobile credit, and make payments.

The coverage of banking correspondents increased from 4,079 offices in 2013 to 13,126 in 2014.

EPM strengthened the web billing alternative in 2014, integrating the inquiry for the current bills and the billing history in PDF format. It also encouraged the payments through PSE (safe on-line payment), thus avoiding the need to move and the expenses for the customer when so making the payment, or in case they need a copy and information on the bills.

The company improved the payment application process and updated the customers' account statements, resulting in faster payment information retrieval, less possible service suspensions, optimization of costs for the company, and shorter working hours for the employees. At the end of the year, EPM processed 75% of the payments made to the collection entities on the same day. Besides, in 2014 the development of the initiative "On-line collection window" started. It will be used to immediately apply the collection payments from different entities. The operation of the initiative will start in 2015.



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EPM's collection channels

Payment channels	Number of points of payment (2012)	Number of points of payment (2013)	Number of points of payment (2014)	Variation
EPM's own points of payment	144	122	122	0.0%
Online bank services (Internet)	12	12	12	0.0%
Mobile bank services (cell phone)	6	6	6	0.0%
Mobile devices***	Not applicable	Not applicable	5,050	Not applicable
ATMs	10,260	7,246	7,246	0.0%
Credit and debit card terminals **	89,725	12,186	16,167	32.7%
Banks, corporations, cooperatives	42	31	32	3.2%
Correspondents not related to banks	9,360	4,079	13,126	221.8%
Other - Which? *	40	26	25	-3.8%

Source: Commercial Vice-President's Office

* They correspond to third-party collectors other than banks, corporations or cooperatives, such as payment points and supermarkets.

** In 2012, the payment point agreement with ATH Network was not renewed.

** The data for 2013 show a decrease resulting from the separation of UNE Telecomunicaciones.

*** The mobile devices correspond to the method of independent brokers who do transactions for the customers through mobile devices.



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Management of subsidiaries of EPM Group in Colombia

EPM Group Companies have been strengthening and expanding the assistance and collection channels to make things easier for their customers when getting in touch with the company.

Aguas de Occidente and Aguas de Urabá have the on-line Customer Service representative, who provides remote assistance to customers in busy offices from other offices, integrating voice and video.



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Assistance channels of EPM Group's Colombian water business subsidiaries

Channel	2012	2013	2014	Variation	2012	2013	2014	Variation
Aguas del Oriente								
Branches	1	1	1	0.0%	29,638	29,613	35,745	20.7%
Aguas de Occidente								
Branches	4	4	4	0.0%	2,914	2,879	1,265	-56.1%
Telephone customer assistance line	1	1	1	0.0%	71	147	153	4.1%
Written communication channel	1	1	1	0.0%	85	168	221	31.5%
Online service	2	2	2	0.0%	5	41	5	-87.8%
Online assistance	1	1	1	0.0%	39	4	5	25.0%
Aguas de Urabá								
Branches	6	7	7	0.0%	Not available	25,549	20,990	-17.8%
Telephone customer assistance line	1	1	1	0.0%	Not available	124	1,468	1,083.9%
Written communication channel	1	1	1	0.0%	Not available	946	1,019	7.7%
Online service		4	4	0.0%	Not available	144	515	257.6%
Online assistance		1	1	0.0%	Not available	44	3	-93.2%
Aguas de Malambo								
Branches	1	1	1	0.0%	1,960	1,801	1,789	-0.7%



Telephone customer assistance line	1	1	2	100.0%	171	156	75	-51.9%
Written communication channel	1	1	1	0.0%	274	254	180	-29.1%
Empresas Públicas de Oriente								



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Assistance channels of EPM Group's Colombian water business subsidiaries

Branches	Not available	Not available	1		Not available	Not available	1	
Telephone customer assistance line	Not available	Not available	3		Not available	Not available	76	
Written communication channel	Not available	Not available	1		Not available	Not available	1	
Online service	Not available	Not available	2		Not available	Not available	2	
Emvarias								
Branches	1	1	1	0.0%	1,969	1,899	3,066	61.5%
Telephone customer assistance line	2	2	2	0.0%	27,146	36,750	29,592	-19.5%
Written communication channel					-	-	-	
Online service			2		-	-	-	

Source: Water & Sanitation Vice-President's Office



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Collection channels of EPM Group's Colombian water business subsidiaries

	Number of points of payment (2012)	Number of points of payment (2013)	Number of points of payment (2014)	Variation
Aguas del Oriente				
Banks, corporations, cooperatives	-	-	16	
Aguas de Occidente				
Online bank services (Internet)	1	1	1	0.0%
ATMs	1	1	1	0.0%
Credit and debit card terminals **	4	5	8	60.0%
Banks, corporations, cooperatives	2	2	2	0.0%



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Collection channels of EPM Group's Colombian water business subsidiaries

Correspondents not related to banks	4	5	8	60.0%
Other - Which? *	9	9	9	0.0%
Aguas de Urabá				
Aguas de Urabá's own points of payment	6	7	7	0.0%
Online bank services (Internet)	7	12	13	8.3%
ATMs	42	47	56	19.1%
Credit and debit card terminals **	15	24	30	25.0%
Banks, corporations, cooperatives	9	10	13	30.0%
Correspondents not related to banks	5	15	25	66.7%
Other - Which? *	4	13	15	15.4%
Aguas de Malambo				
Banks, corporations, cooperatives	1	1	1	0.0%
Other - Which? *	2	8	9	12.5%
Empresas Públicas de Oriente				
Banks, corporations, cooperatives	1	1	1	0.0%
Emvarias				
Online bank services (Internet)	5	5	5	0.0%



Banks, corporations, cooperatives	5	5	5	0.0%
Correspondents not related to banks	1	1	1	0.0%



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Source: Water & Sanitation Vice-President's Office

Note:

Aguas del Oriente: Collection agreement with Rapipagos S. A. S., offering 16 payment points.

Aguas de Occidente: The other payment points correspond to Rapipagos, Efecty, and Edatel offices.

Aguas de Urabá: The other payment centers correspond to Rapipagos, Efecty, and Paga Fácil.

Aguas de Malambo: The payment points categorized as "other" correspond to outsourcing through agreements with JOZ and Efectivo Ltda

Besides the traditional options, the electric companies have methods such as: virtual kiosks, assistance via the corporate web page or e-mail, payment points open seven days a week until 9 PM, bill payment through the corporate portal, among others.



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Assistance channels of EPM Group's Colombian energy business subsidiaries

Channel	Quantity				Number of transactions			
	2012	2013	2014	Variation	2012	2013	2014	Variation
CHEC								
Branches	41	41	41	0.0%	64,942	64,765	278,384	329.8%
Telephone customer assistance line	2	2	2	0.0%	383,912	335,630	280,230	-16.5%
Written communication channel	1	1	1	0.0%	7,671	5,740	4,681	-18.4%
Online service (chat)	2	2	2	0.0%	217	481	428	-11.0%
ESSA								
Branches	Not available	80	80	0.0%	Not available	Not available	Not available	Not applicable
Mobile branch office	Not available	1	2	100.0%	Not available	Not available	Not available	Not applicable
Telephone customer assistance line	Not available	1	1	0.0%	Not available	Not available	Not available	Not applicable
Service to builders and multiunit real estate administrators	Not available	1	1	0.0%	Not available	Not available	Not available	Not applicable
Written communication channel	Not available	1	1	0.0%	Not available	Not available	Not available	Not applicable
CENS								
Branches	43	48	48	0.0%	Not available	Not available	Not available	Not applicable
Mobile branch office	2	2	2	0.0%	Not available	Not available	Not available	Not applicable



Assistance channels of EPM Group's Colombian energy business subsidiaries

Telephone customer assistance line	1	1	1	0.0%	Not available	Not available	Not available	Not applicable
Written communication channel	1	1	1	0.0%	Not available	Not available	Not available	Not applicable
EDEQ								
Branches	17	17	18	5.9%	177,868	161,032	159,884	-0.7%
Telephone customer assistance line	1	1	1	0.0%	Not available	Not available	Not available	Not applicable
Written communication channel	1	1	1	0.0%	4,116	3,944	4,662	18.2%
Online service (chat)	-	1	1	0.0%	Not available	Not available	Not available	Not applicable
Web assistant	-	1	1	0.0%	Not available	Not available	Not available	Not applicable

Source: Energy Transmission & Distribution Vice-President's Office

CHEC: The significant change in the number of offices is due to the fact that, in 2014, the full contact details of all the assistance centers were available. In previous years, the information was only available for the main offices —Manizales, Dosquebradas, and La Dorada.



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Collection channels of EPM Group's Colombian energy business subsidiaries

Payment channels	Number of points of payment (2012)	Number of points of payment (2013)	Number of points of payment (2014)	Variation
CHEC				
CHEC's own points of payment	45	25	23	-8.0%
Online bank services (Internet)	6	6	6	0.0%
Credit and debit card terminals **	18	16	16	0.0%
Banks, corporations, cooperatives	15	14	14	0.0%
Other - Which? *	274	573	812	41.7%
ESSA				



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Collection channels of EPM Group's Colombian energy business subsidiaries

Online bank services (Internet)	11	11	12	9.1%
ATMs	8	8	8	0.0%
Credit and debit card terminals **	5	5	5	0.0%
Banks, corporations, cooperatives	21	21	21	0.0%
Correspondents not related to banks	8	8	8	0.0%
Other - Which? *	1	2	3	50.0%
CENS				
Online bank services (Internet)	13	13	11	-15.4%
Credit and debit card terminals **	2	2	2	0.0%
Banks, corporations, cooperatives	669	750	786	4.8%
Correspondents not related to banks	215	237	408	72.2%
Other - Which? *	1	1	1	0.0%
EDEQ				
EDEQ's own points of payment	17	17	18	5.9%
Online bank services (Internet)	There are two safe online payment options on EDEQ's web portal that allow paying through any financial company.			
ATMs	The company has an agreement with ATH to be able to collect payments through its ATM network.			
Credit and debit card terminals **	The company has an agreement with Red Multicolor for receiving payments in all its points of payment.			



Banks, corporations, cooperatives	6	6	6	0.0%
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Customer satisfaction



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EPM, and currently the EPM Group in a countrywide context, use diverse instruments to measure the satisfaction and loyalty of their customers, and evaluate their perceptions, engagement and needs, as well as their experiences with the products, services and the service provided to the customer segments that were established.

The results are used to implement preventive actions and improve processes, the engagement and the bond with the customers, and they are also used to determine value offers adjusted to the needs of each segment.

Such instruments are the following: the satisfaction index, the loyalty index, the satisfaction indicator regarding the service, the indicators of complaints and claims, and the reputation indicators.

In 2014, the Group carried out several activities focused on the knowledge of the characteristics, behavior and needs of the diverse customer segments in both the countrywide and regional contexts. Based on the satisfaction-loyalty study, which will be conducted annually since 2014, the loyalty indicator was implemented with the purpose of improving the engagement and creating or strengthening the bond with the Customers and Users.

EPM's satisfaction index was 80.4 in 2014; the customers highlighted the excellent technique in the provision of the electric power, water supply and gas services, and improvement opportunities were found in the assistance and communication, in order to foster rapprochement according to the new commercial strategy. The loyalty index was ranked between intermediate and high.

EPM Management



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Satisfaction and loyalty indexes

The satisfaction index is calculated based on the Loyalty Satisfaction Optimizer methodology created by Ipsos Napoleón Franco. This methodology is applied to the EPM Group's satisfaction-loyalty study in the countrywide context, with which customers' perception is assessed in relation to the characteristics of the services provided, as well as their factors and attributes.

The 2014 indicators were obtained taking into account the guidelines of the new organizational structure, their processes and commercial strategy, which were useful for the implementation of adjustments in the methodology of the study.

The loyalty indicator is also calculated with an international methodology endorsed by Ipsos Napoleón Franco, with which EPM looks to generate engagement and bonds with the Customers and Users by means of attitudes that foster mutually beneficial behaviors.

Moreover, action plans were executed to improve the satisfaction, focusing on the communication, technical improvements, and assistance tailored to the needs and expectations stated by the customers in 2013 and 2014.

The results of 2014 have been used to develop actions aimed at improving the loyalty and satisfaction, and as resources for proposing improvement goals for 2015.

Customer satisfaction index						
Service	2012		2013		2014	Variation
Business Group	N. D.		N. D.		79	N. A.
EPM General	84		N. D.		80	-4.7%
EPM Distribution	86		N. D.		88	2.2%



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Customer satisfaction index				
EPM water provision	89	N. D.	88	-0.7%
EPM wastewater	86	N. D.	87	2.0%
EPM Gas	92	N. D.	91	-0.8%
EPM commercial services	76	N. D.	75	-1.7%
Complaints	62	N. D.	64	N. A.
Claims		N. D.	68	N. A.
Customer service offices	77	N. D.	82	7.6%
Customer assistance line	84	N. D.	79	-5.7%
Invoice	83	N. D.	84	0.4%

Source: Commercial Vice-President's Office.

The indicators were updated in 2014 according to the new needs of the business group, that is why there are several of them that do not present data for previous years. EPM Group's indicator for the countrywide context includes the companies of both the energy and water sectors.



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Results of the general customer loyalty index		2014
EPM		80

Fuente: Vicepresidencia Comercial

Indicators of satisfaction with the assistance, complaints and claims channels

The satisfaction with the assistance channels is measured by means of a bimonthly survey that allows knowing the perception of the customers regarding the customer assistance, billing and portfolio management processes, evaluating different attributes. The survey is administered to the customers that visit the branches, call the assistance line, request financing and those who are up to date with the payments of the bills. The results of the survey show an 8.8 fulfillment of the goal, and all of them improved in comparison to the 2013 results. Additionally, when a customer rates any aspect with low scores, the survey includes inquiries about the reasons. This information is used for building reports that allow determining the improvement possibilities and taking corrective actions.

The complaint indicator measures the relation between the number of complaints imputable to EPM and the total number of customers. The formula for this indicator was changed: the number of operations was replaced with the total number of customers, and it is presented in whole numbers. The results for 2014 show that for every ten thousand customers, 7.3 submitted a complaint whose cause is attributable to the company. Measurements are performed for each service and the origin of the complaints is analyzed every month in order to define action plans to improve the situation.



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The complaints indicator measures the relation between the number of bill modifications due to causes attributable to the company and the total number of bills issued. This indicator suffered a change, as it is no longer presented as a percentage but as a whole number. In 2014, 2.5 bills out of every 10,000 had to be modified to make adjustments due to causes attributable to the company. Measurements are performed for each service and the origin of the claims is analyzed every month in order to define action plans to improve the situation.

Satisfaction of EPM service channels				
Face-to-face channel	2012	2013	2014	Variation
Face-to-face channel	9.08	9.11	9.19	0.8%
Customer Service Line	9.06	9.14	9.14	0.0%
Invoice satisfaction	9.02	9.07	9.16	1.0%
Satisfaction with customer service during the Portfolio Management process	9.43	9.28	9.29	0.1%

Source: Commercial Vice-President's Office.

In 2014, the indicators related to the satisfaction with the assistance processes grew, presenting values higher than 9.0, surpassing the goal that had been established (8.8).



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EPM complaints and claims

Indicator	2012	2013	2014	Variation
EMP complaints	0.01%	0.01%	7.3	N/A
EPM claims	0.03%	0.03%	2.5	N/A

Source: Commercial Vice-President's Office.

The complaints and claims indicators also underwent changes in their formulation.

In the complaints indicator, the number of operations was replaced by the number of total customers, and it is presented for every ten thousand customers. The results for 2014 show that for every ten thousand customers, 7.3 submitted a complaint whose cause is attributable to the company.

The claims indicator is no longer based on 100 but on 10,000. In 2014, only 2.5 bills out of every 10,000 had to be modified to make adjustments due to causes attributable to the company.

Reputation index

Starting in 2014, EPM will use two indicators for reputation, one that measures the reputation with a score, and another one that allows obtaining the relative position on the companies with which the comparison is made in the study *ad hoc*. The companies with which EPM is compared are the top 10 in terms of reputation according to the Merco study. Bancolombia Group, Nutresa Group, Ecopetrol, Alpina, Argos and Sura.



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In 2014, EPM's reputation plan emphasized the engagement and communication actions, specifically aspects related to the knowledge and familiarity between EPM and its stakeholders. The objective was to strengthen the trust between the stakeholders and EPM. As a supplementary activity, work was done on a management focal point composed by actions of communication, transparency and business ethics, innovation and leadership within a framework of social and environmental responsibility.

The variations in the positions of the stakeholders were positive in general, highlighting the progress made regarding the Suppliers stakeholder group, which went from fourth in 2013 to first in 2014 thanks to the management actions carried out as part of the Recyproco program. There is an important challenge for the Customers, Companies and Investors stakeholder groups in terms of the perception of the reputation. The Nutresa Group has achieved a very strong positioning among these stakeholders, placing it on the first place. However, the second place is closer and closer for EPM, which is closing in on the Argos Group. The challenge for 2016 (when the reputation aspects will be measured again) is to improve aspects related to the (multi-Latin) corporate management and the communication, transparency and business ethics.



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EPM reputation study

Stakeholders	2012	2013	2014	Variation
EPM	N. A.	N. A.	875	N. A.
Residential Customers	1	Measured every two years	881	N. A.
Business clients	1	Measured every two years	848	N. A.
Providers	4	Measured every two years	889	N. A.
Leaders	1	Measured every two years	858	N. A.
Employees	1	Measured every two years	911	N. A.
Investors	3	Measured every two years	827	N. A.
Reputation ranking	2012	2013	2014	Variation
EPM	N. A.	N. A.	1	N. A.
Residential Customers	1	Measured every two years	1	0.0%



EPM reputation study

Business clients	1	Measured every two years	2	100.0%
Providers	4	Measured every two years	1	-75.0%
Leaders	1	Measured every two years	1	0.0%
Employees	1	Measured every two years	1	0.0%
Investors	3	Measured every two years	3	0.0%

Management in the EPM Group's Colombian subsidiaries

The EPM Group scored 79.2 on the satisfaction index countrywide, establishing a basis to make improvements. Improvement opportunities were identified in the fields of assistance and communication among the diverse sub-segments, in order to foster a strong rapprochement in the light of the new commercial strategy. The excellence in the provision of products and services stood out, especially among the energy business companies, establishing an improvement challenge for the water business companies. The base indicators of loyalty for the Colombian subsidiaries produced intermediate and mid-high results in general. Therefore, action plans will be developed to generate a positive impact on these indicators.

The main improvement opportunities regarding the satisfaction of the water supply service customers was found in Aguas de Malambo, which has developed strategies aimed at promoting and building trust in time. In one of the work focal points, the company started the optimization of the plant and the replacement of aqueduct and sewage system networks in order to improve the continuity of the service.

The energy business companies continue working on improving the customer engagement field, using the results of the conducted studies and surveys as a



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starting point for the improvement.

EPM Group's reputation will be measured since 2014 with the Global Reputation Index (abbreviated IGR in Spanish). It is a single measurement that synthesizes the evaluation of the reputation based on the averages of the evaluations of the reputation attributes, considering their importance for both the stakeholder group and the Group's directors. The result obtained, 847, is considered to be high. The first measurement of the index indicates the need to work on the reputation aspects in subsidiaries such as ESSA, CENS and EDEQ, with the purpose of consolidating the Group's overall reputation. The goal for 2016, when the following measurement will be performed, is to achieve a Global Reputation Index of 854.

The energy business subsidiaries are implementing an improvement plan with regard to all the stakeholders that were evaluated. The improvement plan is monitored quarterly, and the findings are reported in the corporate Balanced Scorecard.

Customer satisfaction index results						
Service	2012		2013		2014	Variation
Business Group	N. D.		N. D.		79	N. A.
EPM General	84		N. D.		80	-4.7%



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Customer satisfaction index results

Aguas de Malambo (general)	49	N. D.	49	-0.4%
Aguas de Occidente (general)	81	N. D.	79	-2.9%
Aguas del Oriente (general)	88	N. D.	86	-1.9%
Aguas Nacionales EPM (general)	46	N. D.	41	-12.5%
Aguas de Urabá (general)	61	N. D.	59	-3.0%
CHEC (general)	82	N. D.	82	0.4%
EDEQ (general)	78	N. D.	79	1.7%
ESSA (general)	72	N. D.	77	6.4%
CENS (general)	77	N. D.	80	3.0%

Source: Commercial Vice-President's Office.



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Results of the general customer loyalty index	2014
EPM	80
ESSA	72
CENS	74
EDEQ	74
CHEC	76
Aguas del Oriente	76
Aguas de Urabá	66
Aguas de Occidente	74
Aguas de Malambo	59



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Results of the general customer loyalty index	2014
Aguas Nacionales	52

Source: Commercial Vice-President's Office.



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Satisfaction with the attention channels of the EPM Group's Colombian water subsidiaries

Face-to-face channel	2012	2013	2014	Variation
Aguas de Oriente				
Face-to-face channel	80	88	84	-4.7%
Customer Service Line	N. A.	N. A.	N. A.	N. A.
Invoice satisfaction	86	87	86	-0.9%
Satisfaction with customer service during the Portfolio Management process	N. A.	N. A.	N. A.	N. A.
Aguas de Occidente				
Face-to-face channel	9	9	9	0.0%
Customer Service Line	9	9	9	1.1%
Invoice satisfaction	9	8	9	4.9%
Satisfaction with customer service during the Portfolio Management process	N. A.	N. A.	N. A.	N. A.
Aguas de Urabá				
Face-to-face channel	9	9	9	-1.1%
Customer Service Line	9	9	9	-1.1%
Invoice satisfaction	8	8	8	0.0%
Satisfaction with customer service during the Portfolio Management process	9	9	9	-1.1%
Aguas de Malambo				





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Satisfaction with the attention channels of the EPM Group's Colombian water subsidiaries

Face-to-face channel	N. D.	N. D.	62	N. A.
Customer Service Line	N. D.	N. D.	64	N. A.
Invoice satisfaction	N. D.	N. D.	64	N. A.
Satisfaction with customer service during the Portfolio Management process	N. D.	N. D.	56	N. A.
Emvarias				
Face-to-face channel	N. A.	N. A.	98	N. A.
Customer Service Line	N. A.	N. A.	98	N. A.
Invoice satisfaction	N. A.	N. A.	N. A.	N. A.
Satisfaction with customer service during the Portfolio Management process	N. A.	N. A.	N. A.	N. A.
Note: Currently, the EPO is not in operation and Aguas del Atrato is reported as a CSR action in this report.				

Source: Water & Sanitation Vice-President's Office



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Satisfaction with the attention channels of the EPM Group's Colombian water subsidiaries

Face-to-face channel	2012	2013	2014	Variation
CHEC				
Face-to-face channel	9.07	9.08	9.2	1.3%
Customer Service Line	9.15	9.25	9.4	1.6%
Invoice satisfaction	8.41	9.05	9.3	2.8%
Satisfaction with customer service during the Portfolio Management process	N. A.	N. A.	N. A.	N. A.
ESSA				
Face-to-face channel	9.27	8.80	8.9	1.1%
Customer Service Line	9.34	9.00	9.0	0.0%
Invoice satisfaction	8.47	8.50	8.5	0.0%
Satisfaction with customer service during the Portfolio Management process	N. A.	N. A.	N. A.	N. A.



Satisfaction with the attention channels of the EPM Group's Colombian water subsidiaries

CENS					
Face-to-face channel	N. D.	9.4	9.2	-1.9%	
Customer Service Line	N. D.	9.0	9.1	1.0%	
Invoice satisfaction	N. D.	8.5	8.3	-2.2%	
Satisfaction with customer service during the Portfolio Management process	N. D.	N. D.	N. D.		
EDEQ					
Face-to-face channel	N. A.	N. A.	N. A.	N. A.	
Customer Service Line	8.98	9.0	9.2	2.1%	
Invoice satisfaction	9.07	9.2	9.2	0.6%	
Satisfaction with customer service during the Portfolio Management process	9.31	9.4	9.3	-1.1%	

Source: Energy Transmission & Distribution Vice-President's Office.



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Results from the EPM Group reputation study

Stakeholders	2014
EPM Group	847
IGR EPM	875
ESSA	784
CHEC	842
CENS	823
EDEQ	823



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Education for and communication with customers/users and the community

From the CSR perspective, communication with customers is managed from the educational communication, commercial communication, and communication of scheduled suspensions. Educational communication on residential public utilities is developed by the EPM Group through awareness, information, and training, using relationship tools based on knowledge, recognition, and respect of our communities, their cultural characteristics, and their quotidian spaces, establishing required alliances with external entities, as well as with institutional and community leaders. Communication of suspensions aims to minimize trouble due to scheduled suspensions of the public utilities. Commercial communication integrates different strategies, like advertising, sponsorship, sales promotion, public relations, among other methods that seek to position the EPM Group brand and its services.

Through educational activities for customers and the community, in 2014 EPM benefited more than 315,000 people with face-to-face programs. Additionally, thanks to mass communication activities, the company covered the department of Antioquia, with a total investment of COP \$4,485 million in educational communication.

EPM Management

In 2014, EPM kept a progressive practice, benefiting customers and communities from various territories with educational projects, whose intention was increasing the knowledge about the culture of safe and efficient use of residential public utilities, the understanding of the bill, the knowledge of the duties and rights of our customers, and the good management of natural resources as generators of the utilities, through actions with social impact.

The following are the relevant programs carried out: Cuidamundos EPM (taking care of the planet from your school, Families that take care of the planet), Lideres Comunitarios, C T +I Fair, Tu Cuentas, Lectura a tu medida, Acercamiento Empresarial; social support: Energía Prepago, Paga a tu Medida, Agua no Contabilizada, Aguas de Malambo; intervention in Ciudadela Nuevo Occidente; education with an internal customer; Mision Cuidamundos: inductions, gatherings; huddles in customer service offices, fairs and events, seminars about public utilities; Estamos ahí (customer's day); Villa EPM; comprehensive plan of Uraba, and specific actions in certain regions. The following benefits stand out from the aforementioned programs:

- The educational impact of Mision Cuidamundos in the Aburra Valley, because it promoted interaction between employees and customers and communities in 11 activities with more than 8,000 people.
- The reading process carried out in houses was explained to more than 190,000 people, in order for them to know the processes and be comfortable with their bills.
- Presence in educational institutions, benefiting nearly 18,000 students in 477 activities about residential public utilities and environmental protection.
- More than 10,000 people celebrated the EPM customer's day with recreational activities relating to the residential public utilities.

The company spread in mass media the Cuidado del Agua (Take Care of Water) campaign, emphasizing the protection of water resources and the efficient use of drinking water in daily activities. Other campaign was Alcantarillado (Sewerage Service) with emphasis on the advantages of the service, which helps to improve the city environment. The World Water Day was celebrated with a press advertisement and an event in the Pies Descalzos Park, counting on the support of the Water Museum. Residential units managers received training



on management and billing in common areas, as well as on maintenance and cleaning of storage tanks.

EPM provided social advice to 16,452 energy customers, of which 7,616 correspond to the rural electrification program. The objectives were to improve the relationship with our customers and the community, explain the energy service operation, and encourage legality and prompt payment.

With awareness events on the use of gas, 6,869 families were intervened. Presentations about the gas natural service were given to mayors, councilors, and members of municipal administrations. Additionally, different activities such as meetings with community leaders, radio broadcasts, and trainings for municipal fire departments were also carried out.

Commercial communication strategies were developed, focusing the message on the purpose of innovating at the service of people, and showing the various ways to provide the public utilities to the company customers to improve their quality of life. Also, highlighting environmental preservation and corporate citizenship actions through which EPM seeks to contribute to social transformation of its settings. Relationships with the different stakeholders were strengthened through sponsorships of cultural, sporting, and recreational events.



EPM's educational communication

	2012	2013	2014	Variation
People covered with customer education programs	235,750	249,843	315,167	26.1%
People covered with energy-related educational communication actions (families)	1,951,551	2,000,000	2,053,020	2.7%
People covered with water-related educational communication actions	5,175,070	6,880,688	11,749,903	70.8%
People covered with gas-related educational communication actions	N.D	N.D	6,869	N.D
Investment in customer education (COP millions)	1,653	1,487	1,648	10.8%
Investment in energy-related educational communication (COP millions)	1,000	520	1,371	163.5%
Investment in water-related educational communication (COP millions)	304	538	900	67.3%
Investment in gas-related educational communication (COP millions)	525	882	566	-35.8%
Total people covered	5,898,708	7,630,531	12,585,194	64.9%
Total investment (COP millions)	3,482	3,428	4,485	30.8%

Source: Vice-Presidencies of Water and Sanitation, Energy Transmission and Distribution, Gas, and Commercial

Management in EPM Group subsidiaries in Colombia

In regions where the EPM Group provides water services, a continuous work was performed with the different stakeholders, consisting of educational activities in moving tents, door-to-door visits, visits to educational institutions, organization of focus groups.



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Workshops about the importance of infrastructure, payment culture, and efficient use of water were conducted in Aguas de Malambo. In Uraba, a close link was established with municipal councils, making it possible to educate and show the company services and projects.

The communications protocol for suspensions of the water service was certified. Reports through the EPM website continue, as well as phone calls to all affected customers in each case.

Educational communication - EPM Group's Colombian water business subsidiaries

	2012	2013	2014	Variation
Aguas de Occidente				
People covered with customer education programs	3,910	4,670	4,800	2.8%
People covered with water-related educational communication actions	3,600	3,750	3,500	-6.7%



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Educational communication - EPM Group's Colombian water business subsidiaries

Investment in customer education (COP millions)	46	42	50	19.0%
Investment in water-related educational communication (COP millions)	12	15	15	0.00%
Total people covered	7,510	8,420	8,300	-1.4%
Total investment (COP millions)	58	57	65	14.0%
Aguas de Urabá				
People covered with customer education programs	7,911	14,916	20,970	40.6%
People covered with water-related educational communication actions	4,200	18,300	25,920	41.6%
Investment in customer education (COP millions)	17	39	57	46.5%
Investment in water-related educational communication (COP millions)	3	25	31	24.0%
Total people covered	12,111	33,216	46,890	41.2%
Total investment (COP millions)	20	64	88	37.7%
Aguas de Malambo				
People covered with customer education programs	3,378	750	1,123	49.7%
People covered with water-related educational communication actions	5,067	872	730	-16.3%
Investment in customer education (COP millions)	1	1	2	109.0%
Investment in water-related educational communication (COP millions)	2	2	2	-14.8%



Total people covered	8,445	1,622	1,853	14.2%
Total investment (COP millions)	3	3	4	16.1%
Aguas de Oriente				
People covered with customer education programs	150	381	318	-16.5%



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Educational communication - EPM Group's Colombian water business subsidiaries

People covered with water-related educational communication actions	14,000	14,800	15,600	5.4%
Investment in customer education (COP millions)	3	14	9.2	-33.8%
Investment in water-related educational communication (COP millions)	-	-	-	5.4%
Total people covered	14,150	15,181	15,918	4.9%
Total investment (COP millions)	4	14	10	-32.7%

Source: Vice-Presidency of Water and Sanitation

In 2014, energy subsidiaries of the EPM Group developed training and communication processes for stakeholders on issues relating to safety; health; compliance with the RETIE ; legal, safe, and efficient use of electricity; prompt payment of bills; users rights and duties. Various strategies are implemented to meet customers needs and socio-cultural characteristics of the communities and territories where the EPM companies serve.

Communication of suspensions is made through radio and television, community programs, press advertisements, flyers, e-mails to community leaders and social managers, in order for them to inform their communities; spreading through website and corporate social networks.



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Educational communication - EPM Group's Colombian energy business subsidiaries

Indicators	2012	2013	2014	Variation
CHEC				
People covered with customer education programs	79,993	37,842	51,051	34.9%
Investment in customer education (COP millions)	983	640	849	32.7%
Investment in energy-related educational communication (COP millions)	N. R.	30	50	66.7%
Total people covered	79,993	37,842	51,051	34.9%
Total investment (COP millions)	983	670	899	34.2%
ESSA				
People covered with customer education programs	12,266	15,436	17,748	15.0%
People covered with energy-related educational communication actions (families)	46,053	76,036	75,479	-0.7%



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Educational communication - EPM Group's Colombian energy business subsidiaries

Investment in customer education (COP millions)	147	417	442	6.0%
Investment in energy-related educational communication (COP millions)	615	1,269	1,604	26.4%
Total people covered	58,319	91,472	93,227	1.9%
Total investment (COP millions)	762	1,686	2,046	21.4%
CENS				
People covered with customer education programs	10,522	85,581	83,123	-2.9%
People covered with energy-related educational communication actions (families)	42,088	342,324	332,429	-2.9%
Investment in customer education (COP millions)	819	888	754	-15.1%
Total people covered	52,610	427,905	415,552	-2.9%
Total investment (COP millions)	819	888	754	-15.1%
EDEQ				
People covered with customer education programs	38,662	37,277	34,318	-7.9%
Investment in customer education (COP millions)	132	140	114	-18.6%
Total people covered	38,662	37,277	34,318	-7.9%
Total investment (COP millions)	132	140	114	-18.6%



Incidents and claims

The product responsibility even includes the assistance and, where applicable, the compensation for incidents that cause injuries to people or damage to their goods or property due to contingencies related to the provision of public utilities.

EPM Management

49 incidents were recorded in 2014 in terms of injuries or death related to people involved in provision of services, 69 more than in 2013. 35 incidents of this type closed in favor of EPM and six in favor of the claimants. 1,641 incidents or claims for damage to property or good were received, of which 1,303 correspond to damage to electrical equipment. 858 incidents of this type closed in favor of EPM and 538 in favor of the claimants.



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Incidents and claims related to the provision of EPM services

Indicators	2012	2013	2014	Variation
Incidents or claims for damages, injuries or death received during the year	34	118	49	-58.5%
Incidents or claims for damages, injuries or death settled in favor of EPM throughout the year	19	31	35	12.9%
Incidents or claims for damages or injuries settled in favor of the claimant throughout the year	8	27	6	-77.8%
Incidents resulting in death throughout the year that were settled in favor of the claimant	10	5	8	60.0%
Incidents or claims for property damage received throughout the year.	275	416	1,641	294.5%
Incidents or claims for property damage resolved in favor of EPM during the year.	107	104	858	725.0%
Incidents or claims for property damage settled in favor of the claimant throughout the year	210	272	538	97.8%
Number of appeals filed by customers with regard to service rendering	4,810	4,014	6,031	50.2%
Number of fines for regulatory breaches (imposed by the Superintendency of Public Services)	11	26	30	15.4%
Number of fines for regulatory breaches (imposed by the Superintendency of Industry and Commerce)	-	-	-	-
Number of fines for regulatory breaches (imposed by the Financial Superintendency)	-	-	-	-
Number of fines for regulatory breaches (imposed by the Comptroller's Office).	-	-	-	-
Number of fines for regulatory breaches (imposed by other entities)	-	6	5	-16.7%
Total amount of the fines for regulatory breaches (COP millions)	24	295	109	-63.1%
Number of advertising and commercial communication regulations breaching incidents	-	-	-	-



EPM Group Subsidiaries Management in Colombia

EPM Group local enterprises permanently perform technical actions, training, and community and interinstitutional work aimed at preventing risks related to the provision of services.



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Incidents and claims EPM Group's Colombian water business subsidiaries

Incidents or claims for damages or injuries received during the year	-	-	-	-	-
Incidents or claims for damages or injuries settled in favor of EPM throughout the year	-	-	-	-	-
Incidents or claims for damages or injuries settled in favor of the claimant throughout the year	-	-	1	-	-
Incidents resulting in death throughout the year that were settled in favor of the claimant	-	-	1	-	-
Incidents or claims for property damage received throughout the year.	-	-	-	1	196
Incidents or claims for property damage settled in favor of EPM throughout the year	1	-	-	1	39
Incidents or claims for property damage settled in favor of the claimant throughout the year	-	-	-	1	153
Number of appeals filed by customers with regard to service rendering	14	5	357	36	-
Number of fines for regulatory breaches (imposed by the Superintendency of Public Services)	-	-	4	3	-
Number of fines for regulatory breaches (imposed by the Superintendency of Industry and Commerce)	-	-	-	1	-
Number of fines for regulatory breaches (imposed by the Financial Superintendency)	-	-	-	-	-
Number of fines for regulatory breaches (imposed by the Comptroller's Office).	-	-	-	-	-
Number of fines for regulatory breaches (imposed by other entities)	-	-	1	1	1
Total amount of the fines for regulatory breaches (COP millions)	-	-	167	11	1,957
Number of advertising and commercial communication regulations breaching incidents	-	-	-	-	-

Source: Water & Sanitation Vice-President's Office



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Aguas de Urabá: The number of fines on administrative silence imposed by the Superintendency of Public Utilities has been addressed in the respective Improvement Plan with fiscal and financial audits.

Aguas de Malambo: a fine was paid to the National Tax and Customs Direction Office -DIAN- due to a correction made on the source tax deduction for 2013-12. Another fine was paid to the Municipality of Malambo on correcting industry and business tax deduction for 2013-12, and three fines were paid to the SSPD on not answering users' request rights.

EMVARIAS: Fine from Corantioquia on spilling leachate to Porce river.



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Incidents and claims EPM Group's Colombian energy business subsidiaries

Indicator	CHEC	ESSA	CENS	EDEQ
Incidents or claims for damages or injuries received during the year	12	N . D.	53	6
Incidents or claims for damages or injuries settled in favor of EPM throughout the year	-	N. D.	40	-
Incidents or claims for damages or injuries settled in favor of the claimant throughout the year	1	N. D.	13	1
Incidents resulting in death throughout the year that were settled in favor of the claimant	3	N. D.	-	-
Incidents or claims for property damage received throughout the year.	581	1,052	-	484
Incidents or claims for property damage resolved in favor of EPM during the year.	390	495	89	271
Incidents or claims for property damage settled in favor of the claimant throughout the year	181	557	202	213
Number of appeals filed by customers with regard to service rendering	688	652	234	46
Number of fines for regulatory breaches (imposed by the Superintendency of Public Services)	2	4	1	-
Number of fines for regulatory breaches (imposed by the Superintendency of Industry and Commerce)	-	-	-	-
Number of fines for regulatory breaches (imposed by the Financial Superintendency)	-	-	-	-
Number of fines for regulatory breaches (imposed by the Comptroller's Office).	-	-	-	-
Number of fines for regulatory breaches (imposed by other entities)	1*	-	-	-
Total amount of the fines for regulatory breaches (COP millions)	509	10	-	-
Number of advertising and commercial communication regulations breaching incidents	-	-	-	-



Informal car washes

The program of informal car washes is aligned with EPM's policies related to the environment, Corporate Social Responsibility and Human Rights, and it allows people to formalize their employment situation. It consists in the identification, characterization and technical, social and environmental intervention for the mitigation of impacts and formalization of the economic entrepreneurship of the group of organizers of informal car washes in Medellín.

EPM Management

In 2014, the company carried out actions of environmental impact mitigation, citizenship skills training, efficient water use workshops and environmental protection; and an inter-institutional working group was created for tending to the informal car washes.



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EPM informal car washes

Indicator	2012	2013	2014	Variation
Home visits	1,804	590	521	-11.7%
Socio-economic surveys	451	204	195	-4.4%
Workshops	585	241	343	42.3%
Direct intervention	1	17	21	23.5%
New meters connected	3	10	18	80.0%

Product life cycle

EPM's sustainability management includes adequate control of the production phases, distribution and consumption of services, fulfillment of the defined technical protocols, compliance with the standards in force, and safety guarantee for the customer and the environment.

EPM Management

For all services, EPM performs control processes throughout the entire product life cycle:

- Planning: demand projection analyses are performed to ensure the supply and access to electric energy, water and gas for the entire population. Expansion plans, modernization due to technologic obsolescence of assets or infrastructure, replacement due to infrastructure deterioration or aging, are actions carried out to ensure the compliance with legal and environmental requirements with safety and reliability criteria.



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- Energy production: studies and analyzes are performed to ensure the supply of energy demand in the market. The necessary investments for power projects are analyzed to ensure system reliability, meeting the legal, environmental, social, and technical requirements.
- Transmission (energy) and transportation (gas): there are risk matrices, and emergency and contingency plans for electric energy matters. The location of lightning rods and ground systems is planned during the design stage. In prior stages, communication sessions are held with the stakeholders, and during construction a verification process is performed to ensure the activities and work are being carried out in the correct manner. Before the operation, ground resistance and earth resistance measurements are made. For gas service we have an operational model of transport for compressed natural gas, which increases service reliability and guarantees efficient system operation outside Medellín and the metropolitan area.
- Water collection and purification: water quality monitoring by physicochemical and microbiological analysis.
- Distribution: technical, environmental and risk management protocols for the maintenance processes in water, energy and gas networks. Loss and leakage control in the network. Education campaigns for the community and users by means of safety brochures regarding the electric energy service. EPM makes use of the brochure for the Electric Installation Technical Regulations RETIE , notices on the bills and workshops for new electric energy service users, as well as mass education campaigns and events. As for gas, socialization activities are performed along with municipalities' fire brigades and different organizations, and a contingency plan for taking care of events is used.
- Marketing: permanent customer education programs and specific campaigns focused on the adequate and safe use of the services.

Risk mitigation brigades



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Risk mitigation refers to a group of actions that are carried out within the framework of universalization of EPM water service. Water and sewer facilities are checked in unstable settlements. Among these actions, there is the Risk Mitigation Brigade, in which EPM employees voluntarily participate in. These consist of characterization of the sectors to be involved; technical-hydraulic, social and environmental intervention, and confirmation of community boards on water issues.

EPM Management

In 2014 informal settlements (El Pomar, Hato Viejo, El Hueco and La Orquídea) were intervened in the municipalities of Medellín and Bello. Access to drinking water was improved as a risk mitigation action for about 1,330 families. 240 of these families benefited from this improvement as part of the Community Brigades. Based on social work and community involvement, rational consumption and reduced water wastage was promoted, leading families to consume less than 20 cubic meters per month.



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EPM risk mitigation brigades

Indicator	2012	2013	2014	Variation
Brigades	4	1	4	300.0%
Sectors included	4	1	4	300.0%
Number of houses served	200	45	240	433.3%
Consumption reduction (m3/house/month)	13	10	11	10.0%
Installation of communal meters	6	1	6	500.0%
Investment (COP millions)	72	30	80	166.7%
Volunteer participants	80	60	70	16.7%

Safety in the provision of the service

Operational excellence is one of EPM Group's strategic focus in providing services; for this purpose, we develop plans to prevent, mitigate and control risks; contingency plans for addressing events, we apply methods and technologies with quality standards, and perform educative actions to ensure the adoption of practices that ensure the integrity of the infrastructure and safety of employees, customers and community.

EPM Management



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For all services, EPM performs control processes throughout the entire product life cycle:

- **Planning:** demand projection analyses are performed to ensure the supply and access to electric energy, water and gas for the entire population. Expansion plans, modernization due to technologic obsolescence of assets or infrastructure, replacement due to infrastructure deterioration or aging, are actions carried out to ensure the compliance with legal and environmental requirements with safety and reliability criteria.
- **Energy production:** studies and analyzes are performed to ensure the supply of energy demand in the market. The necessary investments for power projects are analyzed to ensure system reliability, meeting the legal, environmental, social, and technical requirements.
- **Transmission (energy) and transportation (gas):** there are risk matrices, and emergency and contingency plans for electric energy matters. The location of lightning rods and ground systems is planned during the design stage. In prior stages, communication sessions are held with the stakeholders, and during construction a verification process is performed to ensure the activities and work are being carried out in the correct manner. Before the operation, ground resistance and earth resistance measurements are made. For gas service we have an operational model of transport for compressed natural gas, which increases service reliability and guarantees efficient system operation outside Medellín and the metropolitan area.
- **Water collection and purification:** water quality monitoring by physicochemical and microbiological analysis.
- **Distribution:** technical, environmental and risk management protocols for the maintenance processes in water, energy and gas networks. Loss and leakage control in the network. Education campaigns for the community and users by means of safety brochures regarding the electric energy service. EPM makes use of the brochure for the Electric Installation Technical Regulations (RETIE), notices on the bills and workshops for new electric energy service users, as well as mass education campaigns and events. As for gas, socialization activities are performed along with municipalities' fire brigades and different organizations, and a contingency plan for taking care of events is used.
- **Marketing:** permanent customer education programs and specific campaigns focused on the adequate and safe use of the services.

EPM Group Subsidiaries Management in Colombia

EPM Group's water companies carry out preventive and corrective maintenance actions while assuring to make proper contracting of supplies and materials for operation and maintenance. They also define possible risks in processes in order to identify hot spots and prevent any eventuality. Plans are being implemented to mitigate the possible occurrence of risks, especially those that directly affect service provision and have been identified to affect the community.

EPM Group's electric energy companies develop processes that ensure safety in service provision through transmission and distribution operational activities, as well as educational events about risk prevention for the community.

CHEC developed the initiative "Energía Segura para la Vida" ("Safe Energy for Life"), carried out by providing conversation spaces with communities and customers to generate reflection and education about electrical energy use and electric risk prevention, in which participation and experiences allow participants to identify



possible changes to incorporate into their daily actions. This initiative is developed through the “Conexión Segura” (“Safe Connection”) and “Temporada de vientos” (“Windy Season”) strategies. In this context, in 2014, training and communication actions were carried out benefiting 3,947 people and enabling commitments to personal, family and social care. In 2015, 20 municipalities in the area of influence of CHEC are expected to benefit from the Temporada de Vientos strategy, and 20 from Conexión Segura, for a coverage of 5,000 people.

EDEQ conducted educational events through workshops, training, cultural shows, and printed material. It delivered more than 2,000 booklets on security for customers and users in order to prevent accidents related to energy services provision. Thus, population groups had access to information regarding security measures to be taken in their homes regarding appropriate use of energy, appliances handling, care of the internal electrical installations, as well as the precautions to follow when near power distribution networks.



Service quality and continuity

The quality of the service comprises the technical and commercial characteristics that are inherent to the supply, and they must fulfill the expectations of the users, and comply with the requirements of the regulation and control entities. Continuity refers to the amount of time the user is provided with the service.

Regarding the gas service, the indicators for the year remained 100% within the index of pressure in individual lines and the odorization index and the technical service response index, and 0% in terms of the equivalent duration of the interruptions.

EPM Management

The water service continuity index in 2014 was 99.9%, higher than the established goal (99.7%), maintaining the service rendering above the provisions of Resolution 315, 2005.

Regarding the energy service, the SAIDI and SAIFI quality indicators, which measure the average frequency and duration of the interruptions, showed values of 17.03 and 7.94 in 2014. The increase in the number of events had multiple causes, among which we underline the scheduled maintenance works and refurbishment of infrastructure networks, through which we were able to implement new technologies to improve service quality and continuity: the length of electric networks in the two-voltage level increased by more than 1000 km. The weather influenced the number of events, especially in regions such as Bajo Cauca, Nordeste, Magdalena Medio and Urabá, as well as the difficulties to restore service in rural areas overnight.

The goal for 2015 is to achieve values of 14.24 for SAIDI, and 7.08 for SAIFI; to do so, we will perform actions such as: implementation of FLISR intelligent system, equipment installation (reclosers and communications systems), SCADA configuration, implementation of the service quality continuous improvement program (PMCCS), among others.



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EPM's water service quality and continuity

Indicator	2012	2013	2014	Variation
Service continuity	99.87%	99.93%	99.90%	0.00%
Supply quality index				
Medellín	0.00%	0.05%	0.01%	-80.0%
Copacabana	0.00%	0.06%	0.02%	-66.7%
Girardota	0.00%	0.00%	0.02%	
La Estrella	0.01%	0.05%	0.03%	-40.0%
Caldas	0.00%	0.00%	0.00%	
Barbosa	0.08%	0.00%	0.00%	
Sabaneta	0.02%	0.05%	0.03%	-40.0%
Envigado	0.02%	0.03%	0.01%	-66.7%



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EPM's water service quality and continuity

Bello	0.03%	0.01%	0.04%	300.0%
Itagüí	0.01%	0.01%	0.00%	

The index of risk from water quality (abbreviated IRCA in Spanish) is calculated according to what was established in the Decree 1575 and the Resolution 2115 of 2007, issued by the Ministry of Social Protection. The maximum value accepted is 5%, and if the value obtained is lower than 5%, the water does not imply any risk. In this value range, states the Ministry of Social Protection, control and monitoring should be continued, and the water is established to be safe for human consumption.

Source: Water & Sanitation Vice-President's Office



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EPM's water service quality and continuity

Indicator	2012	2013	2014	Variation
SAIDI	16.96%	16.01%	17.03%	6.4%
SAIFI	9.19%	8.2%	7.94%	-3.2%

SAIDI: system average interruption duration index (total time of interruption -in hours- that the average user of the system was deprived of the electric energy supply in the evaluated term). SAIFI: system average interruption frequency index (total number of times that an average customer of the system suffered an interruption of the electric energy service in the evaluated term).

Source: Energy Transmission & Distribution Vice-President's Office.



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EPM's water service quality and continuity

Indicator	2012	2013	2014	Variation
IPLI: individual line pressure index	100%	100%	100%	0.00%
IO: odorization index	100%	100%	100%	0.00%
IRST: technical service response index	100%	100%	100%	0.00%
DES: equivalent duration of service interruption	-	-	-	0.00%

Source: Gas Vice-President's Office

CHEC achieved a decrease in the duration of circuit interruptions related to unscheduled events, from 15.79 hours in 2012 and 17.9 hours in 2013 to 7.33 hours in 2014.

EPM Group Subsidiaries Management in Colombia

In 2014, EPM Group's water subsidiaries carried out an ongoing maintenance and monitoring to their system in order to ensure service provision in a timely basis.

Aguas de Urabá managed to improve service pressures, however, the indicator of continuity had a decrease due to the effect of the drought occurred from March to May. Additionally, the well in El Reposo area got damaged, which decreased service provision from 12-2 hours.



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Quality and continuity of the water subsidiaries of the EPM Group Colombia

Indicator	2012	2013	2014	Variation
Aguas del Oriente				
Continuity of the service	100.00%	100.00%	100.00%	0.00%
Supply quality index				
El Retiro	0.00%	0.00%	0.00%	
Aguas de Occidente				
Continuity of the service	99.50%	99.50%	99.50%	0.00%



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Quality and continuity of the water subsidiaries of the EPM Group Colombia

Supply quality index				
Sopetrán	0.09%	0.00%	0.00%	
San Jerónimo	0.29%	0.00%	0.06%	
Santa Fe de Antioquia	0.00%	0.00%	0.09%	
Olaya	1%	0.67%	0.63%	-6%
Aguas de Urabá				
Continuity of the service	94.70%	89.20%	83.90%	-6%
Supply quality index				
Apartadó	0.22%	0.12%	0.00%	
Turbo	1.56%	0.95%	0.48%	-49%
Chigorodó	0.00%	0.04%	0.19%	375%
Carepa	0.53%	0.14%	0.45%	221%



Mutató	0.00%	0.00%	0.00%	
El Reposo	0.00%	0.00%	0.00%	
Bajirá	0.01%	0.00%	0.53%	
Aguas de Malambo				



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Quality and continuity of the water subsidiaries of the EPM Group Colombia

Continuidad del servicio	27.60%	29.70%	37.50%	26%
Supply quality index				
Malambo	0.00%	0.00%	0.00%	
Emvarias				
Continuity of the service	N. D.	N. D.	100%	N. A.
Opportunity in the provision of the service	N. D.	N. D.	100%	N. A.
Quality perception in the provision of the service Data from the "Medellín Cómo Vamos" survey, with 5 as the highest value.	N. D.	N. D.	4.6	N. A.

Source: Water & Sanitation Vice-President's Office

Emvarias provides service on a daily basis and at designated times; service for facilities never exceeds the 24-hours period established by the standards.

Electric energy companies carried out actions related to equipment updating and purchase, preventive and corrective maintenance, and implementation of IT applications in order to ensure service quality and continuity, and to optimize customer requirements.



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Quality and continuity of the energy subsidiaries of the EPM Group Colombia

Indicator	2012	2013	2014	Variation
CHEC				
SAIDI	48	43	29	-33%
SAIFI	36	31	28	-11%
ESSA				
SAIDI	23	23	28	21%
SAIFI	25	24	26	6%



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Quality and continuity of the energy subsidiaries of the EPM Group Colombia

CENS				
SAIDI	37	42	42	1%
SAIFI	14	12	11	-3%
EDEQ				
SAIDI	11	12	11	-9%
SAIFI	17	16	13	-18%

Source: Energy Transmission & Distribution Vice-President's Office

SAIDI: system average interruption duration index (total time of interruption -in hours- that the average user of the system was deprived of the electric energy supply in the evaluated term).

SAIFI: system average interruption frequency index (total number of times that an average customer of the system suffered an interruption of the electric energy service in the evaluated term).



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Responsible procurement

Video: <https://www.youtube.com/embed/tluF10sqq8I>

Recruitment criteria and practices that promote sustainable development and competitiveness of the territories where the EPM Group is present.

It is a fundamental tool to leverage sustainability and competitiveness of the territories where the EPM Group has an impact. It recognizes the potential of the territories and the development of local capacities. It potentially improves economic dynamism with revenues for the community and promotes local business. Additionally, it helps to improve trust and the reputation of the EPM Group among its stakeholders. The Group responds with business actions to the expectations of society, thus avoiding the pressure of external demands that generate less value in terms of development.

EPM Management

In 2014, EPM held 40,867 contracts, 9% less than in 2013. In terms of value, in 2014, the company executed COP \$3.18 trillion, which represents an increase of 13.8% over 2013.



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2014 goals	2014 achievements	Compliance
To promote EPM Group's promise of fostering the equitable development of sustainable territories by means of regional/local/national contacting.	The promise of fostering the equitable development of sustainable territories was promoted by means of the Strategic Supply Guide and its chapter on regional/local/national contacting.	Total
To know in full detail the suppliers and contractors related to the categories defined in the new model, prioritizing the ones considered to be critical.	The strategic supply matrix allowed identifying critical, non-critical, strategic and leveraging goods and services, which made it possible to have a more detailed knowledge about the supplier.	Total
Development and implementation of the supply strategies through the methodology of management by categories for the EPM Group, which will be carried out by waves.	Supply strategies were applied through the methodology of management by categories, and its wave-based implementation will be continued in 2015.	Partial
To implement the contract administration design created within the framework of the EPM Group without Borders program, aiming to benefit the relations with the Suppliers and Contractors stakeholder group.	The contract administration model was designed, a pilot was tested with the Linear Infrastructure Projects Direction Office, and the entire implementation is scheduled by waves (Vice-Presidents' Offices) to be carried out in 2015 and early 2016.	Partial
To schedule a meeting with auditors, focused on strengthening the relations with the Suppliers and Contractors stakeholder group.	The meeting is scheduled for 2015.	Not fulfilled



2014 goals	2014 achievements	Compliance
Establish and implement a project to strengthen and develop the relations with Suppliers and Contractors, within the framework of the Network Group.	The project to strengthen and develop the relations with Suppliers and Contractors was started within the framework of the Network Group, and supported by an international consulting firm.	Total
To create an activity report for Suppliers and Contractors to implement with their employees about training, environmental management and the use of tools for CSR self-diagnosis, in order to improve their management.	This project is pending.	Not fulfilled
To implement indicators for the social and environmental dimension of EPM Group		



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Quality of the contracting

EPM currently uses the Category Management model, which stratifies the expenses managed for the supply chain, where eight macro-categories are identified, and which in turn are divided into 99 expense categories. The Category Management model uses the Strategic Supply Matrix “MABE” as a tool to assess the goods and services and, therefore, Supplier’s market complexity, having into account aspects such as purchase cost, logistics, and business requirements.

As part of the EPM Group, water and electric energy subsidiaries continue to improve their contracting process, consistent with the operational involvement established by the Group.

The following are some important contracting concepts:

Addenda: Within the contracting process implemented by EPM, addenda are important parts of the contracts. Their purpose is to clarify or specify the contents and scope of the tenders. They are drawn up when the bidder requests a clarification. Then, EPM has the opportunity to provide a greater clarity regarding the process and achieve better results in the contracting.

Changes: the conditions of the contracts may be amended during the execution period, prior agreement between the parties, in case that circumstances justify such changes. Amendments may be about the term, value or any other conditions which do not modify the subject of the contract.

Operating discounts and coercive measures: they are a mechanism of direct solution to disputes that may arise during the execution of the contract due to partial breach of obligations by the contractor.

EPM Management

The following actions to improve the quality of contracting were carried out in 2014:

- 15 forums on group purchases were held.
- The consulting firm in charge of developing the management by categories was hired. 25 people were trained as category managers in the supply chain.
- Methodological support was given to the Mining and Energy Planning Unit (UPME) to support contracting in national interest and strategic projects (abbreviated PINES in Spanish).
- Eight categories in the supply chain were tested, which represent 40% of purchases.
- Decrees 362, 2034 and 2035 were issued, which state the guidelines associated with the contracting process in EPM.
- The “Methodological Guide for the evaluation of the economic, social and environmental performance of EPM Group’s contractors” was developed and approved.
- Market studies were unified in the EPM Group, standardizing and developing manuals and socializing forms and guides. More than 500 employees at Group level were trained.
- Processes of joint purchases between subsidiaries were carried out in 10 categories: courier, transportation, contact center, cellular telephony, help desk, cables, poles, transformers, prepaid service measuring instruments.
- Supply strategies were designed in 30 categories.
- Negotiation skills development for the human resource addressed with this activity.



Addenda:for contracts processed in 2014, 174 addenda were drawn up, 41 contracting processes were declared null and void, and 16 were finished before entering into the contract.



Addenda, deserted and terminated processes

	2012	2013	2014	Variation
Total addenda in the contracting processes	248	225	174	-22.7%
Number of processes declared null	77	33	41	24.2%
Number of finished processes	18	5	16	220.0%

Source: Shared Services and Supplies Vice-President's Office

Awarding of contracts by method of request for offers: : EPM used five contracting methods in 2014:

- Private request for an offer with which 32,543 contracts were awarded, equivalent to 79.6%.
- Public request for offers published in “Te Cuento”. 8,257 contracts were awarded under this method, equivalent to 20.2%.
- Public request for offers published in the “Te Cuento” corporate system for contracting and in the Official Journal. This method is provided for contracts for an amount greater than 5,000 Colombian Current Legal Minimum Monthly Salaries. No contracts were awarded under this method. Public offers for Te Cuento were actually made and they were greater than 5,000 Colombian Current Legal Minimum Monthly Salaries, but they were not published in the Official Journal.



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- **Request for only offer.** 42 contracts were awarded under this method, equivalent to 0.01%. This is a new method in which an offer to a natural or legal person is requested.

Statistics include the contracting procedure “non-binding offer request” with the following results:

- **Non-binding offer request.** 25 contracts were awarded under this method, equivalent to 0.06%. It is a new contracting procedure requested in order to agree on the conditions governing the contract by the single or private request method of an offer and does not create any legal relationship or obligation to the institution, nor to the bidders.

Modifications in the contracts for 2014, there were 853 modifications, equivalent to 2% of all contracts. The following changes were made: 173 to deadlines, 338 to amount, and 342 for both.

Surcharge measures: from 40,867 contracts awarded in 2014, 14 surcharge measures were imposed, which represent 0.03% of the total.

The incidence of surcharge measures is historically low and EPM hopes that this indicator improves with the Recyproco program management and the supply chain transformation.



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Urgent measures

Number of urgent measures	24	31	14	-54.8%
Urgent measures total amount (COP millions)	335	627	132	-78.9%

EPM Group Subsidiaries Management in Colombia

Water subsidiaries

Addenda:for contracts processed in 2014, 79 addenda were drawn up, 0 contracting processes were declared null and void, and 0 were finished before entering into the contract. Among water subsidiaries, Empresas Varias de Medellín stands out with 0 addenda out of 388 contracts signed.

Addenda, deserted and terminated processes 2014 - Water subsidiaries

	Total water subsidiaries	Aguas de Occidente	Aguas Nacionales EPM	Empresa de Aguas de Oriente Antioqueño	Empresas Varias de Medellín	Aguas de Malambo	Empresas Públicas del Oriente	Aguas de Urabá
Total addenda in the contracting processes	79	5	-	11	-	18	2	43
Number of processes declared null	-	-	-	-	-	-	-	-
Number of finished processes	-	-	-	-	-	-	-	-



Source: Shared Services and Supplies Vice-President's Office

Awarding of contracts by method of request for offers: Within their contracting process for the selection of Suppliers and Contractors, water subsidiaries used the following three contracting methods:

- Private request for an offer with which 164 contracts were awarded, equivalent to 21.9%. Empresas Varias de Medellín was the company that used this method the most, with 109 contracts.
- Public request for offers. 234 contracts were awarded under this method, equivalent to 31.3%. Aguas de Urabá was the company that used this method the most, with 100 contracts.
- Request for only offer. 350 contracts were awarded under this method, equivalent to 46.8%. Empresas Varias de Medellín was the company that used this method the most, with 238 contracts.



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Types of contracting methods (2014) - Water business subsidiaries

	Total filiales aguas	Aguas de Occidente	Aguas Nacionales EPM	Empresa de Aguas del Oriente Antioqueño	Empresas Varias de Medellín	Aguas de Malambo	Empresas Públicas del Oriente	Aguas de Urabá
Private request of an offer	164	-	-	-	109	-	1	54
Public request	234	21	2	17	41	47	6	100
Unique request of an offer	350	41	4	14	238	41	12	-
Total contracts	748	62	6	31	388	88	19	154

Source: Shared Services and Supplies Vice-President's Office

Modifications in water subsidiaries contracts for 2014, there were 331 modifications, equivalent to 44.2% of all contracts. The following changes were made: 52 to deadlines, 49 to amount, and 230 for both.



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Consolidated contract modifications (2014) - Colombian water business subsidiaries

	Water subsidiaries total	Aguas de Occidente	Aguas Nacionales EPM	Aguas del Oriente Antioqueño	Empresas Varias de Medellín	Aguas de Malambo	Empresas Públicas del Oriente	Aguas de Urabá
Contracts modified due to (time) term changes	52	1	2	1	32	4	-	12
Contracts modified due to (value) amount changes	49	5		3	26	4	-	11
Contracts modified due to both term and amount changes	230	1		4	216	2	-	7
Total modifications	331	7	2	8	274	10	-	30

Source: Shared Services and Supplies Vice-President's Office

Surcharge measures: during 2014, no surcharge measures were imposed to water subsidiaries out of the 748 contracts awarded.

Electric energy subsidiaries



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Addenda: for contracts processed in 2014, 773 addenda were drawn up, 113 contracting processes were declared null and void, and 50 were finished before entering into the contract. Among water subsidiaries, Central Hidroeléctrica de Caldas stands out with 59 addenda out of 2,292 contracts signed.

Addenda, deserted and terminated processes - Energy subsidiaries 2014

	Total energy business subsidiaries	Central Hidroeléctrica de Caldas	Centrales Eléctricas del Norte de Santander
Total addenda in the contracting processes	773	59	317
Number of processes declared null	113	20	14
Number of finished processes	50	37	4

Source: Shared Services and Supplies Vice-President's Office

Awarding of contracts by method of request for offers: Within their contracting process for the selection of Suppliers and Contractors, electric energy subsidiaries used the following four contracting methods:

- **Private request for an offer with which 24 contracts were awarded, equivalent to 0.7%. The 24 contracts for this method were held by Centrales Eléctricas del Norte de Santander.**
- **Public request for offers. 2,956 contracts were awarded under this method, equivalent to 84,2%. Central Hidroeléctrica de Caldas was the subsidiary that used this method the most, with 1,959 contracts.**
- **Request for only offer. 496 contracts were awarded under this method, equivalent to 14.2%. Empresas Varias de**



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Medellín was the company that used this method the most.

- **Contracts Excepted from the Contracting Manual.** 31 contracts were awarded under this method, equivalent to 0.9%. These contracts were held by Centrales Eléctricas del Norte de Santander.

Types of contracting methods (2014) - Consolidated for the Colombian energy business subsidiaries

	Energy business subsidiaries total	Central Hidroeléctrica de Caldas (CHEC)	Centrales Eléctricas del Norte de Santander (CENS)	Electrificadora de Santander (ESSA)	Empresa de Energía del Quindío (EDEQ)
Private request of an offer	24	-	24		
Public request	2,956	1,959	369	356	272
Unique request of an offer	496	333	-	83	80
Contracting Manual exceptions	31	-	31	-	-



Types of contracting methods (2014) - Consolidated for the Colombian energy business subsidiaries

Total contracts	3,507	2,292	424	439	352
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Source: Shared Services and Supplies Vice-President's Office

Modifications in electric energy subsidiaries contracts for 2014, there were 277 modifications, equivalent to 7.9% of all contracts. The following changes were made: 68 to deadlines, 206 to amount, and 3 for both.

Contract modifications (2014) - Energy business subsidiaries

	Energy business subsidiaries total	Central Hidroeléctrica de Caldas (CHEC)	Centrales Eléctricas del Norte de Santander (CENS)	Electrificadora de Santander (ESSA)	Empresa de Energía del Quindío (EDEQ)
Contracts modified due to (time) term changes	68	24	28	6	10
Contracts modified due to (value) amount changes	206	102	34	23	47
Contracts modified due to both term and amount changes	3	1	1	-	1
Total modifications	277	127	63	29	58

Source: Shared Services and Supplies Vice-President's Office

Surcharge measures: during 2014, out of the 3,507 contracts awarded in electric energy subsidiaries, five surcharge measures were imposed for a total



amount of COP \$7 million.

Contracting-related fines (2014) - Colombian energy business subsidiaries

	Energy business subsidiaries total	Central Hidroeléctrica de Caldas (CHEC)	Centrales Eléctricas del Norte de Santander (CENS)	Electrificadora de Santander (ESSA)	Empresa de Energía del Quindío (EDEQ)
Number of fines	5	5	-	-	-
Total amount of the fines (COP millions)	7	7	-	-	-

Relations with Suppliers and Contractors



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EPM creates a Model for Diagnosis and Engagement Practices with Stakeholders. The methodology used for constructing this model is an adaptation and consolidation of “The Practitioner’s Handbook on Stakeholder Engagement” by the United Nations Environment Programme -UNEP-, and AccountAbility.

The figure below shows the stages of engagement with stakeholders.





To implement this, EPM created Recyproco, a plan promoting the relations with Suppliers and Contractors. In this program we include CSR criteria under the concept of “extended enterprise”, integrate the efforts of different areas of the organization involved in this matter, and also seek they replicate these practices in their supply chains.



The ultimate purpose is the sustainability of the stakeholders involved in the chain by means of the generation of value in all their actions.

The following are some of those actions:

- Strengthening and development.
- Transparency.
- Human Rights management
- Communications

This actions address several subjects established in international acceptance sustainability standards such as the Global Compact, ODM, GRI, ISO 26000, OCDE, AA1000, Dow Jones.

The Recyproco program implies:

- Trust among the parties involved.
 - Permanent two-way communication channels (Suppliers and Contractors-EPM).
 - Rethinking traditional management schemes.
 - Joint work with Suppliers and Contractors on specific fronts.
 - Early victories to keep participants' motivation.
 - Structural and definitive victories for the common good, EPM Group and Suppliers and Contractors.
 - Gradual implementation of actions.
 - Permanent revision.
 - Reciprocity.
-
- 68 suppliers participated of the strengthening activities.
 - Two massive events were organized and 287 suppliers and contractors attended them.
 - 15 events were organized, with an attendance of 828 suppliers and contractors.
 - Start of the creation of the development model for suppliers and contractors.
 - Implementation of the Code of Conduct for Suppliers and Contractors.



EPM Management



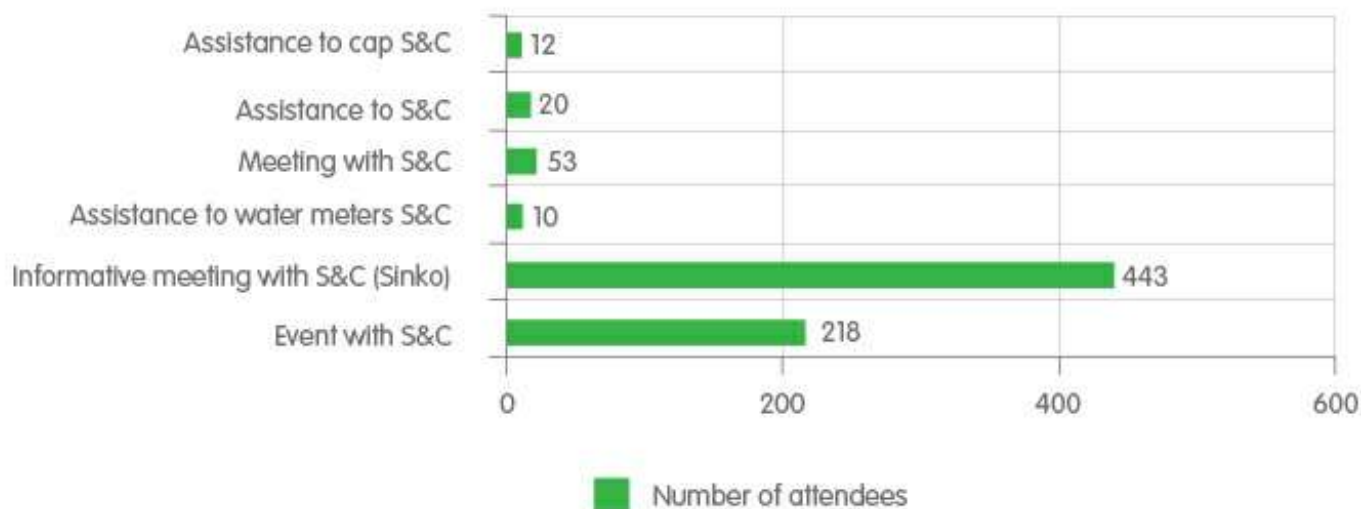
In 2014, the following actions to support the Plan for the Relations with Suppliers and Contractors, Recyproco, were carried out:

- A diagnosis of the current situation of EPM relation with its Suppliers and Contractors was performed.
- Based on the results obtained from the diagnosis, the Plan for the Relations with Suppliers and Contractors was created.
- A consulting firm was hired to support the creation of the model for strengthening and development of Suppliers and Contractors
- The principles of the United Nations on Human Rights and Corporate Social Responsibility (CSR) were adopted.
- Specific actions following the global sustainability standards were implemented.

The approval of the policy of engagement with P&C in the 12 national subsidiaries of the EPM Group was brought to discussion.

A mechanism for receiving and accessing the portfolio of Suppliers and Contractors was designed, which promotes a higher engagement and mutual recognition through a simple and respectful communication channel.

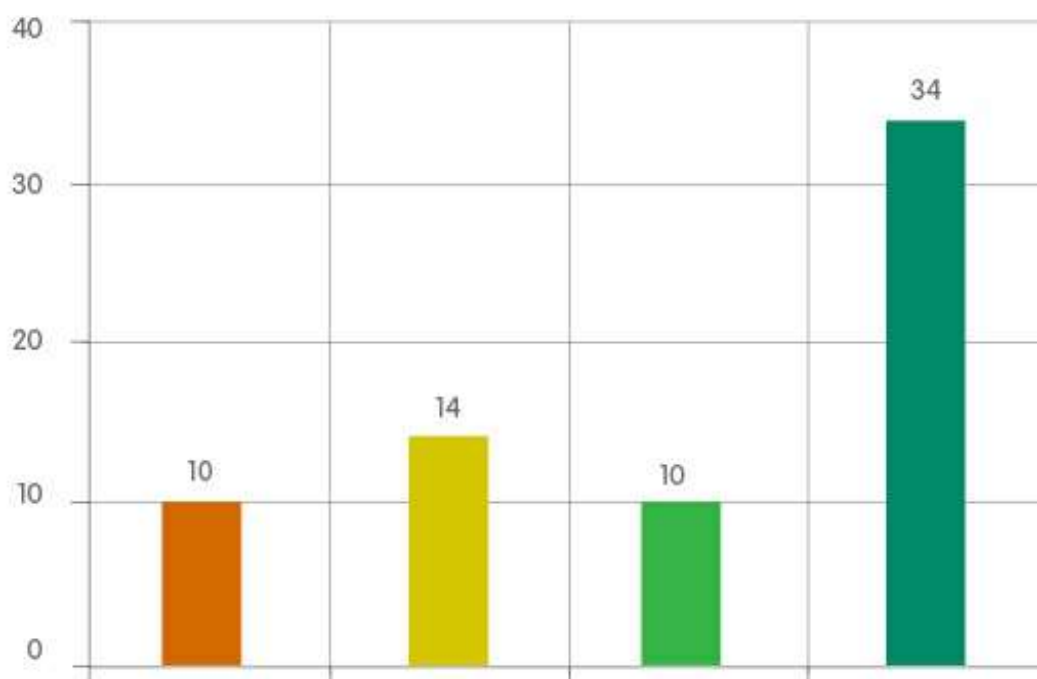
Number of suppliers who attended the events (2014)



Likewise, throughout the year, four training events related to issues of general interest for suppliers and contractors were organized, such as the workshop on Data Protection Law, Human Rights, corporate responsibility, Global Compact principles, among others.



Attendance of suppliers to training events (2014)



Event with S&C about the Global Compact

Data Protection Law Workshop

EMVARIAS training

Transport and repair shop training pilot program



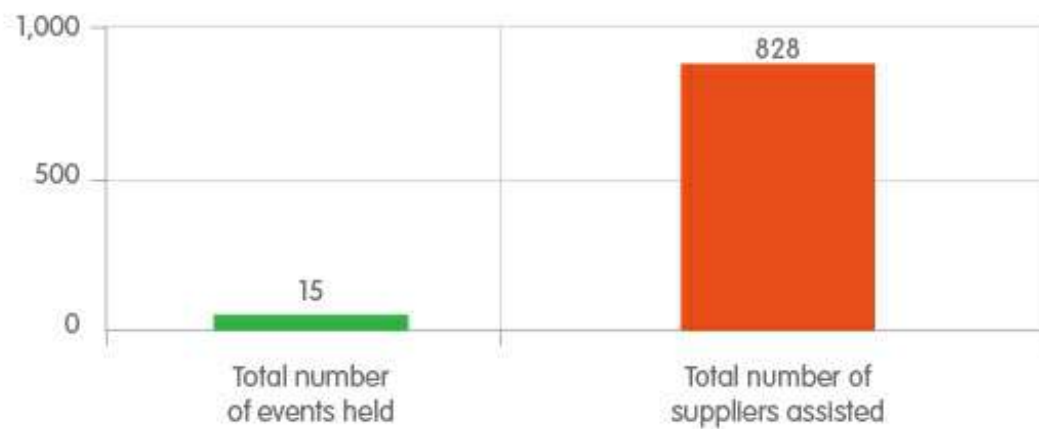
Especial spaces have been created for the relations with suppliers, aiming at strengthening the bonds of trust and promoting interaction with EPM technicians. 15 events were organized in 2014, with an attendance of 828 suppliers and contractors.



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Events held vs. Suppliers assisted (2014)



In order to improve the channels of interaction with suppliers and contractors, an upgrading plan was designed to make more dynamic the section for these



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stakeholders in the EPM online portal. Additionally, the official mailbox (recyproco@epm.com.co) was promoted to improve communication.

Through the Social Contracting program, 114 public works and service provision contracts were executed, totaling an amount of COP 22,756 million. This contracting method is implemented through community action boards, and it not only generates employment opportunities, but also contributes to the strengthening of these organizations by means of the surplus that are allocated to diverse works for the benefit of the communities.

Social contracting in 2014		
Departments	Number of contracts	Contract execution (COP millions)
Energy Generation	64	8,358
Energy Transmission & Distribution	4	546
Gas Service	-	-
Water & Sanitation	19	8,826
Commercial	-	-
Executive Projects and Engineering	2	182



Social contracting in 2014

Executive Strategy and Growth	-	-
Corporate Finance	-	-
Human Development and Organizational Capabilities	-	-
Shared Services and Supplies	25	4,844
Communication and Corporate Relations	-	-
General Secretariat	-	-
Corporate Audit	-	-
Total social contracting	114	22,756

EPM Group Subsidiaries in Colombia Management

Energy subsidiaries

ESSA

In 2014, two meetings of suppliers and contractors were organized. The one in August included the promotion of the P&C policy. Similarly, the company has a newsletter for suppliers and contractors, which informed about the relations policy and Code of Conduct for Suppliers and Contractors. It is worth highlighting that



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the relation policy is available in the ESSA website.

Events with ESSA's suppliers	
Events	Number of Suppliers (attendees)
Event held on September 20, 2015	146
Bulletin for suppliers and contractors	600

Source: Energy Transmission & Distribution Vice-President's Office.

CHEC

For the CHEC supply chain team, building and maintaining trust and mutual benefit relations implies visualizing suppliers as strategic allies in the generation of added value of the company, rather than a mere contractual counterparty. Along these lines, it is necessary to constantly develop actions aiming at the development of the suppliers in order to strengthen the contractual relationship and generate progress through contracting. For this reason, the goal has been working together as a team to ensure the creation of opportunities for intellectual enrichment and the development of useful tools in the business activities of suppliers and contractors. This has been achieved through the various meetings and activities: Reunión Extraordinaria de Proveedores y Contratistas, Feria de Proveedores CHEC, Jornada Educativa 2014 and the V Encuentro Anual de Comunicación con Proveedores.



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This perspective has allowed us to understand that to the extent that value is generated for the suppliers of the organization, the CHEC supply chain, essential for the proper development of the activities of the company, increases its value, stability and reliability.

Events with CHEC's suppliers	
Events	Number of Suppliers (attendees)
4 events	623

Source: Energy Transmission & Distribution Vice-President's Office.

CENS

Strengthen relationships and effective communication with our external stakeholders is a priority for CENS. Therefore, under the slogan “Fortaleciendo y construyendo espacios de oportunidad” (Strengthening and building spaces of opportunity), the energy company organized three meetings with suppliers and contractors in 2014. The meetings were attended by 255 participants and addressed issues related to hiring, highlighted the importance of the Code of Ethics as an instrument that enables the company and its employees to act in accordance with the principles and values described in a policy framework that guides the work of the organization towards ethics.

At the same time, the meetings also served as an academic space to disseminate key issues among attendees, and to inform about supplier policy, the Code of Ethics of CENS, the Code of Conduct for Suppliers and Contractor, among other topics. Additionally, they also served to complete a satisfaction survey assessing the CENS communication channels, the events themselves and issues for future meetings.



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Events with CENS' suppliers

Events	Number of Suppliers (attendees)
3 events	255

Responsible contracting for the local development

External employment generated: it is the number of people external to EPM having work, provision of services and consulting contracts and subcontracts with a high labor component.

For EPM, it is important to determine these types of data because it allows having a vision of the quality, stability and fairness of the generated employment; in accordance to EPM's sustainability purpose and its relationship with these stakeholders.

Origin of the contractors: provenance refers to the place of origin of the contracted suppliers. It indicates if the supplier is a regional, national or foreigner, in terms of the percentage of contracts awarded.

Water subsidiaries held 703 contracts with local contractors, for an amount of COP \$134,119 million.

The Policy of Relations with Suppliers and Contractors was approved in all water and electric energy subsidiaries, and Emvarias.

Management of the relations with Suppliers & Contractors plan was undertaken in the subsidiaries.



EPM Management

In 2014, EPM signed 34,978 contracts with local companies, totaling an execution amount of COP \$1,920,352 million, which generated a positive impact on the local economy, and directly and indirectly benefited the distribution of value for the community. The external jobs generated in the region totaled 12,253.

Detailed types of contracting

Type of contracting	Number of contracts			Contract execution (COP millions)		
	2012	2013	2014	2012	2013	2014
Supply of goods and services	293	15,860	26,479	926,383	962,121	1,177,496
Supply of goods and services	247	15,855	26,452	313,891	962,121	1,098,827
Purchase and transmission/transportation - Electric energy and gas	46	5	27	612,492	-	78,669
Construction work contracts	304	366	384	378,089	895,103	951,197
Service provision	11,053	11,542	10,908	424,493	592,249	609,657
Service provision	11,053	1,920	1,878	424,493	579,402	583,061
Healthcare service provision	-	9,622	9,030	-	12,847	26,596
Tangible goods and minor purchases	33,603	302	-	176,221	88,828	-
Tangible goods - minor purchases	33,603	-	-	176,221	-	-
Purchase of tangible goods	-	302	-	-	88,828	-



Consultancy	95	131	145	29,673	75,273	94,381
Advertising agreements and covenants	322	484	477	53,173	60,216	60,721
Agreements	94	428	448	25,666	51,706	58,488
Advertising covenants	228	56	29	27,507	8,510	2,233
Other	668	16,215	2,474	188,266	120,800	289,163
Other	67	14,852	166	22,513	87,730	177,870
Purchase of electric assets	221	181	299	5,466	8,841	5,853



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Detailed types of contracting

Acquisition of real estate assets for projects	-	324	595	-	5,259	12,386
Loan or mutual	-	2	3	-	5,000	3,000
Contracts with third party audit	-	5	-	-	3,824	-
Project economic loss compensation	-	331	687	-	2,699	15,613
Advertising	-	62	114	-	2,225	8,553
Real estate asset acquisition	-	24	86	-	1,983	24,543
Real estate property leasing	-	246	410	-	1,643	37,380
Scientific and technological activities	-	5	5	-	421	1,509
Leasing	-	44	-	-	398	-
Miscellaneous	-	29	3	-	228	41
Easement incorporation	-	70	76	-	184	793
Maintenance or repairing	-	7	6	-	160	116
Transport services	-	6	1	-	87	-
Mandate	-	4	3	-	62	75
Concessions	-	1	1	-	57	29
Borrowing	12	12	12	115,341	-	-
Real estate asset disposition	-	3	1	-	-	-



Free leasing	-	4	3	-	-	1,400
Insurance brokerage or intermediation	-	1	1	-	-	-
Innominate	-	2	-	-	-	-
Energy commercial contracting	-	-	1	-	-	-
Trust contract	-	-	1	-	-	-



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Detailed types of contracting						
Real estate property	368	-	-	44,947	-	-
Total	46,338	44,900	40,867	2,176,299	2,794,590	3,182,615

Source: Shared Services and Supplies Vice-President's Office

Type of contracting: in the analysis of the contracting value according to contracting type, the highest percentage (37% of 2014 total) corresponds to supply, 19% to provision of services, and 30% to work contracts. The remaining 14% are contracts associated to the purchase of movables, consulting, and advertising agreements, among others.



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Contracting execution - Summary

Type of contracting	Number of contracts			Contract execution (COP millions)		
	2012	2013	2014	2012	2013	2014
Supply of goods and services:	293	15,860	26,479	926,383	962,121	1,177,496
Work contracts:	304	366	384	378,089	895,103	951,197
Service provision:	11,053	11,542	10,908	424,493	592,249	609,657
Tangible goods and minor purchases:	33,603	302	-	176,221	88,828	-
Consultancy:	95	131	145	29,673	75,273	94,381
Advertising agreements and covenants:	322	484	477	53,173	60,216	60,721
Other:	668	16,215	2,474	188,266	120,800	289,163
Type of contracting total:	46,338	44,900	40,867	2,176,299	2,794,590	3,182,615

Source: Shared Services and Supplies Vice-President's Office

External employment generated: In 2014 13,975 jobs were created, reflecting a decrease compared to the previous year. This change is supported by a new data gathering methodology for external jobs that is much more comprehensive and has a greater degree of detail and accuracy compared to previous years.



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External employment generated through contracting (2014)

Departments	In the region	Countrywide	Abroad	Total
Energy Generation	498	45	1	545
Energy Transmission & Distribution	1,451	20	-	1,471
Gas	675	217	-	892
Water & Sanitation	1,045	112	-	1,157
Commercial	1,068	34	-	1,102
Executive Projects & Engineering	5,611	585	17	6,213
Executive Strategy & Growth	39	10	6	54
Corporate Finance	23	8	-	31
Human Development & Organizational Capabilities	557	71	-	627
Shared Services and Supplies	1,234	251	-	1,485
Communication & Corporate Relations	32	47	-	79
General Secretariat	-	-	-	-
Corporate Audit	19	-	-	19
Total external jobs created	12,253	1,398	24	13,675



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External employment generated through contracting (2014)

	2012	2013	2014	Variation
External jobs average per month	18,116	21,582	13,675	-36.6%

Source: Shared Services and Supplies Vice-President's Office

Origin of the contractors: in 2014, EPM held contracts worth COP \$3.18 trillion, of which 60.3% came from regional economy, 33.1% were national suppliers and the remaining 6.6% were foreign suppliers. Therefore, the contracting activity of EPM in the city, the region and the country amounted to COP \$2.97 trillion, representing an increase of 8% over the previous year.

Origin of the contractors

	Number of contracts			Contract amounts (COP millions)		
	2012	2013	2014	2012	2013	2014
Local	12,246	38,811	34,978	987,157	1,439,826	1,920,353
Countrywide	33,904	5,973	5,776	1,008,727	1,313,398	1,053,371
Foreign	188	116	113	180,415	41,366	208,890
Total	46,338	44,900	40,867	2,176,299	2,794,590	3,182,615



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EPM Group Subsidiaries Management in Colombia

EPM Group's water and electric energy subsidiaries are aware of their impact on the community and on the creation of value for stakeholders, especially for the Suppliers and Contractors group. They accept and embody the Group's policies regarding corporate social responsibility (CSR) and relationships with suppliers and contractors.

Water Subsidiaries

In 2014, water subsidiaries signed 703 contracts with local companies, totaling an execution amount of COP \$134,119 million, which generated a positive impact on the local economy, and directly and indirectly benefited the distribution of value for the community. The external jobs generated in the region totaled 1,808.

Total contracting: In 2014, water subsidiaries held 748 contracts amounting to COP \$136,925 million.

Type of contracting: Regarding the analysis of the contracting value according to contracting type, the highest percentage (50.6% of 2014 total) corresponds to provision of services, and 27.6% to supply. The remaining 21.8% are contracts associated to work, purchase of movables, consulting, and advertising agreements, among others.



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Type of contracting (2014) - Water business subsidiaries

	Number of contracts	Contract execution (COP millions)
Supply of goods and services:	207	10,836
Work contracts:	29	31,537
Service provision:	379	49,186
Tangible goods and minor purchases:	-	-
Consultancy:	3	81
Advertising agreements and covenants:	26	18,192
Other:	104	27,094
Type of contracting total:	748	136,925

Source: Shared Services and Supplies Vice-President's Office

External employment generated: in 2014, 1,815 external jobs were generated, where Aguas Nacionales EPM and Empresas Varias de Medellín stood out with 1,226 and 397 external jobs respectively.



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External employment generated through contracting (2014) - Water business subsidiaries

Subsidiary	In the region	Countrywide	Abroad	Total
Aguas de Occidente	4	-	-	4
Aguas Nacionales EPM	1,226	-	-	1,226
Empresa de Aguas del Oriente Antioqueño	7	-	-	7
Empresas Varias de Medellín	397	-	-	397
Aguas de Malambo	52	-	-	52
Empresas Públicas del Oriente	-	-	-	-
Aguas de Urabá	121	8	-	129



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External employment generated through contracting (2014) - Water business subsidiaries

Total external jobs created	1,808	8	-	1,815
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Source: Shared Services and Supplies Vice-President's Office

Origin of the contractors: in 2014, water subsidiaries held contracts worth COP \$136,925 million, of which 97.8% came from regional economy, and 2.2% were national suppliers, while there were not contracts held with foreign suppliers.

Origin of the contractors (2014) - Water business subsidiaries

	Subsidiaries total		Aguas de Occidente		Aguas Nacionales EPM		Empresa de Aguas de Oriente Antioqueño		Empresas Varias de Medellín		Aguas de Malambo		Empresas Públicas del Oriente		Aguas de Urabá	
	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)
Local	703	134,119	62	1,637	6	390	28	854	384	114,269	68	7,298	19	187	136	9,484
Countrywide	45	2,806	-	-	-	-	3	57	4	231	20	527	-	-	18	1,991
Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	748	136,925	62	1,637	6	390	31	911	388	114,500	88	7,825	19	187	154	11,475

Source: Shared Services and Supplies Vice-President's Office



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Electric energy subsidiaries

In 2014, electric energy subsidiaries signed 1,393 contracts with local companies, totaling an execution amount of COP \$102,219 million, which generated a positive impact on the local economy, and indirectly benefited the distribution of value for the community. The external jobs generated in the region totaled 1,128, and 2,264 in the country.

Total contracting: in 2014, electric energy subsidiaries held 3,507 contracts. In terms of value, COP \$301,504 million were executed in 2014.

Type of contracting: Regarding the analysis of the contracting value according to contracting type, the highest percentage (55.1% of 2014 total) corresponds to provision of services, and 31.6% to supply. The remaining 13.3% are contracts associated to work, consulting, and advertising agreements, among others.



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Type of contracting (2014) - Energy business subsidiaries

	Number of contracts	Contract execution (COP millions)
Supply of goods and services:	2,148	95,238
Work contracts	74	33,225
Service provision	1,119	166,273
Tangible goods and minor purchases	-	-
Consultancy	7	224
Advertising agreements and covenants	23	612
Other	136	5,932
Type of contracting total	3,507	301,504

Source: Shared Services and Supplies Vice-President's Office

External employment generated: in 2014, 3,392 external jobs were generated, where Electrificadora de Santander and Central Hidroeléctrica de Caldas stood out with 1,819 and 960 external jobs respectively.



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External employment generated through contracting (2014) - Energy business subsidiaries

	Region	Countrywide	Abroad	Total
Central Hidroeléctrica de Caldas (CHEC)	377	582	-	960
Centrales Eléctricas del Norte de Santander (CENS)	255	164	-	419
Electrificadora de Santander (ESSA)	455	1,364	-	1,819
Empresa de Energía del Quindío (EDEQ)	40	154	-	194
Total external jobs created	1,128	2,264	-	3,392

Source: Shared Services and Supplies Vice-President's Office

Origin of the contractors: in 2014, electric energy subsidiaries held contracts worth COP \$301,504 million, of which 39.7% came from local economy, 60.2% were national suppliers, and 0.02% were contracts held with foreign suppliers.



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Origin of the contractors (2014) - Energy business subsidiaries

	Total filiales		Central Hidroeléctrica de Caldas		Centrales Eléctricas del Norte de Santander		Electrificadora de Santander		Empresa de Energía del Quindío	
	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)	Number of contracts	Contract execution (COP millions)
Local	1,393	102,219	862	40,009	173	30,958	254	27,055	104	4,197
Countrywide	2,113	199,238	1,430	77,686	251	48,020	185	49,632	247	23,900
Foreign	1	47	-	-	-	-	-	-	1	47
Total	3,507	301,504	2,292	117,695	424	78,978	439	76,688	352	28,143



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Water care

Video: <https://www.youtube.com/embed/GuzmzA40958>

In order to achieve hydrological balance, ensuring water supply for public utilities provided by EPM, it is necessary to promote initiatives and projects contributing to the conservation of hydrographic basins, to water consumption management, and to appropriate management of the waste water in the system the company operates. With that, it contributes to take care of the water resources and balance the natural availability with its uses and management.

Water is an essential commodity for life and the development of society. EPM Group strongly believes that it must contribute to the protection of hydrographic basins that tribute into its dams and systems, working together with public and private organizations, as well as the general community, —because this is a shared responsibility— in order to ensure the sustainability of this resource and the territories where it is present.

The following are the goals regarding water conservation for 2015:



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Goals for 2015

Comprehensive watershed management: definition of a strategy that allows the EPM Group to approach the comprehensive management of the watersheds in a standardized way and in coordination with other agents involved.

Diagnosis and definition of conservation priorities in the watersheds that supply the reservoirs and other systems in order to define management actions with other agents involved.

CEO Water Mandate: EPM joined this U.N. initiative in 2014, and it is committed to creating the first progress report in 2015.

Adequate management of the spillages of the water purification plants: to implement solutions for managing the muds produced by all the water purification plants no later than December 2016.

Unaccounted-for water management: to reach by 2017, by means of the unaccounted-for water management for the control of technical and commercial losses, a loss volume in the range of the socioeconomic water loss level for EPM's system, which is estimated to be between 85 and 90 million of cubic meters.

San Fernando WWTP modernization project: to develop the project in two modules: the first one for the removal of sands and waste coming from the wastewater; and the second for optimizing the anaerobic digestion (it will be started in 2015).



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EPM Management

In order to ensure the provision of public utilities related to water supply and hydroelectric power generation, it is necessary to protect the tributary hydrographic basins, seeking to mitigate and prevent the ecosystem deterioration process, mainly occurring as a consequence of anthropic activities that may cause medium and long-term water availability problems. EPM strongly believes that the efficient water use and saving in its processes, as well as the waste water treatment in the system that operates, contribute to the conservation of the basins and the sustainability of the water resource that they provide. That is the reason why it develops programs and projects related to basin conservation, to efficient water use and saving, to waste water management, and to promote the intelligent use of public utilities by its users and the general community.

The following table shows the goals and achievements related to this topic in 2014:



2014 goals	Logros 2014	Compliance
<p>“Cuenca Verde” (Green Watershed): To implement strategies within the framework of the public-private alliance in order to promote:</p> <p>I) Sustainable production practices.</p> <p>II) Management and conservation of water resources.</p> <p>III) Education, training, communication and monitoring.</p>	<p>EPM, as an associate of the “CuencaVerde” Corporation, supports the execution of the strategy and the programs and projects defined by the corporation for the protection and conservation of the watersheds that supply the Riogrande II and La Fe reservoirs, with the purpose of contributing to the preservation and improvement of the environmental resources and services they provide. A COP 4-billion agreement was signed in 2014 with the purpose of developing projects related to the following fields: water culture, comprehensive management of the water resource and biodiversity, information and knowledge management, monitoring and follow-up.</p>	Total
<p>Reservoirs Program: Delivery of final reports with recommendations for the operation of reservoirs, development of concept maps of the three reservoirs included in the study and knowledge transfer to EPM's technicians.</p>	<p>The concept maps of the Riogrande II, La Fe and Porce II reservoirs were obtained, progress was made in the fulfillment of the objectives regarding the sediments, the agrochemicals and the recommendations. The latter will be submitted in 2015 in order to continue with the knowledge transfer process.</p>	Partial

EPM Group Management

EPM Group is aware of its interdependency with the environment to provide its services and of the need to contribute, with other parties, to the conservation of hydrographic basins, in addition to ensuring water efficient use and saving in its processes, and appropriate waste water management.

The following table shows the goals of EPM Group subsidiaries related to water conservation for 2015.



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Goals for 2015

Programs for saving and using water efficiently: to formulate and implement the program for saving and using water efficiently in all Emvarias facilities, with the purpose of complying with the institutional environmental policy.

Formulation and execution of plans in the systems that require it, in order to comply with the regulations currently in force.

Water recirculation in DWTP: to continue working on the recirculation project in Aguas de Occidente's DWTPs and in Aguas de Malambo's El Tesoro DWTP.



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Wastewater management

Implementation, by EPM Group Companies, of management measures for wastewater discharges (1) resulting from the activities and processes of its companies, in which water consumption is required.

(1) In Colombia, Decree 3930 of 2010 defines a discharge as the final dumping of liquid elements, substances, or compounds into a body of water, a sewage system, or the ground.

- In the San Fernando WWTP, 10,439 tons/year of BOD and 10,975 tons/year of TSS were removed, thus preventing these volumes of pollution from reaching the Medellin River.
- In El Retiro WWTP, 144.79 tons/year of BOD and 130.3 tons/year of TSS were removed, with an average efficiency of 92.2% for BOD and 91.9% for TSS.

EPM Management

The main results of the management of EPM discharges, resulting from its processes, equipment cooling, and domestic consumption, are summarized below:

- The total flow discharged by the EPM facilities in 2014 was 105.29 Mm³, which represents an increase of 0.78% over 2013, due to increased dumpings from water purification plants.
- 56.25% of total discharges from facilities corresponds to La Sierra thermoelectric plant.
- 41.22% of total discharges from facilities corresponds to San Fernando and El Retiro WWTP, which treat wastewater of El Retiro and the South of Aburra Valley.



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- Domestic wastewater discharges were 335,943.17 m³, which corresponds to an increase of 0.97% over 2013.

In the attached figures and tables, domestic wastewater discharges are distributed by percentage and discharges are shown by type of facility.

Spillages by EPM facilities						
			2012	2013	2014	"2013-2014 variation"
Facilities	Type of treatment	Destination	Discharge (m ³ /year)	Discharge (m ³ /year)	Discharge (m ³ /year)	%
10 DWTPs	None	Sewage system	1,710,738	2,687,927	2,256,485	-16.05
	None	Water current	71,976	15,221	45,285	197.52
2 WWTPs	Secondary	Water current	43,362,602	45,219,838	43,402,626	-4.02



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Spillages by EPM facilities

La Sierra thermoelectric station	Secondary (industrial-waste)	Water current	4,446	9,962	6,698	-32.76
	None (cooling)	Water current	68,572,727	56,184,786	59,222,768	5.41
EPM Building	None (cooling)	Sewage system	26,234	20,057	22,136	10.37
Aqueduct operation area (tanks and pumping)	None	Sewage system	-	Se incluye dentro de lo doméstico	Se incluye dentro de lo doméstico	
Subtotal			113,748,723	104,137,791	104,955,998	0.79
Domestic from facilities			266,561	332,710	335,943	0.97
TOTAL			114,015,284	104,470,501	105,291,941	0.79
<p>“Facilities domestic spillage, includes spillages from tanks and pumping stations unloaded to the sewer system. * It should be noted that the Barbosa DWTP unloads onto a superficial source. Corantioquia approved in 2013 the five-year (2014-2018) polluting load reduction plan of this facility.</p>						

Source: IDSOS.

Initiatives and projects developed in 2014, relating to wastewater management, are shown below:



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- **Sanitation and Discharge Management Plan of Aburra Valley:** in order to make progress with the SDMP, achieve the goal of removing 160 tons/day of BOD from the Medellin river, and increase the level of dissolved oxygen to 5 mg/l, in 2016 we will continue with the construction of the Bello WWTP , the operation of the San Fernando WWTP, and the awarding of the Centro Parrilla project for the modernization of water and sewerage systems in Medellin downtown. The total investment in the execution of the plan during the period 2004-2014 was COP \$781,155 million, and the estimated investment for the period 2015-2017 is COP \$1,108,826 million. A table with the investments made and estimated by EPM for the Sanitation Plan of the Medellin river, Aburra Valley, is attached.



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Medellín River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Term	Investment (COP millions)	Physical goal (km)	Wastewater discharges eliminated
2004-2014	335,195.00	284.20	758.00
2015-2017	482,125.00	178.20	402.00
Total	817,320.00	462.40	1,160.00



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Medellín River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Project / activity	Investment (COP millions)
Construction of WWTP	137,652.11
2015-2017 optimization	50,229.00
Total	187,881.11



Medellin River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Concept	Investment (COP millions)
2008-2014 execution	194,658.21
2015-2016 projection	524,226.81
Total	718,885.02



Medellín River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Concept	Investment (COP millions)
2008-2014 execution	113,064.53
2015-2016 projection	35,724.76
Total	148,789.29



Medellin River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Concept	Investment (COP millions)
2008-2014 execution	545.69



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Medellin River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

2015-2016 projection	16,520.92
Total	17,066.61



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Medellín River rehabilitation - Investments executed and projected by EPM

Modernization of the sewage networks and elimination of wastewater discharges

Concept	Investment (COP millions)
2008-2014 execution	781,115.54
2015-2017 projection	1,108,826.49
2004-2017 plan total	1,889,942.03

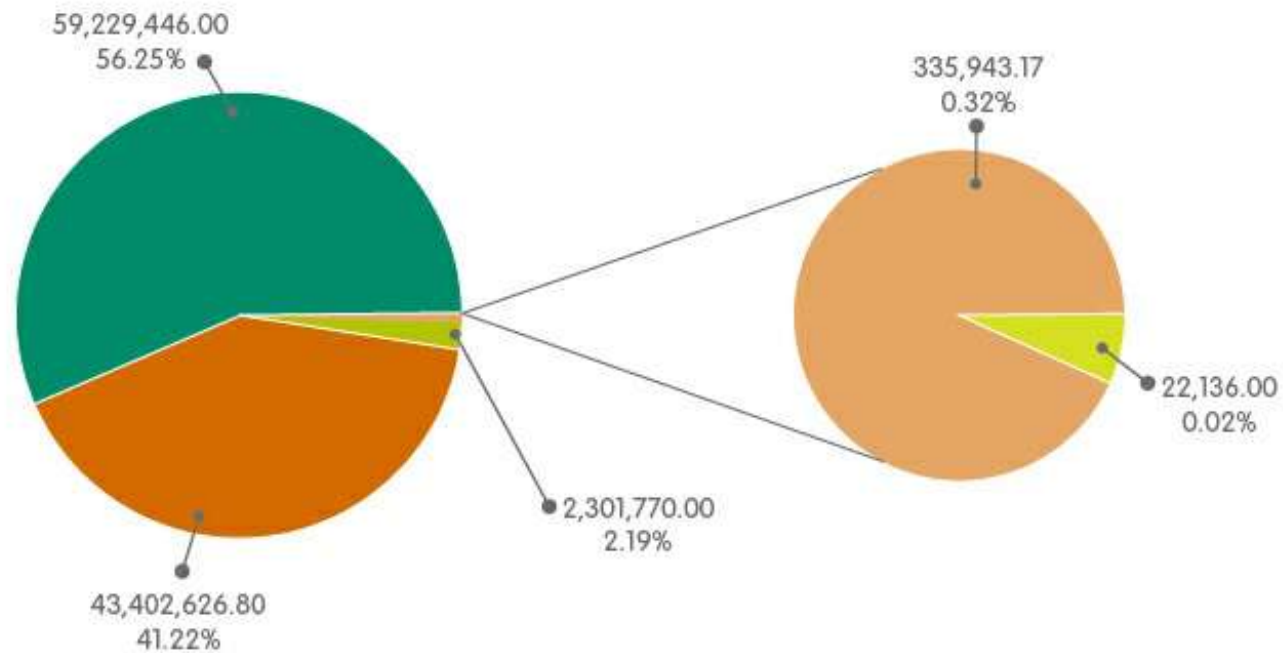
Note: 2008-2014 compensatory rates, approximately COP 40 billion. Maser Urban Drainage Plan Agreement: COP 1.5 billion.



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EPM major discharges (2014)



■ 10 DWTPs ■ 2 WWTPs ■ La Sierra thermoelectric station

■ EPM Building ■ Domestic from facilities

*Figures in m³ per year



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Source: IDSOS.

Management in subsidiary companies of EPM Group in Colombia

EPM Group, Colombia

The main results of the management of discharges resulting from industrial processes and domestic consumption of Emvarias, CHEC, Aguas de Uraba, Aguas de Malambo, and Aguas de Occidente are summarized below:

- The total volume of wastewater discharges from those subsidiary companies in 2014 was 2,135,796.37 m³. 87.29% of these discharges corresponds to Aguas de Occidente, 9.46% to Aguas de Malambo, 3.01% to Emvarias, and 0.22% to CHEC and Aguas de Uraba.

Wastewater discharges from the aforementioned subsidiary companies are detailed in the attached table.



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Spillages of the subsidiaries in 2014

Company	Type of treatment	Destination	Discharge (m3/year)	DBO5 (mg/L)	Total Suspended Solid Material (mg/L)	Average temperature (°C)
CHEC	Secondary	Superficial	3,278	60.95	39.14	23.77
Emvarias	None	Sewage system	64,399			
Aguas de Urabá	None	Sewage system	1,341			
Aguas de Occidente			1,864,702			
Aguas de Malambo	None	Sewage system	202,176	417.70	509.14	32.9
TOTAL			2,135,796			

Water conservation



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Water is considered to be an essential commodity for the life and development of society. The protection and improvement of the river basins, and the environmental services they provide, is a priority in order to ensure the sustainability of the territories.

The environmental conditions of the basins directly affect the water supply sources of the reservoirs and other systems. In order to contribute to the improvement of such conditions and prevent the risks related to the availability of the water resource for the population it serves, EPM—directly and with other agents—promotes programs and projects such as erosion control, environmental sanitation, environmental management at reservoirs, forest management, restoration, fauna management, and environmental awareness.

Water quality deterioration was evident at some reservoirs and systems. Such events are mainly caused by anthropic activities and they may affect the quality and availability of public utilities. The joint commitment and actions of all the parties present at the territory are needed, so that each one—from its own position—contributes to ensure a better quality of life for everyone.

EPM Management



Below are some of the programs and initiatives that EPM developed in 2014 to preserve the basins.

Cuencaverde Corporation: It was established on October 24, 2013, in order to manage and invest financial resources to protect, maintain and preserve environmental services, especially water, in the supplying watersheds of the Riogrande II and La Fe reservoirs, leading suppliers of water for the inhabitants of the Aburrá Valley and the watersheds themselves. It is a public-private partnership with the following partners: Municipality of Medellín, EPM, Cornare, Postobón, Nutresa Group, AMVA, Coca Cola–Femsa, and the Latin American Water Funds Partnership.

In 2014, EPM executed a cooperation agreement with Cuencaverde for COP 4,000 million for the implementation of projects related to: comprehensive water resource and biodiversity management, ecosystem restoration, promotion of sustainable production practices, strengthening of the governance and the culture of water, environmental dissemination and awareness raising, environmental studies, and monitoring and follow-up on the supplying watersheds for Riogrande II and La Fe reservoirs.

Reservoir Water Quality Program: Applied research on the quality of water in the EPM reservoirs Riogrande II, Porce II and La Fe, in agreement with Universidad de Antioquia and Universidad Nacional de Colombia. It addresses seven lines of study on physical processes, nutrients, sediments, limnoecology, agrochemicals, emerging contaminants and humic substances, through the development of 13 master theses and 13 PhD dissertations. The concept maps of the Riogrande II, La Fe, and Porce II reservoirs were obtained in 2014. Progress was made in the fulfillment of the objectives regarding the sediments, the agrochemicals and the recommendations. The latter will be submitted in 2015 in order to continue with the knowledge transfer process and to include the recommendations made during the reservoir operation. The total investment in the reservoir program is COP 5,626 million, out of which COP 627 million were paid during 2014.

Basin Management: During the implementation of the Strategic Environmental Plan by EPM Group, under the category “Comprehensive management of basins and environmental services”, the performed actions were related to: comprehensive management of water resources, forest management, biodiversity, and ecosystem services, territory management and land use, relationships with the stakeholders, and involvement in development programs. Some of these actions were jointly performed with other organizations such as environmental authorities, NGO’s, universities and municipalities in order to protect and improve the environmental conditions of the river basins that supply the reservoirs or systems of interest for the parties. More information at: Joint environmental responsibility.

Involvement in BanCO2 program: Payment strategy for environmental services, aimed at developing a compensation system for the conservation and restoration of natural forests, funded voluntarily by companies and individuals. It is developed in accordance to the region’s situation, in which logging is part of peasants’ subsistence. Therefore, paying for environmental services has become a mechanism to preserve them and reduce deforestation. EPM has joined the program supporting 82 families (1449 ha of forest) in municipalities in the East of Antioquia, such as: La Ceja, La Unión, El Retiro, Abejorral, San Rafael, San Carlos, San Vicente, Alejandría, Carmen del Viboral, and El Peñol.

Efficient water use and water saving plans: Under Colombian Act 373 of 1997, the company has plans for the efficient use and water rationalization (PUEAA), aimed at optimizing water consumption and increasing its availability in supplying watersheds. During its implementation, actions related to technology changes, implementation of best practices, training sessions, and loss reduction, among others, are performed.

Involvement in the CEO Water Mandate: In 2014, EPM joined this United Nations’ initiative, honoring its commitment to water conservation and to the belief that the engagement and actions of all the society are needed to ensure the sustainability of the territories where it carries out its actions and provides its services.



Pact for efficient water use and saving: In compliance with the agreement executed between the Ministry of Environment and Sustainable Development and the aqueduct, sewerage, and hydroelectric sectors that are members of Andesco, progress was made in conducting some workshops related to water management and conflict resolution. Such spaces included the participation of companies in the guild, and other public and private parties.

Water Quality Monitoring: The quality monitoring on the sources that supply the Aqueduct System of the Metropolitan Area and the main sources for Riogrande II, La Fe, and Piedras Blancas reservoirs was performed twice a year for microbiological, physical, and chemical analyses of the tributary sources, the consolidation of such results, and obtaining quality curves for the sources. All of this enables us to adapt the treatment process and perform actions for the environmental authorities, in the appropriate cases.

Raising Awareness on Water and Environmental Conservation: As part of the strengthening of the water culture, in 2014, we held events such as the celebration of the World Water Day, and ludic and educational activities at EPM Water Museum. We continued the program Cuidamundos aimed at students and teachers, the programs for environmental awareness raising along with EPM Foundation, the participation in the program Aló EPM, and the environmental training programs for EPM Group people.

Other programs: EPM set up a network of drinking water dispensers at 50 sport facilities in Medellín, monthly benefiting approximately 250,000 people. Likewise, EPM Foundation has taken 129 small purification plants to schools located in rural areas, contributing to the quality of life of students and teachers.



As a complement to the actions previously described, below is a link to the article titled “Water Fund”, highlighting the importance of this strategy for the conservation of basins. There is another link that redirects to some initiatives related to the celebration of the World Water Day in 2014.

http://www.epm.com.co/site/portals/descargas/medios/Edicion_9.pdf

<http://www.epm.com.co/site/Home/Saladeprensa/Noticiasynovedadesnueva/EPMcustodiaelaguaparaelbienestardelacomunidad.aspx>

Management of EPM Group Subsidiaries in Colombia

EPM Group subsidiaries, Colombia

Below are some basin conservation programs and projects implemented by the subsidiaries of EPM Group.

CHEC Protected Forests: Since 1960, CHEC has been acquiring lands in the upper parts of the river basins that supply the power generation system. It also devotes 5,101 ha to forest conservation. The most representative lands are in the upper basin of Chinchiná river, in the Municipalities of Manizales and Villamaría comprising an area of 4,200 ha, which was declared as a protective forest reserve by Corpocaldas. The involvement of CHEC in the initiative “Pacts for Chinchiná river basin” —for the recovery and conservation of such basin— stands out as well: <http://www.chec.com.co/sitioweb/node/335>

EDEQ Forest Compensation: This program was carried out jointly with Circasia Mayor’s Office in order to reforest the biological corridor known as Quebrada Cajones. A total of 250 trees of different species were planted there.

Evaluation of Supply Basins: A general diagnostic evaluation was carried out —with existing information— on the environmental issues of the supply basins for EPM’s reservoirs and systems, as well as the water and energy subsidiaries. It will continue in 2015 in order to define the priorities on protection and the actions that will be performed with other parties.

Water consumption

Its purpose is to reduce or maintain water consumption for different uses: residential, industrial and cooling in operations of the company that are under its control.

- Empresas Públicas de Medellín E. S. P. does not use for consumption protected water sources under the Ramsar Convention or national or international similar forms of protection.
- Water consumption in the different processes of EPM do not exceed the licensed water flow; however, it is important to specify that the flow used to generate energy varies each hour during the 24 hours of the day, due to conditions of demand of the national system. To guarantee the demanded energy our reservoirs allow us to store water during rainy seasons, which is to be used in dry seasons. As a result, the corresponding analysis of consumption versus license must be done with annual data that reflect the climate change in such period and the demands of the National Electricity System.
- Due to factors such as climate change, it is important to have reservoirs to store water, since long rainy or dry seasons are increasingly more frequent or possible.





EPM Management

Water collected and used by EPM during 2014, coming from different source types, surface, water supply, atmospheric, underground, etc., was 16,184 Mm³, of which 99.97% correspond to superficial water consumption, as indicated below:

- The total consumption of surface water was 16,180 Mm³.
- 97.82% of surface water was reused for the production processes of energy generation.
- Surface water consumption decreased 4.54% in relation to 2013. This decrease was associated to less energy generation in the Guatapé hydroelectric power station during 2014, due to the low levels of the Peñol-Guatapé reservoir.

The following tables show water consumption in the EPM's WWTP and DWTP and water consumption for energy generation.



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EPM's water consumption according to the source (DWTP and WWTP)

Plant		2012		2013		2014	
		Surface water (m ³ /year)	External aqueduct water supply (m ³ /year)	Surface water (m ³ /year)	External aqueduct water supply (m ³ /year)	Surface water (m ³ /year)	External aqueduct water supply (m ³ /year)
PTAP	Aguas Frías	596,833		570,421		559,174	
	Ayurá	159,772,072		160,696,470		151,126,646	
	Barbosa	1,605,519		1,513,689		1,537,223	
	Caldas	3,525,413		3,482,547		3,501,695	
	La Cascada	1,699,706		1,603,792		1,586,747	
	La Montaña	6,859,975		8,753,434		8,079,980	
	Manantiales	113,920,318		110,817,395		113,460,719	
	San Antonio de Prado	2,457,406		2,580,041		2,588,928	
	San Cristóbal	4,288,799		4,083,747		4,466,484	
	Villa Hermosa	2,992,885	22,864	1,260,012		6,273,996	
	Palmitas	29,902		40,506		43,893	
PTAR	El Retiro		421		273		272



EPM's water consumption according to the source (DWTP and WWTP)

PTAR	San Fernando		153,642		158,930		170,995
Subtotal		297,748,828	176,927	295,402,054	159,203	293,225,485	171,267
Total		297,925,755		295,561,257		293,396,752	

Source: IDSOS.

Water consumption variation in the WWTP and DWTP of 2014 in relation to 2013 was 0.73%.



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Water consumption of EPM's "power plants and support facilities" by type of use

Water consumption for EPM's power generation (2014)				
Departments	Generation	Domestic use	Cooling	Total
	m³/year	m³/year	m³/year	m³/year
Sierra Dorada Operations Unit	30,669	10,194	59,222,772	59,263,635
Guadalupe Operations Unit	3,242,612,085	104,877		3,242,716,961
East Zone Operations Unit	4,188,416,792	53,647		4,188,470,439
North Zone Operations Unit	734,679,070	1,996		734,681,066
Small Power Plants Direction Office	974,936,951	1,329		974,938,279
Porce Operations Unit	6,690,004,487	30,363		6,690,034,850
Total	15,830,680,053	202,405	59,222,772	15,890,105,230



Management in the EPM Group subsidiary companies in Colombia

Water consumption for the EPM Group subsidiary companies in 2014 was like this:

- In the DWTPs and WWTP of the Aguas de Urabá, Aguas de Occidente, Aguas de Malambo, and Aguas de Oriente subsidiary companies, water consumption was 33.78 Mm³; of that volume, 99.99% corresponded to consumption of surface water. 62.08% of the consumption was from Aguas de Urabá and 23.08%, of Aguas de Malambo. The remaining percentage was from the other subsidiary companies.
- In the energy subsidiary companies, CHEC, ESSA, CENS, and EDEQ, water consumption was 98,318 m³ of which 77.86% corresponded to residential consumption in the administrative and commercial headquarters and electrical substations and 22.13% to water consumption for power generation.
- The total water consumption of Emvarias in 2014 was 64,399 m³, of which 63% was used in the Technical Direction, Operation and Maintenance; and 28% corresponded to the Administrative Direction. In the consumption of this last one, the cafeteria and the Aurelio Mejía stadium, where some events of equine exhibition take place, were included.

The attached tables show water consumption in the DWTPs and WWTP , as well as in the energy subsidiary companies and Emvarias.



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Water consumption of EPM's subsidiaries according to the source (PTAP and PTAR)

Plant		2014	
		Surface water (m ³ /year)	External aqueduct water supply (m ³ /year)
Aguas de Urabá - DWTP	Apartadó DWTP	9,997,391	
	Bajirá DWTP	286,717	
	Carepa DWTP	2,929,692	
	Chigorodó DWTP	2,870,230	
	Mutató DWTP	494,766	
	Reposo DWTP	278,100	
	Turbo DWTP	4,119,919	
Aguas de Urabá - WWPS	Ciudadela Bolívar (Turbo) WWPS		220
	Jesús Mora (Turbo) WWPS		30
	Chigorodó WWTP		6



Water consumption of EPM's subsidiaries according to the source (PTAP and PTAR)

Aguas de Occidente - DWTP	Santa Fe de Antioquia DWTP	2,234,390	
	San Jerónimo DWTP	772,518	
	Sopetrán DWTP	1,230,088	
	Olaya DWTP	122,975	
Aguas de Oriente - DWTP	El Retiro DWTP	648,125	388
Aguas de Malambo - DWTP	El Tesoro DWTP	5,549,734	
	El Concord DWTP	2,250,251	
Subtotal		33,784,896	644
Total		33,785,540	

Source: IDSOS.



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Water consumption (2014) - Energy business subsidiaries

Water use	CHEC's water consumption (m³/year)	% according to the use	ESSA's water consumption (m³/year)	% according to the use	CENS' water consumption (m³/year)	% according to the use	EDEQ's water consumption (m³/year)	% according to the use	Total water consumption	% according to the use
Energy Generation	18,214.00	54.81	3,548.00	13.79					21,554.03	20.77
Domestic: administrative headquarters, commercial branches and sub-stations	12,042	45.19	23,092	86.21	41,422.00	100.00	5,055.00	100.00	82,237.00	79.23



Water consumption (2014) - Energy business subsidiaries

General total	30,256.00	100.00	26,640.00	100.00	41,422.00	100.00	5,055.00	100.00	103,791.03	100.00
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Source: IDSOS.

Envvarias' water consumption (2014)

Branches/Facilities	(m3/year)
Administrative Direction Headquarters (general services)	18,019
Final disposal - Curva de Rodas	87
Technical operations and maintenance direction branch	40,591
Centro A	4,514
Centro B	1,188
Technical direction - operations and maintenance vector	0
Total	64,399



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Human Rights

Video: <https://www.youtube.com/embed/SzVwhVLJujs>

Respect for and promotion of Human Rights in the Group's practices, including the supply chain

The viability of operations and the reputation resulting from practices of respect and promotion of Human Rights represent high values for the company and for the dignity of the people.

EPM Management



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2014 Goals	2014 achievements	Compliance
Encourage the security entities to comply with clauses of human rights-related training in the security agreements and contracts, and to monitor their compliance.	The Mining and Energy Committee together with other companies in the sector and the Ministry of Defense carried out actions aiming at the creation of the standard main body of the agreements involving law enforcement.	Total
Strengthen the commitment of the contractors regarding the compliance with human rights clauses, and monitor their fulfillment.	A virtual course about human rights and companies was developed and offered to contractors. A human rights incident mechanism was created for contractor employees.	Partial
Implement the virtual course on human rights for providers.	The course was created and will be implemented in 2015.	Not fulfilled
Implement the claims and complaints mechanism that is addressed to human rights, and have official, complete and timely information on claims and complaints related to human rights.	The institutional human rights incident mechanism was put in operation for contractor employees. It aimed at facilitating the interaction with these stakeholders and identifying improvement opportunities in the processes related to contractual relationship.	Total
Implement the human rights course as a face-to-face class and according to the criteria of the Human Rights Guide for Businesses and the Protect, Respect and Remedy framework.	The contents of the course were created, but the methodological framework of the course is under construction.	Not fulfilled
Continue the housing restitution process for all the families from San Andres de Cuerquia.	22 families in San Andrés de Cuerquia have received their houses. In total, 16 of them received new houses and 6 families received second-hand houses.	Total
As part of the Ituango Project, agree upon comprehensive restitution measures with families from Orobajo, Barbacoas and Puerto Valdivia (reservoir and other locations).	Housing restitutions were completed in Puerto Valdivia: 6 families in the suggested premises, 37 direct acquisitions, 17 temporal relocation. In the other locations, 14 families received the suggested premises and 10 solved through direct acquisitions.	Total
Nueva Esperanza Project: <ul style="list-style-type: none"> Relocation of 11 houses affected by the 230 kV line project. Agree with the Cundinamarca Governor 		



Institutional management regarding Human Rights

In 2011, EPM endeavored to the task of building an institutional Human Rights-focused labor model, as a fundamental step towards strengthening the relations with all its stakeholders. Thus, the company has fostered the formal integration of the responsibility of respecting human dignity in all its business operations.

With the proclamation of the institutional Human Rights policy in 2012, the organization ratified and made public this commitment to the respect for the Human Rights and the International Humanitarian Law in its business activities, and it laid the formal foundations for its implementation in the entire EPM Group. This decision is consistent with the adherence of the organization to the United Nations Global Compact in 2006, and it also comprises the promotion of the aforementioned respect in the companies that form its supply chain.

The institutional management in terms of Human Rights includes all the actions performed for the implementation of the policy in the EPM Group, as well as the strategies aimed at extending the commitment to the Suppliers and Contractors.

In 2014, EPM started the preparation in the Group's Colombian energy business subsidiaries to approach the Human Rights topic in the operations, and strengthened its actions in terms of the promotion of the respect in the supply chain.

EPM Management

Aware of the need to strengthen the Human Rights management from the business practices across the entire country, EPM focused in 2014 part of its efforts on the promotion of this crucial topic among the companies that form its supply chain.

Thus, the organization implemented the "Institutional Human Rights incidents mechanism for the employees of the contractor companies" in 2014. It is an instrument designed to facilitate the relation with this stakeholder group and identify adequate actions for strengthening the processes related to the contracting management. In its first weeks of operation, the mechanism received and processed one incident, which was analyzed by different departments of the organization. Based on the collection of documentation, those departments helped to identify the causes, effects and improvement opportunities arising from the situation.

Furthermore, all condition sheets and contracts with third parties included clauses related to the obligation of abiding by the dispositions of the institutional Human Rights policy and its guidelines, with the purpose of minimizing the risks. The clauses deal with, among other commitments, the prohibition of the use of child labor and the fostering of decent labor, understood as the one that is free of discrimination, is well paid and is carried out in a safe and healthy environment.

In 2014, a virtual course on Human Rights in companies was designed and developed, and it will be shared with the Suppliers and Contractors in 2015. The purpose of this tool is to raise awareness and teach about the importance of approaching this topic within the business management. The organization structured an in-person course on the same topic for its employees, but it was adjusted based on the criteria of the "Human Rights guide for companies" and the "Protect, Respect, Mend Framework," and the contents of the course were defined, as well as the course modules in which they will be treated. The course will be implemented in 2015. Regarding the personnel involved in security operations, the organization permanently monitors the



training provided to them in relation to the respect for the Human Rights.

The company participated in the “First legal clinic about strategic international litigation on Human Rights” held in Colombia, with a duration of 24 hours and through which one employee from the Legal Department was trained on the subject, as it is considered to be a key matter in the current dynamics of the projects developed by the organization. Additionally, 370 people responsible of the security in the operations of the organization were specifically trained in Human Rights matters.



Contractor security personnel trained in Human Rights aspects

Program	Number of participants (2014)	Hours of training (2014)	Security personnel percentage (2014)
Human Rights training (East, San Rafael, Alternate Z., Donmatías, Porce 3, Southwest and West). Empresa Vise Ltda.	147	2 hours in each zone	20%
Human Rights training (Aburrá Valley metropolitan area) Empresa Securcol Ltda.	223	6	31%

Management in the EPM Group's Colombian subsidiaries

Generally in the companies of the EPM Group, the approach to the Human Rights is in a stage of installation and start, even though several companies have already developed important actions with a clear focus on the subject.

Currently, all of Emvarias' contracts include clauses aimed at promoting the respect towards the Human Rights, for instance with decent labor conditions. EDEQ also includes a specific clause related to the Human Rights in the contract conditions documents regarding the actions and activities of the contractor companies. This company has had since 2011 a specific declaration on Human Rights and Gender Equality that establishes commitments to the promotion and respect for the subject.

In 2014, CHEC performed a self-diagnosis process with Icontec's support with the purpose of establishing the state of implementation of the ISO 26000 standard regarding every one of its seven fundamental subjects, one of which are the Human Rights. This exercise will be evaluated in 2015 with the identification of the risks related to the matter in question.



Human Rights training (2014)

Program	Number of participants	Hours of training
Emvarias: Human Rights management - Security company - Las Américas.	193	386
CENS - Global Pact and Human Rights	43	2
CHEC - Basic Security Course - Human Rights module (given by a security company)	96	2
EDEQ - Human Rights training for security personnel	57	Not available



Diversification of renewable energies

Video: <https://www.youtube.com/embed/TATHyLfK40E>

The EPM Group is committed to increase the use or start using new sources of renewable and clean energy apart from the hydrological.

The access and generation of electric power by means of renewable sources different to the hydrological energy create a high economic value for EPM because they prevent the increase of the costs due to low competitiveness, the coverage of the populations without service is improved, and the risk of depending exclusively on water is minimized. Additionally, a high environmental value is generated, contributing to the reduction of greenhouse gas emissions; and, lastly, a high social value is also generated due to the fact that the use of unconventional energy sources is considered to be a matter of public utility and social interest for the benefit of the entire country. It is a fundamental step to ensure a complete and timely energy supply, the efficient use of that energy, and the preservation and conservation of the renewable natural resources.

EPM Management

Wind power, solar energy, geothermal energy, biomass, biogas, biofuel, and small hydroelectric stations are the new energy sources EPM has been working on.



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2014 Achievements

Economic and financial evaluation of a 20 MW wind project in Guajira.

Installation of new wind power stations in potential sites, after consultations with the communities.

Initiate studies for the production of solar energy in the target market.

Complementation of technical studies related to geothermal energy in the Nevado del Ruiz.

Source: EPM's Development and Innovation Department.

2015 Goals

Geothermal energy: Execution of the contract signed by USTDA, DEWHURST and EPM with the following progress: LiDAR analysis, geo-scientific model adjustment, and recommendation of the exploratory drilling points.

"Primavera" vehicle: the "Primavera 2" vehicle will be jointly developed with Universidad EAFIT with the purpose of participating the 2015 World Solar Challenge in October in Australia.

EPM Group management



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2014 Goals	2014 Achievements	Compliance
CHEC: i) Support the signing of the grant contract with USTDA- EPM - Dewhurst for the Valle de Nereidas geothermal project. ii) Progress in the construction of the base line of the geothermal project as input for the Environmental Management Plan.	i) Support the completion of the grant contract among with USTDA- EPM - Dewhurst to develop the technical, economic and financial feasibility studies for the construction of a geothermal power plant. ii) Progress was made in the baseline studies as input to the Environmental Management Plan.	Total

Source: CHEC and EPM's Development and Innovation Department.

2015 Goals
CHEC: Do the expanded geothermal conceptual model.
CHEC: Develop the initial design and specifications of the drilling infrastructure and budget.
CHEC: Start building the deliverables of the Environmental Management Plant for drilling deep wells.
CHEC: Initialize the technical, economic and financial feasibility studies for the construction of a geothermal power plant in the Valle de las Nereidas with a special focus on the following deep drilling phase.



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Biogas

EPM has identified biogas as an energy of interest. In this regard, there have been some preliminary analysis to define the best use of the biogas generated by the waste in La Pradera Landfill, located in the northern subregion of the Department of Antioquia.

Among the possible uses for this are electricity or heat generation or applying purification processes to inject it into the natural gas network as a new line of business.

Additionally, since 2001, the company has been using the energy generated from the use of biogas production at the San Fernando Wastewater Treatment Plant to cover the energy needs of the operational processes.

The results from the last three years have demonstrated that the provisions regarding the plans to obtain 33% of the energy from self-generation have been achieved and that additionally, this has contributed to the efficiency of the processes and the reduction of methane emissions.

It should be noted that the recovery of energy in the plant is based on the generation of electric and thermal energy. The electric energy is used for consumption and the thermal energy is used for heating the mud (between 28 ° C and 37 ° C).

Wind power

EPM plays an important role in the electricity business panorama in Colombia. In this regard, it has taken up new corporate challenges through research on the field of alternative energy sources. It is the case of the pioneering project, “Jepírachi”. Through this project, EPM uses wind to generate power. This project is located in La Guajira, in northern Colombia. It has a capacity of 19.5 megawatts and is part of a research program led by EPM for the future development of this technology in the country.

Additionally, it worth mentioning that during 2014 the economic and financial evaluation of a 20-megawatt wind project in La Guajira was conducted. Moreover, after an agreement with the communities in the area, new wind stations were installed in potential sites.

Management in EPM



The Jepirachi park accounted for 0.53% of the total energy generated by the company and it meets the conditions laid down in the Kyoto Protocol for Clean Development Mechanism (CDM). It is also registered with the United Nations under Code 0194, April, 2006.

This project has generated extensive knowledge and experience in the field of wind power. Therefore, in keeping with the objective of progressing in the field of clean environmentally-friendly energy, resulting from an innovative visionary governance and a committed work team, Los Cururos Wind Farm project, located in Chile, was opened in 2013. The project is in line with the objectives of the Chilean National Energy Policy since it tends to guarantee supply, diversify energy sources, reduce dependence on fossil fuel producing countries, and produce electricity in a decentralized way without generating greenhouse gases. In this sense, the project includes both the sale of certificates of non-conventional renewable energy related to Law 20.257 and the Clean Development Mechanism of the Kyoto Protocol and/or any other national or international scheme fighting against the greenhouse effect, as an essential part of the projected operating income.



Wind turbines and Substation to connect to the Interconnected System

Geothermal energy





One of the renewable energies that EPM has also explored is the geothermal energy, which is produced in the earth and is concentrated near the volcanoes.

Since 2011, EPM and CHEC have been conducting studies related to the construction of the first geothermal power plant in Colombia with a generation capacity estimated in 50,000 KW. This station would be connected to the National Interconnected System and would become a feasible alternative when facing climate phenomena such as “El Niño”. This power plant would be located in an area of the Ruiz mountain known as Nereidas, in the state of Caldas, central west of the country.

EPM and CHEC have been conducting studies related to the construction of the first geothermal power plant in Colombia with a generation capacity estimated in 50,000 KW. This power plant would be located in an area of influence of the Ruiz mountain, in the state of Caldas.

EPM Management



Spring of thermal water in the Nereidas valley.

In order to continue with the materialization of this project, EPM hired the firm Dewhurst Group LLC to conduct a study that includes the refining and integration of the conceptual geological modeling, the definition of drilling sites, the engineering work, and the estimation of the economic performance. The United States Trade and Development Agency (USTDA) granted a subsidy of USD 871,000 for the execution of this contract.

Solar energy

Solar energy in the world has accelerated in the past two years. For this reason, both private and public customers have begun to ask EPM for solutions for different needs based on this technology.

EPM developed two pilot projects in partnership with the Government of Antioquia and the Instituto de Planificación y Promoción de Soluciones Energéticas para las Zonas no Interconectadas (Institute of Planning



and Promotion of Energy Solutions for Non-Interconnected Zones, IPSE) to offer 10 educational institutions in indigenous reserves of Antioquia and 100 houses in six villages in the municipality of San Vicente del Caguán.

EPM Management



In 2014, in order to serve new customers with solar technology and to explore and identify the best business model to meet the non-interconnected zones in Colombia through solar energy, EPM developed two pilot projects in partnership with the Government of Antioquia and the Instituto de Planificación y Promoción de Soluciones Energéticas para las Zonas no Interconectadas (Institute of Planning and Promotion of Energy Solutions for Non-Interconnected Zones, IPSE) to offer 10 educational institutions in indigenous reserves of Antioquia and 100 houses in six villages in the municipality of San Vicente del Caguán, located in the southern part of the country. Solar energy kits were distributed in the community. Each kit included a solar panel, a refrigerator, a TV, a water purifier, a mobile charger and led bulbs. This allows families in these non-interconnected areas to have energy and appliances in their homes.



School located in a non-interconnected area (ZNI) in Antioquia

In addition, EPM obtained the approval for a project co-financed with resources from the General System of Royalties for the development of solar cells with new materials that make them more efficient and economical. This created a new business for EPM and other companies and Antioquia.



Climate strategy

Video: <https://www.youtube.com/embed/dTxdWHJbL4M>

EPM has a climate change strategy consisting of a set of objectives, goals, statements, guidelines, action plan, and monitoring carried out to achieve a comprehensive management on issues related to climate change and variability, as well as to make possible continuity of public utilities and cause the least effect on its stakeholders. Its “strategic lines” are mitigation, vulnerability, and adaptation, supported by financing schemes, technology, innovation, and communication.

Aware of its interdependence with the environment, the company recognizes the importance of combining its management with an climate-friendly development, considering both its environmental politics and plans, and its purpose: “sustainability”.

In that sense, the company integrates initiatives for emission reduction, and for the investigation and implementation of clean and efficient technologies in its processes and projects, as well as understands the importance of knowing the effect of climate change and variability on ecosystems, on the territories covered and served, and on the preservation and availability of natural resources, with the purpose of designing strategies to strengthen its policies, encouraging strong economies, ensuring continuity in the provision of its services, structuring new products, and identifying competitive advantages that enable the establishment of risk adaptation and management schemes in such environments.



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2014 Goals	2014 Achievements	Compliance
Maintain the EPM headquarters emission factor in Colombia below the emission factor in the national electricity sector.	For the period under consideration, the emission factor associated with energy generation in the EPM matrix, 0,0246 tCO ₂ /MWh, remains under the SIN emission factor (0,2000 tCO ₂ /MWh).	Total
Implement the development of the project in accordance with the provisions of the Project Design Document.	<p>At the management level:</p> <ul style="list-style-type: none"> • The operative team was formed. • Archiving and management strategies were defined for to handle the information collected for the project. <p>At the socio-environmental level:</p> <ul style="list-style-type: none"> • 121,816 seedlings were distributed to communities in the area of influence of the project for production purposes. • 300 firewood stoves and wood gardens were provided to the community. • 16 radio ads were made to promote the environmental education programs covering topics such as reforestation, biodiversity and environmental management. • The biological corridor initiative was socialized with different entities. An agreement was established with CORANTIOQUIA and progress was made in the draft of another agreement with the Government of Antioquia. 	Total



2014 Goals	2014 Achievements	Compliance
Maintain the reduction of emissions (an average of 70,000 tons of CO ₂ /year).	The avoided emissions of the Jepirachi, La Vuelta and La Herradura clean development mechanism projects were maintained, with 21,916 and 73,569 tons of CO ₂ /year, respectively.	Total
Complete the characterization study. Determine and quantify the climate risk in EPM.	In 2014 the study of future water response was completed for some of the EPM areas of interest considering the actions to year 2100. The study concludes that the main adaptation actions must aim at the incorporation of future changes in the dynamics of climate variables, the occurrence and distribution of extreme events and the optimization of water resources.	Partial
Complete the GHG-scope 3 inventory and prioritize the actions that should be implemented with the supply chain.	The EPM GHG-scope 3 inventory was completed, covering up to 2012. The results reported a total of 2,050,610 tonCO ₂ equivalent and include the categories of goods and services, capital assets, fuel related activities, waste generated in operations, corporate trips, personnel trips and end-use of products sold. The largest releases and recommendations are found in the latter category.	Total

Source: EPM.



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2015 Goals

EPM emission factor	Maintain the EPM headquarters emission factor in Colombia below the emission factor in the national electricity sector.
Emission compensation strategy	Define the strategy of emission compensation based on the projects on emission reduction developed at the company and the annual emission inventories.
Scope 3 inventory	Make the EPM inventories for the years 2013 and 2014 and structure the management proposal for the Scope 3 carbon footprint.
Adaptation	<ul style="list-style-type: none"> i) Start the analysis to determine the company's risks associated to climate events. ii) Start the second phase of the study "the characterization of the hydric resource response through the generation of future series of precipitation, discharge and temperature for the 2014-2100 time limit" with applications to every EPM business bases on the results from the modelling stage.
REDD+ Project	<ul style="list-style-type: none"> i) Continue with social and environmental management activities considered in the project, such as forestry development, construction of efficient firewood stoves, wood gardens, development of productive and environmental education projects. ii) Adjust and update the Project Design Document.



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EPM Management



Management of greenhouse gas emissions, emission reduction projects

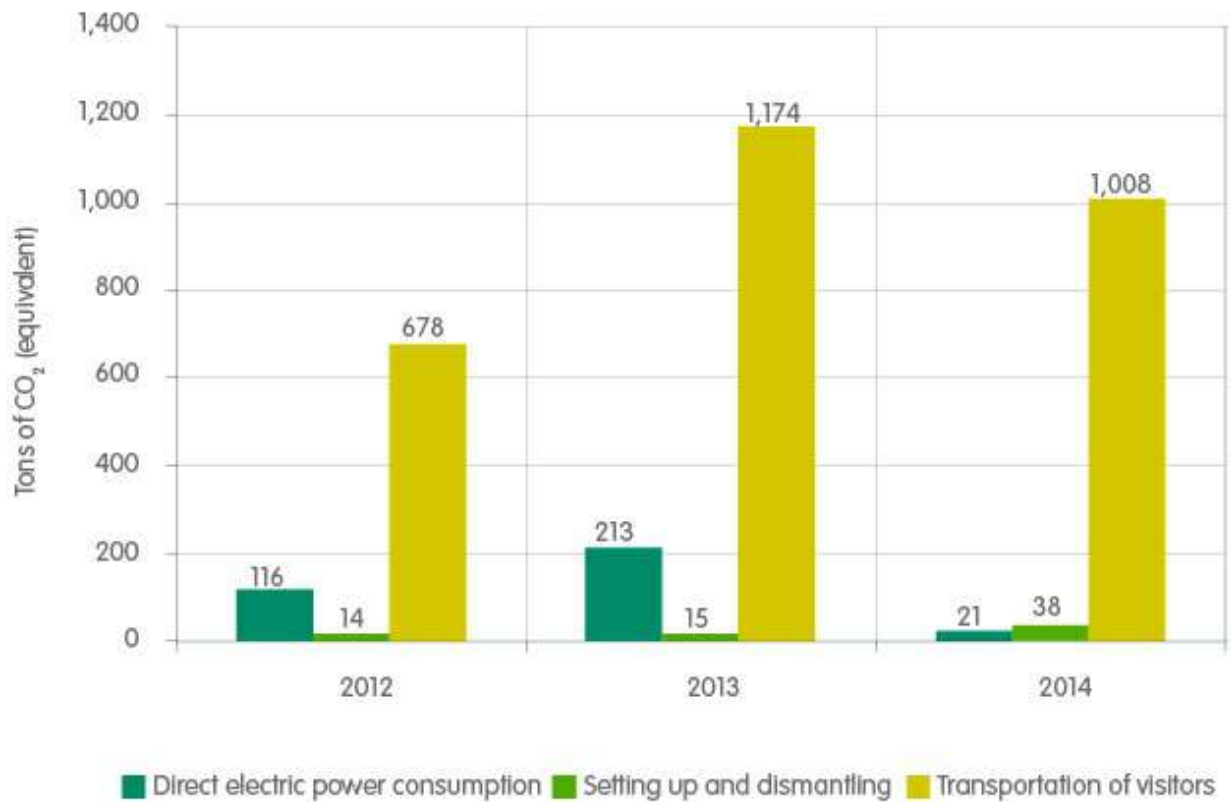
Given that the most part of energy comes from renewable sources and that thermal energy is the mix to guarantee response to demand, the company has not set emission reduction goals. However, it keeps and strengthens the development of emission-reduction and energy-efficiency projects. See energy generation, according to sources: Efficient Use of Energy

Some of the relevant initiatives were:

- Reduction of methane emissions resulting from natural gas leaks. In 2014, leaks were 54,528 m³, while 116,524 m³ were reported in 2013; it means a reduction of 61,996 m³ of the leaks caused by third parties. These improvements are due to incentives of the Leaks Plan, through the “Call Before You Dig” program.
- Operational strengthening of the system and maintenance of the energy distribution and transmission processes, in order to minimize SF₆ leak.
- Start-up of the Demi NO_x plant for the control of emissions derived from the use of liquid fuel in the La Sierra Thermoelectric Plant.
- Reduction of 4,483,947 tCO₂eq since the set in motion of the four projects recorded in various international standards.
- Development of the electric-vehicles pilot project, which, with 12 vehicles, reports an average reduction of CO₂ emissions equivalent to 18.92 tons.
- Awarding of the contract for the supply of the three 400 hp engines of the Palenque pump, within the framework of the implementation plan of the energy efficiency program designed for seven pumping systems of the EPM water purification process. The plan takes into account the replacement of two additional engines of 700 hp in the Pantanillo river pump, which is equivalent to 47.92 t CO₂eq of GHG emissions and savings of COP \$80,468,000.



GHG emissions, Christmas Lights event at the Medellín river walk



Source: EPM.



Christmas lighting in Paseo del Rio emitted 1,067 tons of CO₂eq in 2014, i.e. 32% less than in 2013. Despite the duration (37 days in 2013 and 45 days in 2014), it had a lower average number of visitors per day (44,824 in 2013 and 29,742 in 2014). In addition, the use of high-tech LED lights for electric energy consumption was a determining factor in emissions reduction in this period.

To reduce the footprint, we will take advantage of carbon captured (4,070 tCO₂eq) and stored in forest plantations sown to this aim in the area of influence of the Riogrande I-II and Peñol-Guatapé reservoirs.

EPM Projects of Avoided Emissions

Since 2004, GHG emissions have been reduced through the registration of projects before various international standards, as follows:

- CDM (Clean Development Mechanism): “Jepirachi” with 21,916 tCO₂eq estimate per year and Vuelta y Herradura with 73,569 tons of CO₂eq estimate per year.
- CCB (Climate, Community and Biodiversity): REDD+, in Gold category, with 5,631 tCO₂eq estimate per year.
- VCS (Verified Carbon Units): Hidroituango with 4,383,088 tCO₂eq per year).
- The Bello WWTP, with 59,038 tCO₂eq estimate per year, and the Los Cururos Wind Farm, with 173,819 tCO₂eq estimate per year, are in registration process.

To date, the company has commercial agreements only with “Jepirachi” (until 2017). In this regard, the company started in 2014 the status analysis of each one of



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the other initiatives and projects, in order to evaluate internal offset alternatives with the purpose of: studying carbon footprint to set annual reduction goals; integrating the analysis into expansion alternatives; diversifying the energetic basket according to the corporate strategic growth; encouraging the development of a platform for calculating and reducing emissions among customers and suppliers.

EPM 2014 emissions reduction projects			
Project name	Prevented emissions (CO2 Ton/year)	Registration	Credit period start date
Jepirachí	22	UNFCCC	2012-2018
	(commercialized)		
La Vuelta y La Herradura	74	UNFCCC	2010-2017 (validated in 2014)
PTAR Bello	59	UNFCCC	Registration procedure in progress
Ituango	4,383,000	VCS	2018-2027
REDD +	5	CCB	2014-2023

EPM Group Management



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Some relevant initiatives in other companies of the Group were:

- Treatment of biogas in the Santa Fe de Antioquia WWTP, operated by Aguas de Occidente. Results show control of 18.76 tons/year of greenhouse gases (methane), produced during wastewater treatment processes in the anaerobic lagoon of the WWTP, equivalent to 32.82 tons of CO₂/year.
- Reuse of 4.5 million of m³ of biogas produced during anaerobic digestion of the San Fernando WWTP, for generation of energy necessary in the plant operation.
- Emvarias is making progress in the measurement of flow and characterization of gases emitted in the La Pradera landfill. Additionally, it made a public call for tenders to supply the service of operating lease of vehicles, with the purpose of both reducing atmospheric emissions and noise decibels, and saving economic and financial resources of the company. Likewise, it managed to reduce 10.78 tons of greenhouse gas emissions in its fleet, thanks to replacement of diesel vehicles with natural gas vehicles.



Adaptation to climate change and variability

Set of strategies, measures, and projects properly identified, assessed, and prioritized in time, according to the scale of risk associated with climate events, in order to provide actions contributing to the sustainability of the company, its services, and its environment through adaptation to the conditions and changes associated with climate.

In 2014, the study of the stimulation of potential changes in the hydrologic response in EPM's areas of influence under variability and climate change scenarios with a 2100 horizon was completed. It was concluded that the main adaptation actions must aim at incorporating future changes in the dynamics of climate variables, occurrence, and distribution of extreme events and at optimizing water resources

Management in EPM



Climate change and variability have a significant influence on the modulation of water resources and their availability, being water resources very essential in the generation of economic, social, and environmental value for the EPM Group and its stakeholders. Therefore, it is important to know the changes that may occur in the future. By means of a research contract with the National University of Colombia, Medellín campus, EPM completed the study of the potential response of water resources and different climate variables to climate change and variability in some areas of interest. These results will be used as one of the inputs to begin structuring the adaptation plan in 2015.

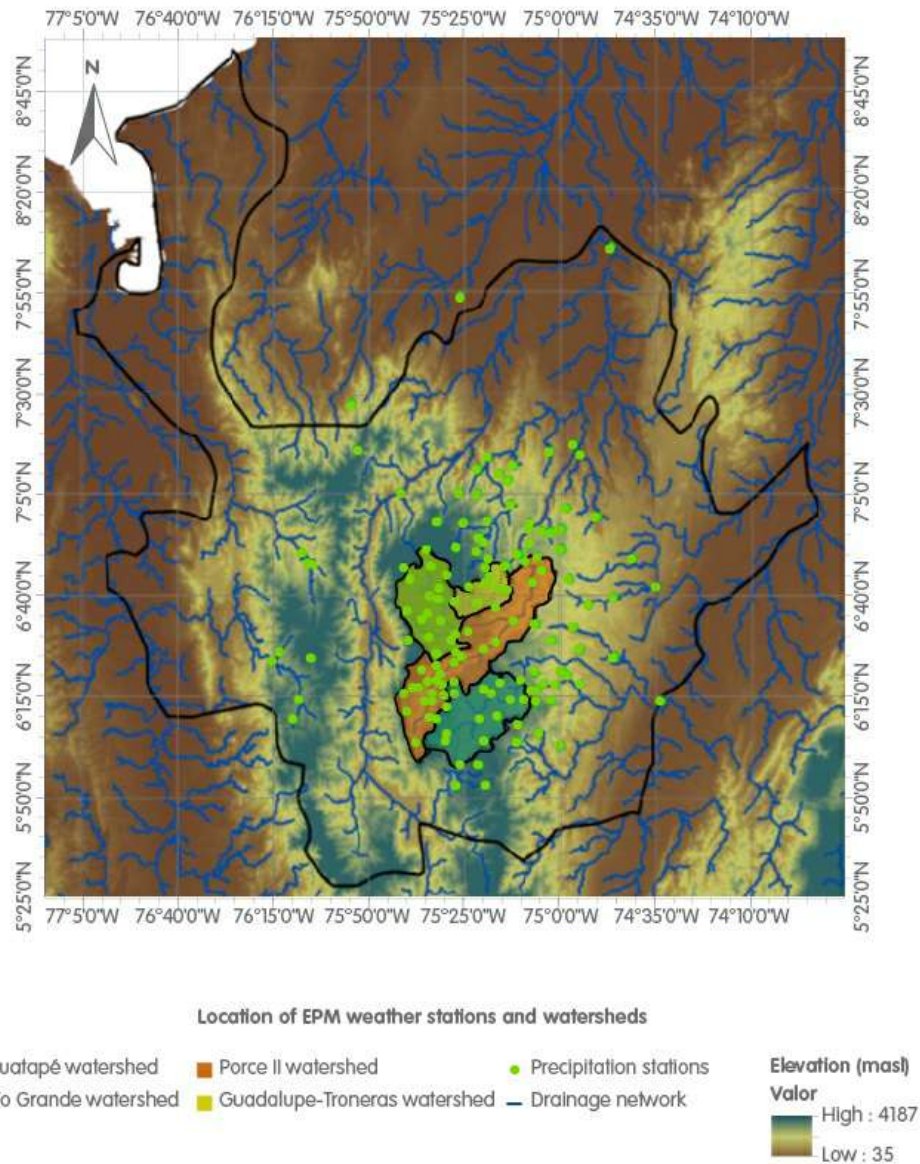
The following are the most important results of the study that stand out:

1. In the historical data owned by EPM, a statistically significant increase in temperature is shown.
2. A long-term trend towards an increase in variability of precipitation and, in particular, towards an increase in extreme events, with no widespread changes in monthly or annual accumulated precipitation, is shown.
3. No significant trends in the series of flows are shown.

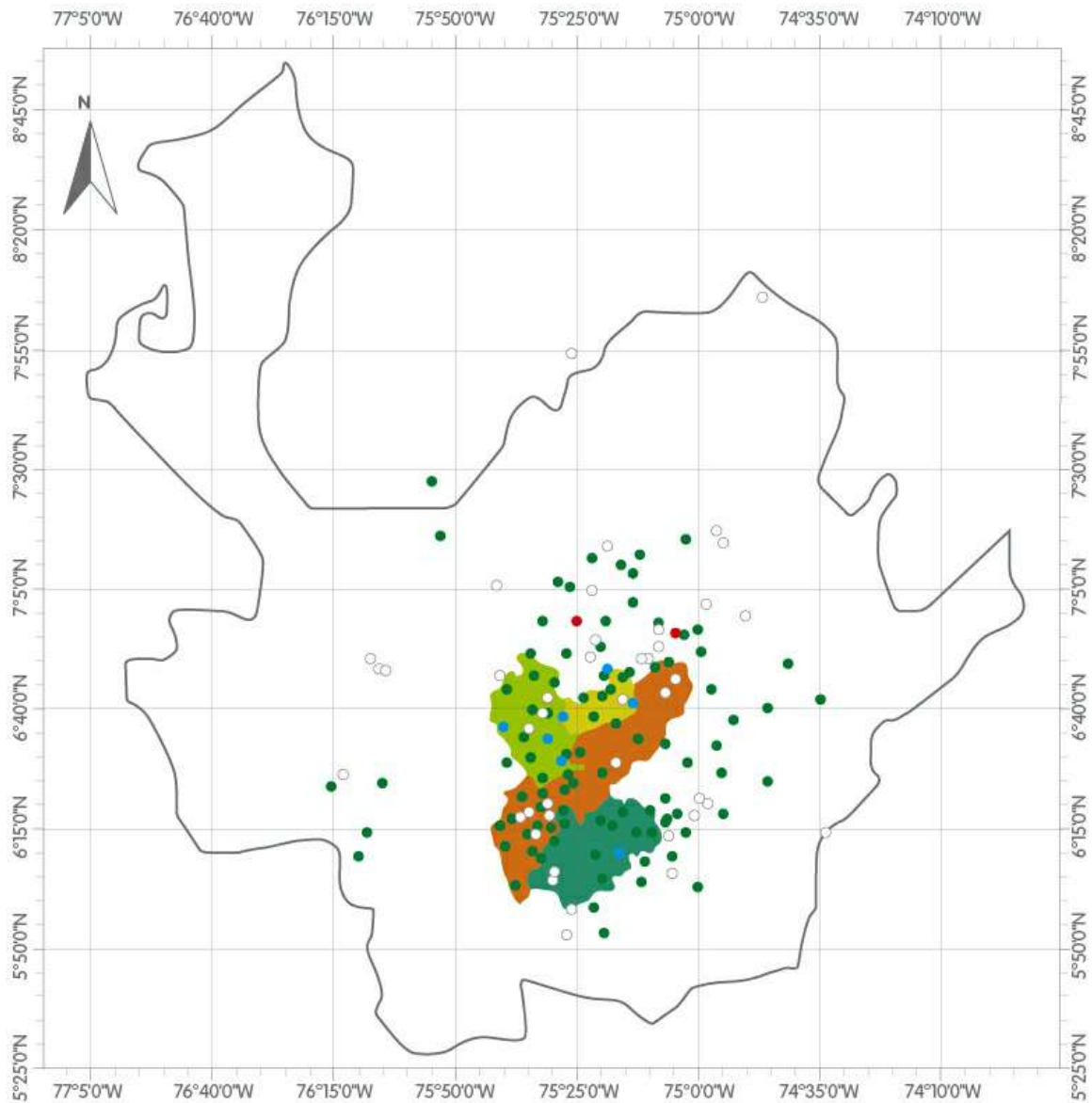
These results have been shared in various internal and external venues. Both, learnings and contributions obtained from such disclosures, as well as interaction with the various groups will be included in the design of measures to be implemented in order to achieve a comprehensive adaptation plan.



Map of the location of the hydrographic watersheds and weather stations owned by EPM



Accumulated precipitation trends map



EPM watersheds

■ Guatapê watershed ■ Río Grande watershed ■ Porcía II watershed ■ Guadalupe-Troneras watershed

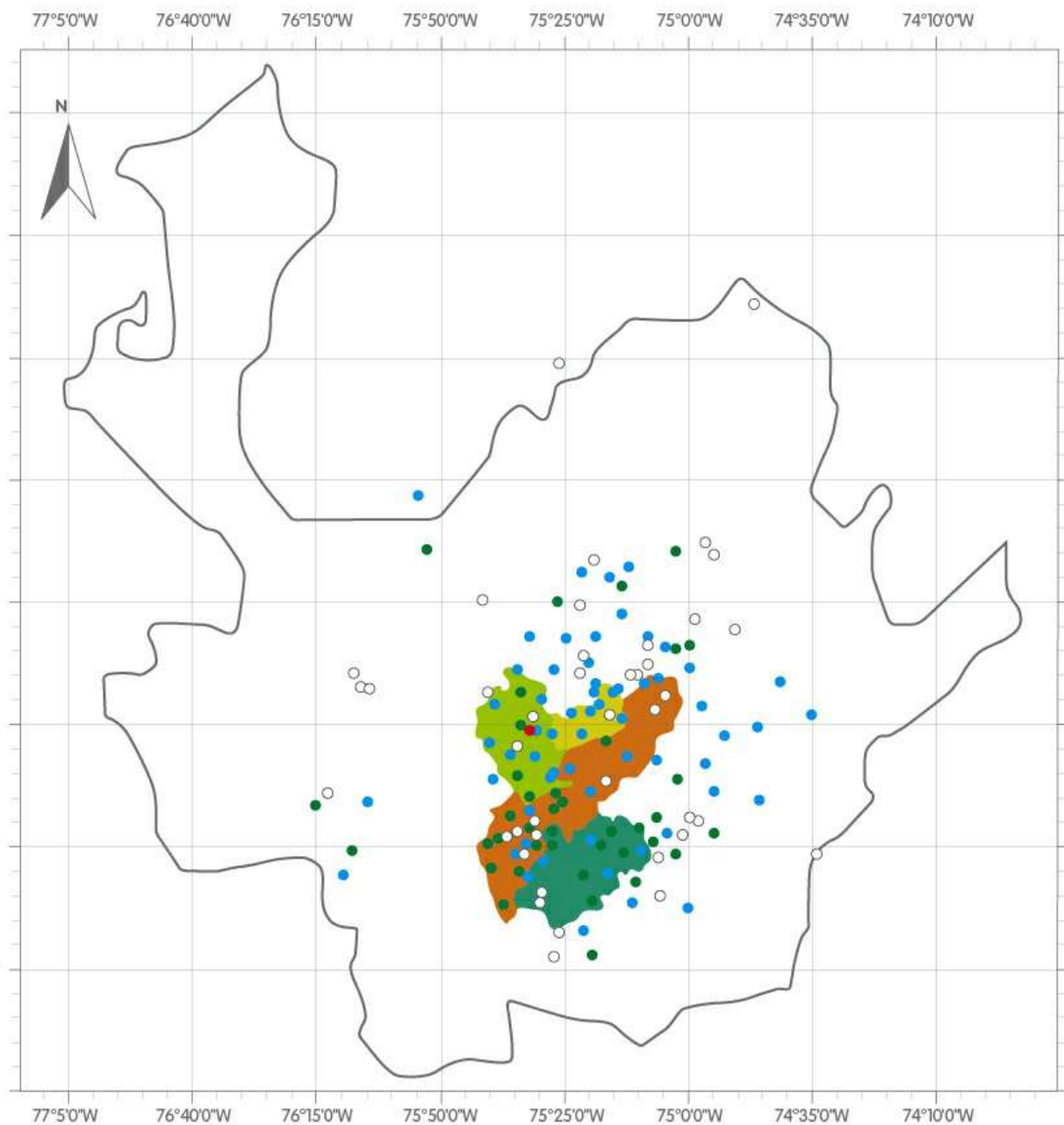
Accumulated precipitation trends (1 hour)
Decile 90, significant at 95%



- Insufficient recording length (43)
- Increasing, significant (94)
- Decreasing, not significant (3)
- Decreasing, significant (2)
- Increasing, not significant (4)



Monthly precipitation trends map



EPM watersheds

■ Guatapé watershed
 ■ Río Grande watershed
 ■ Porcía II watershed
 ■ Guadalupe-Troneras watershed



Significant monthly precipitation trends at 95%

- Insufficient recording length (42)
- Increasing, not significant (10)
- Decreasing, significant (1)
- Decreasing, not significant (53)
- Increasing, significant (40)



The following are other initiatives that stand out in this period:

Progress in structuring the system to support evidences of actions taken, forest development activities with the community, development of productive projects (rubber), research programs in biodiversity and environmental education of the REDD+ EPM project registered in 2013.

Signing of a new agreement EPM-BanCO2 of the Regional Autonomous Corporation of the Basins of the Negro and Nare Rivers-Cornare. This agreement includes both mitigation and conservation of 1,371 hectares of forest located in seven municipalities in eastern Antioquia, as well as the protection of 124.45 hectares with an economic benefit given to 26 families for the care of forests located in the municipalities of La Unión, La Ceja, and El Retiro in Antioquia, through the current agreement.

Information supply to Cornare on infrastructure and existing contingency plans for power substations, in order to integrate them to the early warning system for climate events. Evaluation of the pre-feasibility of early alerts or environmental restrictions and projects in territories, based on secondary information and geographic information systems.

Management in the EPM Group's subsidiary companies in Colombia

In this first reporting period of the Group, it is worth mentioning the implementation of the CHEC -Province of Caldas Governor's Office Agreement for the maintenance and operation of hydro-meteorological stations and early warning systems (EWS) in the basins of the Claro and Chinchina Rivers, area of influence of the Nevado del Ruiz volcano, in order to monitor the risks associated with availability of water resources for their power generation processes.

Participation of Aguas de Occidente in the construction of the risk map of the effects on water quality in the basin of the Sopetrana stream, which is the main water source of the municipality of Sopetrán.

Joint implementation between Aguas de Urabá, the municipalities, and the autonomous regional corporation of various activities in terms of contingency handling due to drought, rains, and cyclones, among other natural disasters, with support from the Municipal Disaster Risk Management Councils.

Moreover, their participation in the construction of risk maps of all the sources that supply water to the systems operated by the company along with Corpourabá, the municipalities, and the Province of Antioquia Governor's Office; attendance to the Disaster Risk Management Committees (DRMC), and implementation of educational and awareness campaigns for handling outbreaks of typhoid fever and consumption and storage of water.

Climate change mitigation

Set of actions, initiatives, projects and programs developed by the company in order to avoid and reduce the emission of greenhouse gases.



EPM Management

EPM is convinced that for its corporate development, it is important to take into account its carbon footprint. Therefore, since 2008 EPM makes an inventory to propose management strategies and initiatives.

Greenhouse gas emissions in 2014

EPM elaborates the GHG emission inventory according to the “GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition)”, considering the emissions generated from fixed, fugitive, and mobile sources; which for this period correspond to:

- Fixed: La Sierra thermal station, the San Fernando WWTP, and in the consumption of electric energy and fossil fuels for company operations.
- Fugitive: originated in substations, gas and energy distribution networks, and in refrigeration and air conditioning equipment.
- Mobile: produced by 368 vehicles and 266 motorcycles used for personnel, supplies, and company materials transportation.

The total equivalent emissions in tons of CO₂ per MWh of energy generated is estimated at 0.0180, calculated as the emissions arising from the generation of electric energy (excluding transportation and distribution of electric energy and gas), over the quantity of energy generated. Furthermore, the total equivalent emissions of CO₂ per MWh of energy produced by fossil fuels is 0.506.

In 2014, we obtained the results of the pilot project for Scope 3 emissions estimate with MGM Innova, the baseline being 2012. The results reported a total of 2,050,610 tCO₂ equivalent and include the categories of goods and services, capital assets, fuel related activities, waste generated in operations, corporate trips, personnel trips and end-use of products sold. The largest releases and recommendations are found in the latter category.



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2014 EPM GHG emissions Scopes 1 and 2

2012			2013		2014		2013-2014 variation	
Emissions by scope	Emissions (tons of CO ₂ equivalent)	Share %	Emissions (tons of CO ₂ equivalent)	Share %	Emissions (tons of CO ₂ equivalent)	Share %	%	
Scope 1 emissions	322,233.00	83	178,109	83	214,091	65	16.8%	
Scope 2 emissions	67,098.00	17	108,238	17	117,083	35	7.6%	
Total emissions	389,331.00	100	286,347	100	331,174	100	13.5%	

Source: EPM



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EPM Scope 3 emissions

Category	Emissions Ton CO ₂ eq	Share (%)
Category 1: Goods and services	16,118	0.79%
Category 2: Capital assets	525	0.03%
Category 3: Fuel-related activities	42,330	2.06%
Category 5: Waste resulting from operations	3,583	0.17%
Category 6: Corporate trips	4,790.45	0.23%
Category 7: Personnel trips	3,049.15	0.15%
Category 10: End use of products sold	1,980,215	96.57%
Total	2,050,610	100%

Source: MGM Innova.

Other emissions and EPM management measures

Besides CO₂eq emissions, EPM identifies other important pollutants for control and management. Thus, there are:



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NOx and SOx emissions

The main sources for these pollutants are associated with the consumption of fossil fuels needed for thermal energy generation and for vehicles, machinery and equipment operation.

Values reported in 2014 were different to those in 2013, which is mainly due to the type of fuel used for the operation of La Sierra thermal station, which in 2013 was fuel oil, and natural gas in 2014. Another reason was a greater generation of energy during 2014, since it is lower when generated through simple cycle gas, and greater when generated through combined cycle gas because third unit becomes operational using steam as fuel.

On the other hand, it was also important the construction of the demineralised water treatment plant, in order to reduce the combustion temperature of liquid fuels and to avoid emissions containing nitrogen oxide (NOx).



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EPM NOx and SOx Emissions (Tons/year)								
Activities or facilities	NOx	SOx	NOx	SOx	NOx	SOx	2014/2013 NOx	2014/2013 SOx
La Sierra thermoelectric station Isokinetic sampling.	283.52	11.97	202.27	0.42	313.45	0.00	55%	-100%
Machines and vehicles (mostly stationary use).	0.10	3.80	0.08	3.39	0.09	3.68	10%	9%
Transportation of personnel, supplies and products in EPM's vehicles	0.28	6.58	0.27	6.67	0.31	7.49	16%	12%
Total	283.90	22.35	202.62	10.49	313.85	11.17	55%	6%

Source: IDSOS

Other emissions

The following are several other estimated emissions based on factors established by the United States Environmental Protection Agency[1], which include the characteristics of the vehicles and the significantly small distances travelled[2]: benzene, particulate material smaller than 10 micrometers (MP10), carbon monoxide (CO), and volatile organic compounds (COV) associated with the 368 cars and 266 motorcycles that compose EPM's vehicle fleet.

As for the emissions of refrigerant gases associated with the maintenance of air conditioning units in the company facilities, data is as follows: HCFC:R-22: 0.150 Ton, HCFC: R-123: 0.612 and HFC:R-507: 0.034 Ton.



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[1] Factors of emissions of the international vehicle emission model (IVE), funded by the EPA.

[2] Not including basket-lift or crane vehicles, because most of the energy consumption of these type of vehicles occurs during stationary work, that is, while being stationed at the place of work, and not by traveling distances.

Other EPM fleet emissions (tons/year)				
Year	Benzene (tons/year)	Particulate material	CO	COV
		(tons/year)	(tons/year)	(tons/year)
2012	0.59	1.03	121.19	15.62
2013	0.19	0.94	149.82	10.08
2014	0.09	2.47	57.85	13.31



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Other EPM fleet emissions (tons/year)

2014 / 2013 variation

-54%

163%

-61%

32%

EPM Group Subsidiaries Management in Colombia

Greenhouse gas emissions in 2014

EPM Group has a 2012 baseline for the emissions inventory, which as in EPM, was elaborated according to the “GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition)”, considering the emissions generated from fixed, fugitive, and mobile sources.

In this first Group report, the 2014 Group inventory results are reported:

EPM Group Scopes 1 and 3 GHG Emissions 2014

Emissions in relation to the scope	Tons of CO ₂ (equivalent)	Share (%)
Scope 1 emissions	349,169.87	62.4%
Scope 2 emissions	210,451.79	37.6%
Total emissions	559,621.66	100.0%



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Source: EPM

Other emissions and management measures in EPM Group Companies

NOx and SOx emissions

For this period, total estimated emissions of NOx and SOx correspond to the thermal energy generation reported by EPM, and operation of vehicles and own equipment, both from EPM and the reports made by CHEC, Aguas de Urabá, Aguas de Malambo and Emvarias. We do not have a comparative analysis for this first period.

EPM Group NOx and SOx Emissions (including EPM, CHEC, Aguas de Urabá and Emvarias)

Activities or facilities	2014 emissions (tons/year)	
	NOx	SOx



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EPM Group NOx and SOx Emissions (including EPM, CHEC, Aguas de Urabá and Emvarias)

La Sierra thermoelectric station Isokinetic sampling.	313.45	0.00
Machines and vehicles (mostly stationary use).	0.10	3.90
Transportation of personnel, supplies and products in EPM's vehicles	0.89	35.48
Total	314.44	39.38



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Integration in the territory

Video: <https://www.youtube.com/embed/TJhrzDSTdTs>

Plan of economic, social and environmental articulation with the territories based on the recognition of the dynamics of the territories themselves.

It determines the EPM Group's possibility to integrate itself in the territories where it operates or plans to operate in order to execute its projects and operations in a sustainable manner in time. A plan for integration in the territories not only generates trust and legitimacy in the corresponding territory, it also has significant and positive economic impacts that mitigate the materialization of risks in the construction and operation stages of the projects.

It depends to a large extent on the capabilities to manage the socio-political dimension, on the deep knowledge of the social, environmental and economic forces, and on building trust in the territories.

EPM Management

The actions carried out by EPM in the territories have an impact both on its possibility to enter and remain in them and on the generation of well-being and development of them.

In 2014, the organization identified the need for a conceptual, methodological and standardized plan that would allow it to integrate itself in the territories in a comprehensive and long-term manner. This is how the EPM Group intends to maximize its contribution to the consolidation of sustainable and competitive territories.



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Thus, only some of the actions currently being carried out by the organization are reported in relation to the “Integration in the territory” topic; nevertheless, additional actions and programs will be reported based on the plan that will be defined.

EPM Group management

2014 Goals	2014 Achievements	Compliance
Define the concept of sustainable and competitive territories for the EPM Group.	The definition was formulated collectively with internal and external knowledge, and was approved by the Board.	Total
Analyze what EPM has been doing over the years to address the issue of integration in the territory.	Information gathering, consultations, workshops, consultation with experts, analysis and consolidation.	Total
Propose a scheme to be used by the EPM Group to promote sustainable and competitive territories.	Identification of the scheme components, description of practices and models.	Partial



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“Aldeas” Program

“Aldeas” Program is developed with the commitment to facilitate sustainable territories and comply with the environmental and corporate social responsibility of the company. It consists of providing wood housing solutions to families in high socioeconomic vulnerability, located in the Municipalities of Antioquia, where EPM offers its public utilities or where it builds infrastructure projects. Wood comes from EPM-planted forests, located surrounding its dams, which have completed their maturity cycle.

A total of 304 houses were built and installed in five municipalities of Antioquia —out of those, 197 were given to families in high socioeconomic vulnerability.

EPM Management

The third stage of “Aldeas” Program was developed in 2014. It consisted of the manufacture and installation of 460 houses in several municipalities near Ituango Hydroelectric Project and the power generation infrastructure. The municipalities and amount of houses included in this stage were: Briceño, 130; San Andrés de Cuerquia, 120; Yarumal, 150; Concepción, 20; and Yolombó, 40. As of December 2014, 304 houses were built —out of which 197 were given to prioritized families.

In addition, during 2014, eight agreements with state agencies were executed for the fourth stage of the program, aimed at building 658 houses in the municipalities of Peque, Valdivia, Toledo, Ituango, Amalfi, San Vicente Ferrer, and Alejandría.

Lastly, a new prototype of house was designed, adapting it to the features of the environment and the way the families inhabit the place. This new design, which will be applied to the houses in the 4th Stage, aims at valuing and dignifying the habits and customs of rural housing.



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2012-2014 "Aldeas" program contribution

Indicator	2012	2013	2014	Variation
Number of households	256	303	197	-35.0%
EPM contributions in kind - wood (COP millions)	1,831	114	2,241	1,865.8%
EPM economic contributions (COP millions)	6,080	2,332	17,322	642.8%
Economic contributions from other cooperating contributors	5,604	7,506	7,722	2.9%
Contributions in kind from other cooperating contributors (COP millions)	30	-	-	-

Environmental management in projects and operation



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It comprises the compliance with the environmental policy of EPM, in order to manage the environmental and social aspects related to the projects, works, and activities at each stage. It also involves the application of and the compliance with environmental regulations, meeting environmental requirements, promoting, and following up on regulation projects.

- During 2014, we continued our work with the guilds and companies of the electricity sector in Colombia, in order to participate in the amendment to the decree on environmental licensing.
- We complied with all the requirements and fulfilled our environmental commitments, which are set out in the licenses and management plans of the infrastructure.
- No environmental fine or sanction was imposed on EPM.
- The environmental risks were properly addressed, controlled, and followed up on.
- The emergency plans for possible dam break were prepared and updated.



EPM Management

Regulatory management

The following actions were carried out during 2014:

- There was a permanent presence of EPM representatives before the environmental entities and the ministries, seeking to deal with the issues related to the regulations that are applicable to our processes and projects.
- Follow-up on sixteen draft bills, among which the following stand out: promotion and implementation of green means of transportation (electric vehicles), integration of non-conventional energy sources to the National Electrical System, amendment to Act 99 of 1993 (money transferences of the electrical sector, administrating bodies, and the administration of the autonomous regional corporations), as well as the amendment to the current Infrastructure Law.
- Follow-up on four draft decrees, among which, there are the amendment to Decree 2820 of 2012 for the inclusion of National Infrastructure and Strategic Projects, the declaration on the public value and social interest, the urban silviculture, and a new version of the standards for biosolid material management.
- Follow-up on seven draft resolutions.

Addressing environmental requirements and commitments

EPM addressed all the requirements and commitments set out in the environmental licenses, the environmental management plans, and those resulting from the follow-up, control, and surveillance activities carried out by the environmental authorities. That is the reason why no fine or sanction was imposed on the company during 2014.



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Comprehensive environmental risk management

Erosion control

During 2014, a total of 198 erosion events were reported and addressed at tributary watersheds of EPM dams or at places where the aqueduct, sewerage, or power transmission infrastructure is located. Such erosion problems were controlled with stabilization works, water control, and planting graminaceous plants, thus avoiding the production, transportation, and deposition of sediment into the dams and creating stability for the infrastructure of public utilities.

Floods

The occurrence of heavy rains, added to the presence of sediment, waste, and the limited hydraulic capacity of the rainwater sewerage systems, created floods and alerts in the operation of some facilities. In this regard, there was the need to implement corrections and management measures set out in the contingency plans, which basically comprise: system cleaning, increased cleaning frequency, and replacement of high capacity pipes.

Larger events in the water, sewage and rainwater network

Event	Infrastructure involved	Management measures
Mass movement in the area adjacent to La Honda creek.	Southern collector for La Honda creek and San Fernando Wastewater Treatment Plant	Stabilization of the affected area Provisional collector construction Resetting the wastewater transportation system into the interceptor



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Larger events in the water, sewage and rainwater network

Landslides in the upper basin of the creek La Zorra, which flows into La Manguala creek, and in the basin of the Despensas creek.	San Antonio de Prado Purification Plant	Processing with Corantioquia for the monitoring and treatment of landslides Restoring water purification service
Wastewater discharges to La Puerta creek	Pipe carrying waste water to the treatment plant in El Llano creek.	Activation and development of the contingency plan for blockages and collapse of sewage systems
Rainwater flooding in the low-lying area of the Northern Bus Terminal of Medellín.	Sinks and drains for rainwater	Activation and development of the contingency plan for blockages and collapse of sewage systems

Source: Water & Sanitation Vice-President's Office:

Hazardous substances

There were five spills of dielectric oil, used in transformers, during the transportation, dismantling, or maintenance. They were also caused by damages during surges.

Events of great magnitude related to the management of hazardous substances

Type of substance	Volume of the substance spilled	Component contaminated	Action carried out
Dielectric oil	155 gallons	Soil	The contaminated soil was removed in accordance with the dispositions of the Instructions for the Primary Response to Environmental Emergencies.
Diesel fuel	20 gallons	None	Signaling was used in the affected area and the spillage was treated with industrial absorbing material, which is specially designed for hazardous liquid spillages.



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Source: Energy Transmission & Distribution Vice-President's Office.

Inter-institutional coordination actions for managing environmental resources

Action	Entities involved
Risk analysis and management in relation to a breaking incident in the dam chain of the reservoirs of the Nare-Guatapé system in Eastern Antioquia. Studies on the breaking reservoirs of the Nare-Guatapé system, and design of a risk management plan.	EPM-ISAGEN-CTA
Implementation of the flooding Emergency Action Plan downstream Porce II and Porce III dams.	EPM-RED CROSS



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Source: Energy Transmission & Distribution Vice-President's Office.

Erosion control actions	
Description	Number of specific areas addressed
Construction of erosion control works in the watersheds that feed both the Peñol-Guatapé and the Playas reservoirs.	179
Construction of erosion control and embankment stabilization works in places where the aqueduct, sewage or energy transmission infrastructure was damaged.	20

Source: Energy Generation Vice-President's Office, and Water & Sanitation Vice-President's Office.



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Outbreaks and wildfires in land properties owned by EPM

Land property and forest plantations contiguous to the following reservoirs:	2013		2014	
	Number of outbreaks or wildfires	Area involved (Ha)	Number of outbreaks or wildfires	Area involved (Ha)
Piedras Blancas, La Fe	1	0.50	1	0.50
Sonsón	1	1.50	0	0.00
Peñol - Guatapé	5	2.26	5	2.00
Riogrande I y II	2	1.50	1	1.5
Guadalupe	4	2.03	5	1.82
Porce II	2	0.00	1	0.11
Porce III	3	4.00	5	0.13
Playas	1	0.55	7	0.62
Total	19	12.33	25	6.68

Source: Energy Generation Vice-President's Office



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Algae growth in EPM's reservoirs

Reservoir	2014 actions
Peñol - Guatapé	In terms of communication, organizations involved in in this subject, mainly health and environmental organizations, were properly informed about the situation. Flyers and billboards were used to inform the community. Regarding the technical aspects, the problem was studied in partnership with local universities. Water samples were extracted and analyzed, and the phenomenon was modeled.
Porce II	Fishermen and the general community were informed about the problems with flyers and floating billboards., Water samples were extracted to characterize and analyze the cyanobacteria. Additionally, the presence of cyanobacteria was included as a risk in the Fishing Management Plan of the reservoir.
Porce III	Fishermen and the general community were informed about the problems with flyers and floating billboards. Water samples were extracted to characterize and analyze the cyanobacteria. Additionally, the presence of cyanobacteria was included as a risk in the Fishing Management Plan of the reservoir.
La Fe	In terms of communication, organizations involved in in this subject, mainly environmental organizations, were properly informed about the situation. Billboards were used to inform the community. Regarding the technical aspects, the problem was studied by analyzing water samples. The phenomenon was modeled and a technological mechanism was put in place to control the cyanobacteria.



Management of subsidiaries of EPM Group in Colombia

The main management actions taken by EPM group during this year were the following:

- **Aguas de Malambo:** The Environmental Management regulation NEGC 1300 – A1 was included in all its public works agreements, and a second measurement of the Corporate Environmental Management Index (IGAE) was carried out.
- **Aguas de Urabá:** This subsidiary executed a cooperation agreement with the Secretary of the Environment of the Municipality of Chigorodó in order to develop education programs aimed at 100 leaders in 3 rural districts of the Municipality. It held meetings with the Secretaries of the Environment in all of the municipalities in order to agree on the implementation of the environmental education and reforestation projects at the tributary watersheds. Along with Antioquia Governor's Office, it coordinated the acquisition of environmentally relevant lands, located at the watershed of Chigorodó river. It verified the compliance with the environmental regulations currently in force and applicable to the processes of the company.
- **Envvarias:** It finished the construction of Altaír cell for solid waste disposal, in accordance to the technical specifications and the environmental license. It outsourced the conceptual and basic engineering design for the leachate treatment system in La Pradera landfill. It kept capturing and burning biogas. It controlled the pests located in areas near the landfill and the operation and maintenance bases. The comprehensive solid waste management plan was updated and disseminated in all the offices of the company. It verified the compliance with the environmental regulations currently in force and applicable to the processes inside the company. It also performed a regular follow-up on the environmental licenses and on the environmental management plans of the offices.
- **Aguas del Occidente:** It gave the employees of the company, as well as civil servants and the communities, continuous training on response to emergencies and contingencies. It carried out health events. It supported education, sports, and traditional events by the Municipality and the community and it contributed to the improvement of community life centers.
- **Aguas Nacionales:** It trained the employees and the communities near Bello WWTP on several socio-environmental topics and on the conservation and protection of Medellín river. It facilitated the income generation to inhabitants in the project's direct area of influence, by hiring them for the construction of works.
- **CHEC:** It carried out procedures before the environmental authorities in order to obtain the licenses and approve the environmental management plans of the operating projects. The local development dynamics were integrated through several environmental and social programs.
- **ESSA:** It analyzed the applicability of several environmental regulations, within the framework of the Environmental Committee. It participated in environmental committees of Andesco and ANDI, as well as the in the Disaster Prevention and Response committees.
- **CENS:** It included the environmental management at every stage of its projects for the expansion of the Regional and National Transmission Systems.

Handling of hazardous substances

We highlight the handling of a spill of 20 gallons of dielectric oil and one gallon of diesel fuel due to the rupture of a 20-gallon car fuel tank at CHEC. It was handled in accordance to the established procedures, including



signaling the affected area and responding to the spill with industrial absorbent materials, designed for spills of hazardous liquids. As a corrective measure, the contaminated material or soil was removed, treated, stored, and finally disposed in accordance to the protocols established for these situations.



Inter-institutional coordination actions for managing environmental resources

Emvarias: contingencies alternative plans in case of closure of the route to the landfill La Pradera.	Emvarias, Metropolitan Area, Secretary of the Environment of the Municipality of Medellín
Emvarias: security in the route to the landfill La Pradera.	Emvarias and the Secretary of Government the Antioquia Government
CHEC: start-up, maintenance and operation of the hydro-meteorological stations and early warning systems (EWS) in the basins of the Claro and Chinchiná rivers, are of influence of the Nevado del Ruiz volcano.	CHEC and Caldas Government
CHEC: implementation of Phase IV of the Guardians of the Quebrada Cameduadua program as a participatory strategy for disaster prevention, environmental restoration and improvement of the environment of the areas surrounding the Cameduadua creek and reservoir in the urban area of the municipality of Chinchiná.	CHEC and Corpocaldas.
ESSA: intervention in the decisions of the prevention and contingencies plans applicable in case of the events.	ESSA, Santander Department, Bucaramanga Mayor's office and Bucaramanga Metropolitan Area

Source: Business Management Executive Vice-President's Office

Erosion control actions

Description	Number of specific areas addressed
CENS - Construction of civil works for stabilizing the structures in the Cúcuta transmission line.	3
CHEC - Construction of erosion control works made jointly with Corpocaldas in the San Julián rural district from the Villamaría municipality.	1



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Environmental investment, costs and expenses - Energy business subsidiaries

	2013	2014
	COP millions	COP millions
ESSA: other costs of mitigation, correction, compensation, surveillance and monitoring.	840	1,298



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Environmental investment, costs and expenses - Energy business subsidiaries

ESSA: payments for diverse environmental expenses.	5,746	7,300
ESSA: external environmental management services.	17	169
ESSA: personnel hired for general environmental management activities.	124	147
CHEC: other environmental management costs.	N. D.	N. D.
CHEC: other categories.	N. D.	N. D.
CENS: legal costs from compensations.	N. D.	162
CENS: other costs of mitigation, monitoring, surveillance and contingencies.	N. D.	18
CENS: external environmental management services.	N. D.	202
CENS: personnel hired for general environmental management activities.	N. D.	190
Total	6,727	9,486

Source: Business Management Executive Vice-President's Office



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Environmental investment, costs and expenses - Water subsidiaries (COP millions)

2014 - Total Water service companies				2014 - Aguas de Malambo			2014 - Aguas de Occidente			2014 - Aguas de Urabá			2014 - Emvarias		
Costs and expenses		Investment	Total	Costs and expenses		Investment	Total	Costs and expenses		Investment	Total	Costs and expenses		Investment	Total
Other costs of mitigation, correction, compensation, follow-up and monitoring different to the aforementioned	48	37,949	37,998	-	37	37	46	-	46	3	-	3	-	18,956	18,956



Environmental investment, costs and expenses - Water subsidiaries (COP millions)

Payments for diverse environmental expenses.	1,536	-	1,536	211	-	211	86	-	86	1,238	-	1,238	-	-	-
External environmental management services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other environmental management costs.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personnel hired for general environmental-management activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other categories	65	-	65	34	-	34	32	-	32	-	-	-	-	-	-
	1,650	37,949	39,599	245	37	281	164	-	164	1,241	-	1,241	-	18,956	18,956

Social management in projects and operation

Involvement of EPM Group's Companies in initiatives aimed at strengthening the organizational and self-management levels of the communities, active and qualified



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participation regarding the public aspects, and social, cultural and environmental development processes in order to enable the communities and individuals to act as subjects of their own development and for them to have tools that facilitate the social control of EPM Group's transparent management.

In 2014, EPM participated in 51 development projects, contributing COP 8,743 million that benefited more than 80,000 people.

EPM Management

Involvement in development projects

In the areas of influence of the operating power generation projects, EPM is engaged in social, cultural and environmental development initiatives, through social support projects and with the purpose of improving the quality of education. The participation of the company is articulated with the municipal development plans and with the land use plans, and it covers 100% of the operations of the company.



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Involvement in development projects

Indicator	2012	2013	2014	Variation
Projects	60	69	58	-15.9%
Investment (COP millions)	9,138	9,106	8,743	-4.0%
People benefited	50,922	89,881	81,160	-9.7%

Source: Business Management Executive Vice-President's Office.

Additionally, activities are carried out jointly with the municipalities to qualify the effective participation of the community organizations and leaders in the development of their communities and municipalities.

Qualification of community leaders and organizations

Municipality	Number of activities carried out	People benefited	Amount (COP million)
Santa Rosa	15	1,400	25
Alejandro	15	480	84
Donmatías	15	800	35
Angostura	15	1,000	40
San Rafael	15	1,000	125
Municipalities from Eastern Antioquia collectively represented by the Prodepaz Corporation	20	500	172
Total	95	5,180	481

Source: Business Management Executive Vice-President's Office.



Strengthening of community organizations-contractors

Development of their administrative, social, entrepreneurship and human development skills necessary for the adequate administration of the contracts and their organizational strengthening.



Number of community institutions benefited	Number of activities	People benefited	Value (COP million)
50	100	1,000	1,161

Management in the EPM Group's Colombian subsidiaries

Involvement in development projects*				
Indicator	2012	2013	2014	Variation
Number of projects	10	9	12	33.3%
Investment (COP millions)	1,167	997	773	-22.5%
People benefited	67,343	66,411	39,796	-40.1%

*This information corresponds to the sum of the results of both CHEC and CENS.

Source: Business Management Executive Vice-President's Office.

The following chart corresponds to the inventory of programs with community organizations carried out by EPM Group's subsidiaries.

Programs with community organizations						
Subsidiary	Program	Process description	Target group	Number of activities	People benefited	Value (COP million)
Aguas de Malambo	Promotion of rational use of water	Promotion and training for the efficient and rational use of water.	Community / Users	8	411	N. D.
	Creation of the community round table for water	Creation of the community round table for water in different sectors.	Community / Users	8	93	N. D.



Programs with community organizations

Emvarias	Shared social management	Design and implementation of social investment or compensation projects. This program is based on three pillars: inclusion, participation and transparent accounting.	18 communities in the area of influence of La Pradera Landfill, located in the Donmatías, Santo Domingo and Barbosa.	11	160	12
	Health Brigades	Organizing vaccination campaigns to give the influenza vaccine; delivering lectures on prevention of acute respiratory infections; providing psychosocial care for individuals, families or communities and organizing conferences on psychosocial issues.	18 communities in the area of influence of La Pradera Landfill, located in the Donmatías, Santo Domingo and Barbosa.	107	1,520	63
	Training in arts and other works	Implementation of programs to promote individual and collective skills development, encouraging the creativity of individuals, teamwork and identifying alternatives to generate income for the families and communities involved through artistic activities and concrete trades.	Frisolera, Piedra Gorda, La Cejita, Calda and Popalito rural districts and group of women who are relatives of people working at La Pradera Landfill	6	129	25
	Efficient community infrastructure development	Support for community action organizations that manage the execution of works improving live centers and community venues.	3 communities in the area of influence of La Pradera Landfill, namely Tablazo Popalito, La Cuesta and Las Victorias rural districts	3	876	4
	Improvement of education quality	Support for rural schools to improve their infrastructure or providing them with recreational and educational tools for use and development of teachers and students.	17 education communities, including 17 rural schools in the area of influence of La Pradera Landfill	1	600	13
Aguas de Urabá	Work sessions with the community action organizations	Linking leaders and engaging them as promoters of the company's activities and agents in the development of their communities.	Community leaders	7	109	1



Programs with community organizations

Aguas de Urabá	Training for the Public Utilities committee	Support the work of the Public Utility Committee, through tools and legal basis included in the regulations for public utilities.	Training for the Public Utilities committee	1	11	-
	Promotion meetings with the community	Information related to the project (start, benefits, impact on the community) and promotion of educational processes regarding the responsible use of services.	General community	24	566	-
Aguas Nacionales	Information and community participation program	Providing information to WWTP Bello project stakeholders on the criteria for environmental management, job management and the measures proposed for controlling the impact actions from the construction of the North interceptor of the Medellín River and its relation with the operation of the water treatment plant, according to the environmental policy and the applicable statutory provisions.	Community / Users	N. D.	N. D.	N. D.
ESSA	Energy Festival	Spaces for comprehensive attention covering ESSA projects that allow company stakeholders to address questions about the provision of the service.	Communities with high rates of portfolio and loses. Municipalities linked to the program of opening or reopening of offices.	6	2,039	N. D.
	ESSA expedition	Spaces and direct attention in communities in the influence area of ESSA processes.	Rural districts in areas of influence	24	1,330	N. D.
	Encuentro de Líderes (Leader meeting) - Escuela de Líderes (Leader schools)	Training community leaders on issues related to the provision of electricity, with the purpose of strengthening inter-institutional and community relations.	Community leaders, citizen oversight, community action organizations, local management boards, ombudsmen, official from the municipalities in the area of influence of ESSA.	18	617	N. D.



Programs with community organizations

ESSA	Energy seminars	Building culture on public electricity service in the educational community of the area of influence of ESSA, especially in sectors where programs are being developed or where there are institutional projects.	Students, teachers and parents. Children living in the areas with public community energy sources	79	7,096	N. D.
	ESSA in harmony with the environment	Stimulation the training of children and youngsters who are aware of the local, regional and global environmental problems.	Community leaders, educational community, associations, community action organizations and others	9	2,641	N. D.
	Entrepreneurship workshop	Support for micro-enterprise training to help improve the socio economic conditions of the vulnerable population in the area influence of ESSA.	Users with informal jobs, single mothers, etc.	17	552	N. D.
	Remodeling internal electrical installations	Promotion of culture of legality, improving satisfaction rates, brand positioning for "ESSA", improving the quality of life of customers and the safety of internal installations. Providing a more accurate and reliable energy measure.	Strata 1 and 2, clients with bad internal installations	8	67	N. D.
CENS	Expansion projects: Tibú-Spcuavó and STN	Sociopolitical analysis, design and implementation of a social strategy that enhances the feasibility of the project conexión Ecopetrol-Tibú, which will develop Centrales Eléctricas de Norte de Santander S. A. E. S. P.	Different social actors	N. A.	N. D.	30
	STR Expansion projects	Promotion and presentation of the projects with government and environmental groups' stakeholders in the areas of coverage of the projects.	Cúcuta, Ocaña, La Gloria, Aguachica and Gamarrá Mayor's offices and Corponor and Corpoesar	9	N. D.	31



Programs with community organizations

CENS	Rural projects	Educational workshops on topics related to energy services that include promotion and presentation of the project.	Service users	106	5,486	30
CHEC	Social support for technical and commercial management of the generation, distribution and commercialization business (integration in the territory).	Design, implementation and support of social initiatives, aimed at the viability of CHEC technical and commercial business activities, through processes of information, education, consultation and awareness with communities and customers.	Customers: households. Community: representatives of the communities. Communities special (of African descent)	10	34,310	602
	Rural socio-environmental strengthening	Environmental initiatives that aim to train the population in the formulation and implementation of actions to meet their own needs and to contribute to the conservation of water resources.	Rural communities	N. D.	1,235	22
	Management in infrastructure related matters	Strengthening individuals or organizations located in CHEC infrastructure neighboring areas, promoting constant dialogue to generate a channel of communication with the company, thus strengthening the relationship with these specific groups	Rural communities	N. D.	1,519	27
	Interagency management	Strengthening the relationship with the institutional actors related to power generation plants to facilitate the defined purposes and articulate environmental and social management processes.	Adult members of the communities	N. D.	345	6
	Community education	Training in topics regarding the need to protect and value the provision of electricity as a public good, environmental protection, mainly water resources as a cornerstone for the generation, distribution and commercialization of energy, thereby motivating citizens to become custodian of the natural resources and the public goods.	Children, youngsters and adults in the communities	N. D.	12,325	222
Total				339	76,184	1,098



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Fees and prices

Video: https://www.youtube.com/embed/5vgG_WcUQX0?wmode=transparent Users' concern about the equity and fairness of fees when contrasting them with the surplus of the company, income of people, and proportion in which both increase over time; making the perceived value of the service lower than the fare paid.

Based on its purpose to achieve sustainability, EPM aims at establishing a fee that recovers costs, ensures compliance with the strategic objectives of the company, and is payable and competitive for customers.

A fee is an issue of high social and economic sensitivity, both for businesses and users. The transformation of the EPM Group has as one of its purposes to achieve fees that guarantee competitiveness of the company, fostering the development of the territories where the Group is present.

EPM Management

EPM has been applying fees that allow the recovery of costs and, in turn, enable placing it as one of the most efficient companies in providing water, energy, and gas services.

EPM Group management

In 2015, a new fee methodology for all the Group's water companies will be implemented.



Fees and prices – Electric power

One of EPM's strategic objectives is to achieve operational excellence, which translates not only into providing services with high quality standards, but also into efficiently managing all costs so that the company can offer better fees to the customers, complying with the established regulatory framework.

EPM Management

EPM ended 2014 with a fee variation of 5.7%, a rate lower than the variation of the PPI (6.3%), which is the main adjustment factor for the cost of the service. This variation occurred in all the socioeconomic strata and the non-residential sector, except for strata 1 and 2, for which there was a higher increase increase due to the effect combined with the Consumer Price Index.



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Evolution of EPM's electric power service fees (COP/kWh)

		2012	2013	2014	Variation
Residential sector	Stratum 1	150	153	167	9.0%
	Stratum 2	188	191	209	9.0%
	Stratum 3	312	309	327	5.7%
	Stratum 4	367	364	385	5.7%
	Stratum 5	440	437	462	5.7%
	Stratum 6	440	437	462	5.7%
Commercial		440	437	462	5.7%
Industrial		440	437	462	5.7%
Regulated market fees.					

Management in the EPM Group's Colombian subsidiaries

In 2014, the electric power fees increased as a result of adverse climatic conditions for the generation of hydraulic energy. In order to reduce the effects of this situation, the Energy and Gas Regulatory Commission (CREG, for its initials in Spanish) established the “fee option” by means of Resolution 168 of 2008, extended pursuant to Resolution 057 of 2014, which allows deferring the fee increase up to two years instead of doing immediately.

The EPM Group's Colombian subsidiaries adopted the “fee option,” which implied not receiving some resources in May, June and July. The amount of the unit cost



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applied in these months was lower than the calculated unit cost with the purpose of reducing the negative effect of the fee increase on the customers. The recovery of those resources began in August, and it was completed by some subsidiaries in December 2014.



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Evolution of electric power fees - Central Hidroeléctrica de Caldas - CHEC (COP/kWh)

		2012	2013	2014	Variation
Residential sector	Stratum 1	210	210	216	2.6%
	Stratum 2	256	255	257	0.9%
	Stratum 3	362	339	347	2.4%
	Stratum 4	399	374	384	2.7%
	Stratum 5	473	442	452	2.4%
	Stratum 6	466	436	447	2.4%
Commercial		474	444	455	2.5%
Industrial		428	401	408	1.7%

The data are calculated by dividing the total annual revenue at the corresponding rate by the total amount billed per year for the electric power service. Regulated market fees.

Evolution of the electric power fees - Empresa de Energía del Quindío - EDEQ (COP/kWh)

		2012	2013	2014	Variation
Residential sector	Stratum 1	176	177	177	-0.1%
	Stratum 2	217	212	213	0.3%
	Stratum 3	330	307	324	5.4%



	Stratum 4	388	361	381	5.4%
	Stratum 5	466	433	457	5.4%
	Stratum 6	466	433	457	5.4%
Commercial		466	433	457	5.4%
Industrial		466	433	457	5.4%
The fees correspond to the average fees of each year for the tension 1 level, 100% owned by EDEQ. Regulated market fees.					



Evolution of electric power fees - Central Hidroeléctrica de Caldas - CHEC (COP/kWh)

Evolution of the electric power fees - Empresa de Energía del Quindío - EDEQ (COP/kWh)

Evolution of the electric power fees - Centrales Eléctricas del Norte de Santander - CENS (COP/kWh)

		2012	2013	2014	Variation
Residential sector	Stratum 1	155	162	171	5.8%
	Stratum 2	194	202	214	5.8%
	Stratum 3	322	313	329	5.2%
	Stratum 4	378	368	387	5.2%
	Stratum 5	454	442	465	5.2%
	Stratum 6	454	442	465	5.2%
Commercial		454	442	465	5.2%
Industrial		454	442	465	5.2%
Regulated market fees.					



Evolution of electric power fees - Central Hidroeléctrica de Caldas - CHEC (COP/kWh)

Evolution of the electric power fees - Empresa de Energía del Quindío - EDEQ (COP/kWh)

		2012	2013	2014	Variation
Residential sector	Stratum 1	164	167	174	4.1%
	Stratum 2	205	209	217	4.1%
	Stratum 3	315	309	348	12.8%
	Stratum 4	370	363	410	12.8%
	Stratum 5	444	436	492	12.8%
	Stratum 6	444	436	492	12.8%
Commercial		444	436	492	12.8%
Industrial		444	436	492	12.8%



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Evolution of electric power fees - Central Hidroeléctrica de Caldas - CHEC (COP/kWh)

Evolution of the electric power fees - Empresa de Energía del Quindío - EDEQ (COP/kWh)

For 2014, the data are taken from the OR property level 1 fees, given by the fee option applied since May 2014. Regulated market fees.

Fees and prices – Gas services

One of EPM's strategic objectives is to achieve operational excellence, which translates not only into providing services with high quality standards, but also into efficiently managing all costs so that the company can offer better fees to the customers, complying with the established regulatory framework.

EPM Management

EPM's fees for the gas service decreased 2%. This behavior is similar in the typical customer bill. The variation was due to changes in the gas price caused by the application of Resolution CREG 089/2013, which allows negotiation in bilateral contracts. The changes in the Consumer Price Index, PPI and the Dollar exchange rate also reflect on the gas service fee because they affect the supply and transportation components. The regulated fees in Medellín are lower than those of the main Colombian cities.



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Evolution of EPM's gas service fees - Aburrá Valley (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	429	452	474	4.9%
	Stratum 2	535	564	592	4.9%
	Stratum 3	979	1,059	1,044	-1.4%
	Stratum 4	968	1,048	1,032	-1.5%
	Stratum 5	1,104	1,200	1,181	-1.6%
	Stratum 6	1,052	1,147	1,128	-1.7%
Non-residential sector (commercial + industrial)		870	956	937	-1.9%
Commercial		872	958	939	-1.9%
Industrial		868	953	935	-2.0%
Gas for vehicles		869	870	774	-11.1%



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Evolution of EPM's gas service fees - Aburrá Valley (COP/ **m3**)

The decrease of the fee for the residential, commercial and industrial sectors is due to the change of the supply price pursuant to the application of Resolution CREG 089/2013, which allows negotiation in bilateral contracts. In the case of Strata 1 and 2, the behavior is also associated with the behavior of the Consumer Price Index. Now, regarding the natural gas for vehicles, the fee decreased because the company started using the supply from Cusiana, which is less expensive than the one used the previous year.



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Evolution of EPM's gas service fees - Aburrá Valley (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	422	449	499	11.3%
	Stratum 2	554	589	626	6.2%
	Stratum 3	1,051	1,139	1,125	-1.3%
	Stratum 4	1,035	1,123	1,112	-0.9%
	Stratum 5	1,208	1,313	1,310	-0.2%
	Stratum 6	1,260	1,365	1,348	-1.3%
Non-residential sector (commercial + industrial)		1,070	1,071	1,103	3.0%
Commercial		1,120	1,069	1,102	3.1%
Industrial		1,021	1,073	1,104	3.0%
Gas for vehicles		N.A.	N.A.	N.A.	N.A.

The decrease of the fee for the residential sector is due to the change of the supply price pursuant to the application of Resolution CREG 089/2013, which allows negotiation in bilateral contracts. In the case of Strata 1 and 2, the behavior is also associated with the behavior of the Consumer Price Index. Regarding the commercial and industrial sectors, the increase is due to the inclusion of new markets that were not present last year, a fact reflected on the average fee.



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Evolution of EPM's gas service fees - Aburrá Valley (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	1,314	1,927	1,876	-2.6%
	Stratum 2	1,203	1,481	1,600	8.0%
	Stratum 3	1,225	1,343	1,481	10.2%
	Stratum 4	1,217	1,315	1,415	7.6%



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Evolution of EPM's gas service fees - Aburrá Valley (COP/ m3)

Residential sector	Stratum 5	1,231	1,338	1,340	0.2%
	Stratum 6	1,258	1,365	1,380	1.1%
Commercial		1,020	1,077	1,147	6.5%
Industrial		935	1,019	1,021	0.2%
Gas for vehicles		1,092	1,190	1,153	-3.2%

Fees and prices – Sanitation services

One of EPM Group's strategic objectives is operational excellence, which translates not only into providing services with high quality standards, but also into efficiently managing all costs so that the company can offer better fees to the customers, complying with the established regulatory framework.

EPM Group Subsidiaries in Colombia Management

The increase in fees of the sanitation service was around 3% due to updates in the price increase, but not due to changes in baseline costs or rate changes.

Medellin has special rates which are higher than other cities in the components of segment surplus and final disposition. However, given the low production of waste in the city, the rate is among the lowest in the country.



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Evolution of sanitation service fees

		2012	2013	2014	Variation
Residential sector	Stratum 1	5,502	5,828	6,006	3.1%
	Stratum 2	7,336	7,771	8,008	3.0%
	Stratum 3	10,393	11,009	11,344	3.0%
	Stratum 4	12,599	13,357	13,760	3.0%
	Stratum 5	24,544	26,056	26,833	3.0%
	Stratum 6	33,220	35,442	36,448	2.8%
Non-residential sector (commercial + industrial)		-	-	-	



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Evolution of sanitation service fees

Commercial	42,521	45,731	46,923	2.6%
Industrial	44,176	44,842	46,306	3.3%

Fees and prices – Water services

One of EPM's strategic objectives is operational excellence, which translates not only into providing services with high quality standards, but also into efficiently managing all costs so that the company can offer better fees to the customers, complying with the established regulatory framework.

EPM Management

The variation in rates of drinking water and wastewater in the country is caused by three causes. First, the price variation of the cost of living reflected on the CPI indicator; second, the application of tariff methodologies issued by the regulatory agency (CRA); third, by changes in the scheme of subsidies and contributions of each municipality. The rate update, given the variation in prices, is based on the legal mandate included in the Article 125 of Law 142 of 1994. According to this, rates can be updated when there is a 3% cumulative of the CPI.

In 2014 there was a tariff increase by accumulation of CPI, the variation in rates was 3.60% effective in the bill of April. For the typical bill, the behavior was similar. In the comparison with the main Colombian cities, the trend of the recent years was maintained. This trend shows that the water supply fee in Medellín is the lowest and the sewerage fee is the highest, due to the waste water sanitation program that no other city has. In the aggregate of both services, EPM's fee is the fourth lowest in the country.



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Evolution of EPM's water supply service fees (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	672	672	696	3.6%
	Stratum 2	994	994	1,030	3.6%
	Stratum 3	1,440	1,440	1,492	3.6%
	Stratum 4	1,607	1,607	1,665	3.6%
	Stratum 5	2,351	2,351	2,436	3.6%
	Stratum 6	2,352	2,352	2,437	3.6%
Commercial		2,165	2,166	2,244	3.6%
Industrial		1,493	1,493	1,547	3.6%



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Evolution of EPM's water supply service fees (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	772	772	800	3.5%
	Stratum 2	1,149	1,149	1,190	3.5%
	Stratum 3	1,670	1,670	1,730	3.5%
	Stratum 4	1,891	1,891	1,958	3.5%
	Stratum 5	2,810	2,810	2,909	3.5%
	Stratum 6	2,927	2,927	3,030	3.5%
Commercial		2,720	2,720	2,819	3.6%
Industrial		2,532	2,532	2,623	3.6%

EPM Group Subsidiaries in Colombia Management

Aguas de Urabá had an increase in rates of 3.5% on average for all municipalities, mainly due to the increase in the CPI.

Aguas de Occidente updated its rates in 2014 in the municipalities of San Jerónimo, Sopetrán and Olaya. It went from a reduced-price methodology to a service-efficiency methodology (score DEA); information meetings were conducted with stakeholders in each municipality and written information was published in different media in the subregion.



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	782	782	811	3.6%
	Stratum 2	894	894	926	3.6%
	Stratum 3	1,118	1,118	1,158	3.6%
	Stratum 4	1,118	1,118	1,158	3.6%
	Stratum 5	1,676	1,676	1,737	3.6%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

Residential sector	Stratum 6	1,788	1,788	1,853	3.6%
Commercial		1,676	1,676	1,737	3.6%
Industrial		1,453	1,453	1,505	3.6%

The fees are from the municipality of Apartadó because the company's systems are not interconnected. No fee indexation was performed in 2013; therefore, there is no variation from 2012 to 2013.



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	610	611	630	3.1%
	Stratum 2	731	733	756	3.1%
	Stratum 3	1,219	1,222	1,261	3.1%
	Stratum 4	1,219	1,222	1,261	3.1%
	Stratum 5	1,829	1,833	1,891	3.1%
	Stratum 6	1,950	1,956	2,017	3.1%
Commercial		1,829	1,833	1,891	3.1%
Industrial		1,585	1,589	1,639	3.1%

The fees are from the municipality of Apartadó because the company's systems are not interconnected. No fee indexation was performed in 2013; the variation from 2012 to 2013 is due to the increase of the service tax costs.



Evolution of the water supply service fees - Aguas de Urabá (COP/ m³)

		2012	2013	2014	Variation
Residential sector	Stratum 1	788	812	839	3.4%
	Stratum 2	866	893	909	1.8%
	Stratum 3	1,247	1,286	1,329	3.4%
	Stratum 4	1,313	1,354	1,399	3.4%
	Stratum 5	1,969	2,030	2,098	3.4%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

Residential sector	Stratum 6	2,100	2,166	2,238	3.4%
Commercial		1,707	2,030	2,098	3.4%
Industrial		1,313	1,760	1,819	3.4%
Data from the municipality of Santa Fe de Antioquia. In April 2014, pursuant to Municipal Agreement 032 of 2014, the subsidy for stratum 2 was increased from 34% to 35% for both water supply and sewerage services, which implied a lesser increase in the fee.					



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	522	524	543	3.5%
	Stratum 2	575	577	588	1.9%
	Stratum 3	827	830	859	3.5%
	Stratum 4	870	874	904	3.5%
	Stratum 5	1,306	1,311	1,356	3.5%
	Stratum 6	1,393	1,398	1,447	3.5%
Commercial		1,306	1,311	1,356	3.5%
Industrial		1,132	1,136	1,176	3.5%

Data from the municipality of Santa Fe de Antioquia. In April 2014, pursuant to Municipal Agreement 032 of 2014, the subsidy for stratum 2 was increased from 34% to 35% for both water supply and sewerage services, which implied a lesser increase in the fee.



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m³)

		2012	2013	2014	Variation
Residential sector	Stratum 1	353	364	464	27.5%
	Stratum 2	707	728	928	27.5%
	Stratum 3	1,001	1,032	1,315	27.5%
	Stratum 4	1,178	1,214	1,547	27.5%
	Stratum 5	1,766	1,821	2,321	27.5%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

Residential sector	Stratum 6	1,884	1,942	2,475	27.5%
Commercial		1,766	1,821	2,321	27.5%
Industrial		1,531	1,578	2,011	27.5%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m³)

		2012	2013	2014	Variation
Residential sector	Stratum 1	248	256	290	13.4%
	Stratum 2	497	512	581	13.4%
	Stratum 3	704	725	822	13.4%
	Stratum 4	828	853	968	13.4%
	Stratum 5	1,242	1,280	1,451	13.4%
	Stratum 6	1,325	1,365	1,548	13.4%
Commercial		1,242	1,280	1,451	13.4%
Industrial		1,077	1,109	1,258	13.4%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m³)

		2012	2013	2014	Variation
Residential sector	Stratum 1	633	652	672	3.1%
	Stratum 2	887	913	941	3.1%
	Stratum 3	1,077	1,108	1,210	9.1%
	Stratum 4	1,267	1,304	1,344	3.1%
	Stratum 5	-	-	-	
	Stratum 6	-	-	-	
Commercial		1,956	1,956	2,016	3.1%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

Industrial	1,695	1,695	1,747	3.1%
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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

		2012	2013	2014	Variation
Residential sector	Stratum 1	302	345	323	-6.4%
	Stratum 2	423	483	452	-6.4%
	Stratum 3	514	587	582	-0.9%
	Stratum 4	604	690	646	-6.4%
	Stratum 5	-	-	-	
	Stratum 6	-	-	-	
Commercial		1,035	969	969	0.0%
Industrial		897	840	840	0.0%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m³)

		2012	2013	2014	Variation
Residential sector	Stratum 1	871	900	927	3.0%
	Stratum 2	1,047	1,082	1,114	3.0%
	Stratum 3	1,532	1,583	1,631	3.0%
	Stratum 4	1,790	1,850	1,906	3.0%
	Stratum 5	2,596	2,683	2,764	3.0%
	Stratum 6	2,674	2,764	2,848	3.0%
Commercial		2,824	2,919	3,007	3.0%
Industrial		1,835	1,897	1,954	3.0%



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Evolution of the water supply service fees - Aguas de Urabá (COP/ m3)

Residential sector	Stratum 1	175	181	187	3.1%
	Stratum 2	211	218	224	3.1%
	Stratum 3	321	331	341	3.1%
	Stratum 4	372	384	396	3.1%
	Stratum 5	519	535	551	3.1%
	Stratum 6	512	528	544	3.1%
Commercial		619	639	659	3.1%
Industrial		267	275	283	3.2%



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Transparency and information openness to stakeholders

Video: <https://www.youtube.com/embed/s9uLzoXfqPU?wmode=transparent>

Accuracy, adequacy, relevance, opportunity and clarity of the information given to stakeholders about corporate governance.

Transparency and openness regarding information strengthen the confidence of stakeholders and enable them to make decisions for their benefit in the social, environmental and economic aspects. It reduces corruption and over-costs, which are barriers for the development and reputational risks.

EPM Management



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2014 Goals	2014 Achievements	Compliance
<p>Strengthening of the internal media:</p> <p>To introduce the new digital format of the “El Saetín” publication.</p> <p>To strengthen “Mi Canal” so that it contributes to the consolidation of the EPM Group culture with information of all the Group’s companies and the participation of the employees.</p> <p>To restructure the bulletin board system in order to generate greater closeness with the employees located at different locations, especially those who do not have access to computers.</p> <p>To redesign the internal audiovisual media, their structures and processing of content based on the new EPM Group dynamics.</p>	<p>The publication of the Unified Mail was started (as a digital version of “El Saetín”) with 54 multimedia editions highlighting the company’s achievements, their main actors, challenges and dreams.</p> <p>There are “Mi Canal” screens in EDEQ, CHEC, CENS, ESSA, Aguas de Urabá, Aguas de Occidente y Aguas de Malambo, where a large number of employees is concentrated. Content especially focused on the stories and achievements of employees from all the Group’s companies was published; and there is room for increasing the content as most of publications were about EPM employees.</p> <p>A diagnosis of the billboards was performed, as well as the design of a content flow and update plan; the correspondent database was renewed and the information was timely and closely provided to the employees.</p> <p>The audiovisual content production procedures manual was defined and disclosed for the use of the TV Room resources.</p>	Total
<p>To continue implementing the stages of the UNEP stakeholder engagement model with methodological direction by the Sustainable Development Management Office.</p>	<p>Progress was made in EPM’s fulfillment of the stakeholder engagement plans in 2014 and in the definition of said plans, which will have a Group scope in 2015 and 2016.</p>	Total



2014 Goals	2014 Achievements	Compliance
<p>To continue implementing the stages of the UNEP stakeholder engagement model with methodological direction by the Sustainable Development Management Office.</p> <p>Information mechanisms to investors.</p>	<p>The objective of communicating EPM Group's financial results and the outstanding facts was fulfilled with the implementation of the mechanisms and their constant reinforcement.</p>	<p>Total</p>

Goals for 2015

To consolidate the multimedia platform and adapt the internal means of communication to the current needs of the audiences.

To open interaction and participation spaces with the employees.

To maintain the good practices in the engagement of the Investors stakeholder group.

EPM Group management



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Water service companies

2014 Goals	2014 Achievements	Compliance
Not reported.	Aguas de Malambo -Quarterly agendas shared with the Council and the Mukaná Indigenous Cabildo with the purpose of expanding the information on the company's management and its investments in the municipality. -Engagement between the CEO and the community with 27 meetings with the diverse sectors of the municipality. -Synergies with municipal administration entities aimed at cooperating in environmental and community-engagement activities. -Consolidation of the relations with the local and regional media based on talks with the Management, permanent press management and engagement activities.	Total
	Aguas de Occidente -Monthly publication of the "En Primicia" informative bulletin, constant update of bulletin boards, publication of internal informative bulletins, company events, electronic bulletins, and 23 radio shows for the municipalities of Santa Fe de Antioquia, Sopetrán, and San Jerónimo. -Publication (both physically and on the website) of four quarterly management reports to be submitted to the partners, members of the Board of Directors, municipal councils and regional leaders. -Publication of relevant corporate information on the website for the stakeholders.	Total



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Water service companies

Not reported.	Aguas de Urabá -Active profile to manage updated and relevant information on the role of the company. -Redesign, restructuring and update of the website with news, call for bids, information about scheduled water supply interruptions, among other.	Total
	Aguas del Oriente -Improvement of the communication with the suppliers and establishment of plans to strengthen service channels and agreements.	Total
	Aguas Nacionales -Implementation of mechanisms aimed at evaluating the different information delivery channels, such as the survey for suppliers, which is available on the website. -Promotion of control by means of the election of control delegates. -Update of the Ethics Code and the acting criteria of the Ethics Committee.	Total
	Emvarias -Use of the social networks as an effective information channel for managing requests, claims and complaints, with a request response percentage of 75% on the same day they are received.	Total
	Emvarias -Stakeholder-focused website structure improvement and implementation of a document preview system (without the need to download them), which allowed the stakeholders to be informed about news of the company's services and operation, but there still are opportunities to improve the results.	Partial



Energy service companies

<p>EDEQ</p> <ul style="list-style-type: none"> -To improve the corporate transparency indicator by publishing the Sustainability Report, applying the stakeholder communication policy and the management of corruption risks. -To prepare the Sustainability Report and the accountability activities. 	<p>EDEQ</p> <ul style="list-style-type: none"> -The result of EDEQ's 2014 Corporate Transparency measurement was 88 points, increasing three points in comparison to 2013, and one point above the BSC indicator goal. -Disclosure of the 2013 Sustainability Report to its stakeholders. However, the accountability methodology was not fully applied since the company's legal nature does not establish it as a legal requirement. 	<p>Partial</p>
<p>CENS</p> <ul style="list-style-type: none"> -To improve the moderate risk rating (79 points) by 5 additional points in 2014. 	<p>CENS</p> <ul style="list-style-type: none"> -The company climbed up to 86 points, still being classified in moderate risk level. 	<p>Total</p>
<p>CHEC</p> <ul style="list-style-type: none"> -To present accountability reports to customers and communities in five "Hablando Claro" (Speaking Clearly) encounters and three encounters with spokespersons, covering 100% of the area of influence, and to strengthen the mentioned actions with communication sessions with the State, guilds, opinion leaders and colleagues. -To organize 60 working groups based on the implementation of the mechanism to engage communities and customers (this action is called "Zonal Working Groups"). -To prepare the 2014 Sustainability Report with the GRI G4 methodology. -To implement communication strategies such as the following: "Aló CHEC," "CHEC te Informa," intranet, Message from the CEO, CHEC Magazine, NOTISYSO; and other strategies of engagement with the CHEC Employees stakeholder group, such as: primary groups, communication sessions with the CEO, meeting of department directors and managers. -To strengthen the relation with alternative community media. -To publish press bulletins aimed at the external stakeholders. -To perform the measurement of the strategic indicator related to corporate transparency corresponding to 2013. 	<p>CHEC</p> <ul style="list-style-type: none"> -Five encounters with CHEC's CEO and senior managers across the entire area of influence of the company, and three events with the working-group representative spokespersons, as part of the accountability exercise. -Strengthening of the communication, negotiation and the ability to establish commitments with the Community and Customers stakeholder group. -The Operational Management Department incorporated the GRI G4 methodology into CHEC's Comprehensive Management System within the framework of the Organizational Development process with the purpose of consolidating the 2014 Sustainability Report. -Four encounters with guilds and five press conferences based on the results and development of high-impact business activities for the stakeholders. Also, the State was approached with the report presented by the CEO to the Manizales Council and with the accountability activities carried out by several representatives of the company with the municipal councils of La Dorada, La Virginia and Dosquebradas. -Permanent communication with the community by means of diverse actions and means such as leaflets, notices on the bills, participation in community media, press bulletins and advertising campaigns. 	<p>Total</p>





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Energy service companies

CHEC

- To present accountability reports to customers and communities in five "Hablando Claro" (Speaking Clearly) encounters and three encounters with spokespersons, covering 100% of the area of influence, and to strengthen the mentioned actions with communication sessions with the State, guilds, opinion leaders and colleagues.
- To organize 60 working groups based on the implementation of the mechanism to engage communities and customers (this action is called "Zonal Working Groups").
- To prepare the 2014 Sustainability Report with the GRI G4 methodology.
- To implement communication strategies such as the following: "Aló CHEC," "CHEC te Informa," intranet, Message from the CEO, CHEC Magazine, NOTISYSO; and other strategies of engagement with the CHEC Employees stakeholder group, such as: primary groups, communication sessions with the CEO, meeting of department directors and managers.
- To strengthen the relation with alternative community media.
- To publish press bulletins aimed at the external stakeholders.
- To perform the measurement of the strategic indicator related to corporate transparency corresponding to 2013.

- Calls made bi-monthly to 83 employees, 237 "CHEC te informa" (CHEC informs you) messages, 25 messages from the CEO, two CHEC magazines, four NOTISYSO videos (about the company's programs and progress) produced and broadcasted, and one intranet platform activated and updated in 2014.
- 11 primary groups were organized; they are directed by each head of department or sub-manager, and 6 meetings were held with the heads of the departments and managers. No employee communication sessions were held in 2014.

Partial

ESSA

- To build the strategic communications plan, aligning it with ESSA's corporate objectives and EPM Group's discourse lines.
- To structure ESSA's digital committee.
- To develop commercial and institutional campaigns.
- To strengthen the relations with the stakeholders.

ESSA

- Strategic information disclosure management in the contact points of the digital ecosystem.
- Execution of the strategic communications management plan with improvement indicators.
- Development of institutional campaigns aimed at strengthening the knowledge of the stakeholders about topics such as the following: legal energy use, total portfolio agreement called "Pacto," and Eco-Christmas.
- Effort to strengthen the trust of ESSA People, opinion leaders, communities, suppliers and contractors in the company by means of communication and interaction strategies designed according to the needs of each segment.

Total



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Goals for 2015 - Water service companies

Aguas de Malambo

- To increase the frequency of the accountability events before the municipal Council.
- To manage an "Aguas de Malambo radio show" in a local radio station.
- To permanently update the new website with relevant information for the stakeholders.
- To articulate the customer loyalty activities (which are directed by the commercial department) based the institutional communication.
- To publish an internal yearly magazine for strengthening the communication.

Aguas de Occidente

- To articulate, based the institutional communication, the activities of the commercial department for strengthening the customer education and Human Management processes in order to develop the well-being plan and all other organizational climate activities.
- To produce and broadcast the "Aló Occidente" institutional radio show once every 15 days.
- To permanently update the corporate website and create interaction with the stakeholders on the social networks.
- To publish four management reports over the year, the sustainability report and the 2015 social balance.

Aguas de Urabá

- To use the social networks for creating a campaign related to the smart use of water.
- To increase the visitor traffic of the website by 15%.
- To diversify the contents of the website with useful information and transactions for the users.

Aguas del Oriente

- To maintain the communication channels with the suppliers and exchange good business practices.

Aguas Nacionales

- To obtain a transparency level of 85.30.

Emvarias

- To implement a web portal that supports all the activities and the demand of the company.
- To implement EPM Group's Digital Ecosystem strategy.
- To strengthen the timely communication with the stakeholders.





Goals for 2015 - Water service companies

ESSA

- To strategically manage the communication and engagement actions focusing on achieving ESSA's objectives for strengthening the stakeholders' trust.
- To focus the communication strategies on the understanding of the contribution made by the employees to the organizational strategy, highlighting the corporate values, the fact of working according to the processes, the social and environmental responsibility, and the human talent of the company.
- To communicate customer loyalty actions, market growth and electric power risk with the purpose of increasing the satisfaction of the customers and positioning ESSA on the current market.



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“Transparencia por Colombia” (Transparency for Colombia)

It consists in a voluntary measurement tool which assesses the transparency practices of public utilities companies in Colombia in order to identify their level of development and promote the implementation of plans and actions to improve their management. Moreover, it highlights the companies committed to ethical and transparent relationships with their stakeholders and fosters compliance with international standards.

The measurement is conducted annually and both EPM and its national subsidiary companies have used this tool for seven consecutive years. This has allowed performing an objective analysis of the business institutional structure and the relationship with and the information supply to the different stakeholders, based on four components: Openness, Discussion, Clear rules, and Control.

Through the Openness component, the delivery of timely, reliable, and comprehensive information to various stakeholders is assessed. Discussion is based on the mechanisms through which a two-way relationship is recognized. The Clear Rules component has regard for the set of rules and principles of the organizational culture. Lastly, the Control component integrates monitoring and evaluation procedures, plans, rules, and mechanisms adopted by the company to fulfill its goals and objectives.

The Group

Community outreach / Interest Groups

The companies of the Group develop communication, education, and liaison strategies to engage the communities of their areas of influence, so that the communities know their management in the territory and understand the connection with the provision of public utilities. This relationship lies in actions based on respect, transparency, opportunity, appropriateness, truthfulness, and dialog; and it is oriented to guarantee the trust of this important stakeholder.

EPM managed to consolidate a network of bidirectional multimedia, which allowed for the democratisation of the content and the interaction with the stakeholders. The companies of the EPM Group have been strengthening the education activities that benefit the relationship with the community, thanks to the knowledge and understanding shared regarding the provision of public utilities.

The companies of the EPM Group have been strengthening the education activities that benefit the relationship with the community, thanks to the knowledge and understanding shared regarding the provision of public utilities.



EPM Management

In 2014, we carried out the awareness phase of the Client's diploma. It was developed through a visit plan to understand and know who the clients and users of EPM are, how they live, what their environment is like, and which their processes and concerns are. With the visits, we intended to strengthen the customer and user service culture looking to generate more familiarity.

In this first phase, visits to more than 100 clients and users were made and more than 250 people from EPM took part. Members of the Board of Directors, vice presidents, managers, directives and professionals of the organization are included among them, who listened to and shared with the families. Moreover, an internal communication of this activity was spread to raise awareness in the employees who did not participate in the visits.

Creation of a multimedia portfolio to inform and interact in a timely and real-life manner and allow for the participation, visualization, and inclusion of the community, as well as the democratization of information according to the EPM Communication Policy. In the content of the information, not only the achievements, challenges, and personalities of the company stood out, but also the role of the inhabitants of the territories where the entity is present.

The EPM Group radio strategy was structured to bring together the publishing line of the radio programs of the Group companies. The aim is that they inform, educate and guide the Community and Client stakeholders with regard to the products, services, and projects they develop. Until 2015, the scope of the implementation is only for EPM.

Also, there was progress in the homologation of the metropolitan and regional sections of the radio magazine Aló EPM, which differs only in the radiocast frequency in each subregion of the department, including the area of influence of the Ituango Hydroelectric Project; a meeting with the listeners was carried out.

Three programs were structured and were broadcast to support the communication actions of the Ituango Hydroelectric Project: radio magazine Aló EPM in the hydroelectric power station, interview program *Sobre la mesa* and a series of radio reports *De Camino en camino*. These were broadcast through the broadcasting entities of eight municipalities of the area of influence of the project.

The Annual Meeting of Alternative and Community Media, educational and academic activity for alternative media, which in 2014 took place in November, had a pedagogical and thoughtful component for the participants. It was about the way of doing journalism nowadays, when there is a need for having contents with a human face that center in the being. The special feature was telling stories oriented to the public to which they are focused on and the means by which they are transmitted.

Other company media worked on specific issues, such was the case of **Plan Planeta** that focused on the pedagogy of the environment care; **Camino al barrio** made neighborhoods and municipalities of Antioquia visible, focusing on people that are role models and lead characters of inspiring stories for society. The series of short TV programs **La vida de nosotros**, was premiered, which in its two seasons, in the main channels, told the stories about the regions where EPM is present with its projects, beginning from the Norte of Antioquia subregion and then, giving prominence to the Urabá subregion.

From commercial and brand communication, via advertising campaigns, private events, start-ups and sponsorships to third party events, special emphasis was placed on the innovation that has characterized EPM over almost its 60 years serving people. The different actions and alternatives in the provision of public utilities



that look to improve the quality of life of people were highlighted.

Regarding the approach to the community on the development of the EPM projects, the participation in the radio program of the municipality of La Calera is significant. There, we had the opportunity to listen to and resolve concerns of the inhabitants of the municipalities of La Calera and Guasca, who have been against the Nueva Esperanza Project, refusing to attend to informative meetings.



Community relations

Program	Indicators	2012	2013	2014	Variation	Comments 2014
Aló EPM	Emissions	251	257	208	-19.1%	The program was off the air between April 7th and June 9th, 2014, as a new contracting process was conducted.
	Regional emissions	52	52	53	1.9%	The metropolitan and regional version cease to exist and Aló EPM becomes one program only, covering all areas.
Alternative media meeting	Participants	291	257	111	-56.8%	The meeting covered theoretical and practical aspects and aimed a filtering the participants in order to ensure they could take advantage of the workshops.
Camino al barrio	Emissions	52	45	52	15.6%	EPM enhanced its institutional presence in neighborhoods or areas where the program was shot through educational activities and customer service.
	Regional emissions	6	8	4	-50.0%	Regional emissions are included as part of the total emissions. In 2014, the program was taken to El Peñol for its 300th anniversary and also to Titiribí, Heliconia and Santuario as support for activities with the clients.
Estamos ahí (TV program specials)	Emissions	-	1	3	200.0%	There were two transmissions of the program Rendición de Cuentas program. This report includes the transmission of the diversion of the Cauca River, a milestone in the construction of the Ituango Hydroelectric Project dam.
Plan planeta	Emissions	51	45	52	15.6%	Plan planeta promotes and disseminates environmental sustainable projects that are central to any social stakeholder. The show

Internal communication media



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These media is used to support communicative strategies and actions in order to improve the aim “reinforcing relations and effective communication between internal stakeholders.”

Such activities, having spaces for interaction and channels, among others, promote internal communication effectiveness based on the strategic objectives of EPM and each subsidiary company of the Group. The aim is to generate confidence, mobilize and afford meaning to efforts, projects, programs and challenges of EPM Group, with a view to a higher participation and appropriation by those who are part of it.

At EPM, multimedia editorial board was integrated and multimedia platform was strengthened with a joint schedule of contents. Its publication is made according to each media characteristic and audiences' needs. In the subsidiary companies, face-to-face communication strategies were promoted as opportunities for a further approach in order to obtain clear information and resolve concerns.

Management at EPM

In 2014, there was a mainstay communication media. Employees were informed through multimedia content by using multiple journalistic genres such as chronic, interview, profile, news and report. The Unified Mail (Correo Unificado) and the digital version of El Saetín enabled the visibility of every area of the company and its employees.

With the purpose of making a more familiar content, different digital narratives and tools such as timelines, animated infographics and multimedia integration were used. Moreover, people was prioritized as the center of the content.

The media convergence scheme was used and this enabled the use of each platform according to its characteristics and informative advantages.



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A multimedia editorial board was integrated in order to build the content agenda in a collaborative way, jointly with the other communicators advising the companies.

The Tele-revista helped to go from a monthly update methodology to a weekly one. A video site was also designed where stories are published weekly.

Management indicators:

Communication strategy	2012	2013	2014	Variation	2014 comments
"El Saetín" Newspaper	8	5	1	-80.0%	The transition process of the publication from print to digital format was continued. The "Unified E-Mail" experience contributed to this dynamic. A special edition about the EPM Group without Borders Program was published.
Notes for the "Doble Vía" TV magazine.	48	41	104	153.7%	The updating scheme went from monthly to weekly; there is a video history repository site; and the activity was reinforced by means of the Unified E-Mail.



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Management indicators:

Multicast broadcasts	9	17	12	-29.4%	The managerial activities of great importance for the organization were broadcasted live and direct. The employees had the chance to interactively participate with their questions, which were answered live.
Submissions for bulletin boards.	54	100	50	-50.0%	Updates were made on a weekly basis through the organization's correspondent network.
Telephone bulletins	100	102	102	0.0%	This program won the 2014 Ibero-American Corporate Communication Award as best internal means of communication.
Internal e-mails	100	150	400	166.7%	It was the means of communication the employees followed the most. It was used to send synchronic information, which was determined mainly due to usefulness and appropriateness.
"Bitácora" (Log) updates	269	450	400	-11.1%	The contents were filtered to ensure their appropriateness and timeliness. The resource was updated on a daily basis with methods of continuous substitution, accumulation and renewal.
Unified E-Mail	-	-	54	N. A.	The resource was updated on a weekly basis with diversity of journalism genres and tools. It became the corporate anchor in terms of internal means of communication. It was collaboratively produced.
"Mi Canal" (My Channel)	748	773	755	-2.3%	A diverse content grid was produced, according to the characteristics of the platform and the information needs of the employees.

Source: Corporate Relations and Communication Vice-President's Office



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Communications effectiveness indicator

Strategic objective	2012	2013	2014	Variation
To strengthening the relationships and the effective communication with the internal stakeholders	61.2 (mid-high range)	N/A. This indicator is measured every two years.	61.2	0.0%



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Management at EPM Group subsidiaries companies in Colombia.



Aguas de Malambo

Implementation of the space called “Meeting with the Management”, intended to the interaction and communication between the Management and its collaborators, regarding topics as business management and other related to welfare. Furthermore, there was an increase in the information published in the internal media such as billboards and electronic mails.

Aguas de Occidente

Publication of the internal newsletter *En Primicia*, informative newsletters and internal memos shared with staff by email. Support for the execution of three business integration and two internal campaigns (Ethics Committee, orthography, expectation and awareness to conduct the Quality of Life survey and effectiveness measurement of internal communication).

Aguas de Urabá

10 editions of the newspaper *Gotas de Interés* were published during the year. It gets to every employee through email and billboards. Six meetings with the Management, the Business Integration Day and the campaign “I have the key” were carried out, promoting the sense of belonging and control culture inside the company.

Aguas Nacionales

It has an in-house electronically issued newsletter called *Desde Adentro*.

Emvarias

Four communication media were developed: in-house newsletter *Emvos*, billboards, “Talking to the CEO” meetings and electronic mail. Thanks to the increase of issue frequency, administrative and operative employees have been able to connect and visualize in an efficient and illustrative manner the most important management processes, projects, and events of Emvarias.

Empresas Públicas de Oriente y Aguas del Oriente

According to the areas of information, communication media are issued by electronic mail, in-house billboards, internal announcements and web page.

CHEC

The aim of the strategy “A Coffee with the Assistant Managers”, that made an impact on 600 workers, was to bring together a maximum of 10 workers by session with the corresponding assistant manager in order to learn important topics and solve concerns in a closer way.

ESSA



The following communication campaigns aimed at workers were designed and executed: “Guardians of Good Energy”: Control and recovery of losses; “Compass”: Comprehensive Management System; “Safe Life”: safety and self-care culture; “From you to you”: IT culture; “Essa lives”: strengthening of the Corporate Environmental Management Index; “Remos”: ESSA Substation Replacement and Modernization Program.

The internal media was used to manage the digital strategy for the inclusion of corporate social media and the information supply about actions related to improvements and developments contributing to infrastructure modernization and electric energy service quality. It also helped to communicate about EPM Group Without Borders Program.

CENS

The digital newspaper CENS.co was designed and produced. It stands out reports, interviews, profiles, photographs and advertising with a dynamic language based on infographics and short texts. There was a printed version available for the operating staff.

Some managed internal media were: CENS.com Classifies, an electronic mail integrating the institutional guidelines of the organization; the CENS in-house broadcasting in a digital format was implemented; the intranet was updated; and there was a permanent disclosure of projects, the transformation of EPM Group without Borders, and the implementation of the Rural Electrification Project, its effects and agreements executed with the SENA.



EDEQ

The Human Resources Team carried out actions along with the organization leaders in order to strengthen communicative skills, mainly, interpersonal communication, that is considered the most relevant media by every sector of the workers.

In terms of contents, workers' achievements and their importance became visible; further information about change processes at EPM Group was provided; communications and notices from the Labor Union and the Fund were divulged; and the negotiation information of the ongoing collective labor agreement was provided.

In the media, the following publications were made: the daily news summary *En Breve*, divulged by mail to workers without access to internet; the result report from the Management Committee and the Board of Directors sessions called *El Comité Comunica*; four editions of the in-house newsletter *Nuestra Gente*, where topics considered by workers as matter of interest were discussed, such as EPM Group without Borders Program implementation, Corporate Social Responsibility initiatives and EDEQ perspectives.

In matters of face-to-face interaction, the Management Forum continued as a scenario to expose plans, programs and activities in a recreational way. "A Coffee with the Manager" meetings, a space for work teams to talk with the Manager, were also carried out, as well as the meetings of the Manager with network maintenance staff.

Internal Communication campaigns were focused on issues as the remodeling of the headquarters and service points; NEON system contracting processes; diffusion of services and products to workers; waste disposal; use of shared spaces; information of illness prevention and emergency management; uniform, work positions and MECI changes manual.



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Management indicators - Water business companies

Communication strategy	2012	2013	2014	Variation	2014 comments
Submissions for Aguas de Malambo's bulletin boards	N/A	N/A	20	N. A.	
Submissions for Aguas de Occidente's bulletin boards	12	24	28	16.7%	The company has eight bulletin boards distributed over the systems of each municipality. The purpose of these bulletin boards is to communicate internal and external information.
Submissions for Aguas de Urabá's bulletin boards	12	12	17	41.7%	The company has bulletin boards in its administrative and operational facilities.
Submissions for Emvarias' billboards	N/A	N/A	148	N.A	
Submissions for EPO' billboards	N/A	N/A	2	N.A	The bulletin boards are located at the company headquarters.
Submissions for Aguas del Oriente's bulletin boards	N/A	N/A	2	N.A	The bulletin boards are located at the administrative headquarters and at the water purification plant.



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Management indicators - Water business companies

Emvarias telephone bulletins	N.D	N/A	1	N.A	The telephone bulletin informed the change of the collection schedule (December 25).
Aguas de Malambo's internal e-mails.	N.D	N/A	20	N. A.	
Aguas de Occidente's internal e-mails.	30	66	75	13.6%	Both internal and external information was sent via e-mail.
Aguas de Urabá's internal e-mails.	100	192	240	25.0%	News of interest for employees and contractors.
Emvarias' internal emails	83	125	220	76.0%	Internal news.
EPO's internal emails			8		Mainly for the administrative personnel. Five of them were administrative and three were operational (two related to maintenance and one to "CGP" operation).
Aguas del Oriente's internal e-mails.			15		
Aguas de Urabá's "Gotas de Interés" (Drops of Interest) Bulletin	-	4	10	150%	Management notes, project progress, among other.



Management indicators - Water business companies

Communication strategy	2012	2013	2014	Variation	2014 comments
Submissions for CHEC's bulletin boards	N/A	18	22	22.2%	Topics of interest are communicated by means of five bulletin boards in the Uribe station.
CHEC's telephone bulletins	N/A	10	8	-20,0%	The "Aló CHEC" program is aimed at reaching the employees who do not have access to e-mail.
CHEC's internal e-mails	N/A	N/A	N/A	N. A.	Bulk e-mails are regularly sent. One of them is "Chec Te Informa" (Chec Informs You), an informative bulletin sent daily at 5 p.m. There are other bulletin e-mails sent with irregular frequency, such as: "Así Vamos Con" (This is the progress of), "Mensaje del Gerente" (Message from the CEO), among other.
EDEQ's Management Forum	12	12	12	0%	3 forum sessions were held in July 2014.



Management indicators - Water business companies

EDEQ's e-mails	704	794	496	-37.5%	Generally, email is the means of communication used to massively spread the information related to the campaigns. In order to avoid saturating the employees, e-mail delivery has been optimized allocating topics to specific recipients and segmenting the audiences.
EDEQ's "Nuestra Gente" (Our People) Bulletin	5	4	4	0%	It became a quarterly bulletin as an improvement pointed out in 2012's measurement results.
EDEQ's bulletin boards	12	12	12	0%	Bulletin boards are updated on a monthly basis. The improvement implemented includes: inclusion of topics related to team management, accolades and acknowledgements, among other.
EDEQ's "Coffee with the CEO"	6	4	4	0%	
EDEQ's maintenance team meetings	3	4	4	0%	
CENS' Digital Bulletin (CENS.com)	N. A.	52	52	0%	
CENS' Digital Print Bulletin (CENS.com)	N. A.	50	52	4.0%	
CENS' "Café Radio Digital CENS" radio show broadcast	200	67	160	138.8%	In 2013, the company had a conventional radio station with audio booths in several buildings. CENS' facilities were renovated, leaving the audio system disconnected. The radio show was restarted in August 2014 with the virtual application through the intranet.
Submissions for CENS' bulletin boards	52	52	52	0%	
CENS' notes for the intranet	156	156	252	61.5%	The number of notes increased due to projects such as Rural Electrification and Loss Control and Reduction.





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Management indicators - Water business companies

CENS' internal bulk e-mails	260	325	378	16.3%	In 2013, internal bulk e-mails decreased due to the development of the virtual edition of classified ads. Also, in 2014, e-mails increased do to the EPM Group without Borders program and the internal energy-saving campaigns.
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On-line Governance

The EPM Group is committed to the On-line Governance strategy, which is aimed at facilitating the efficiency and collaboration, making contributions to transparency, promoting citizen involvement, and strengthening the conditions for increasing the competitiveness of the institutions connected to the Colombian State.

The project for the incorporation of this strategy is carried out with the purpose of supporting the construction of a better country with the engagement management among the stakeholders, based on the practices that brings the digital economy and on the efficient and adequate use of the information and communications technologies.

The incorporation of the On-line Governance strategy into the EPM Group intends to boost its efficiency and its recognition as a business group that is open, competitive, participative, efficient and transparent about its management towards the stakeholders.

EPM Management



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In accordance with the defined plan, EPM made progress in the fulfillment of the milestones related to its stages of vision, diagnosis and implementation.

Furthermore, important progress was achieved in the components of the implementation stage itself, such as:

- Alignment with the institutional planning by means of provision of information within and outside the Group, and training the people involved based on a monitoring and evaluation system.
- Characterization of users and incorporation of accessibility and usability practices.
- Publication of the required information, definition of the editorial policy manual, enabling of the multi-channel access and of interaction environments for querying databases, on-line support services, transactions, among other.
- Work on internal procedures and promotion of strategies focused on the use of electronic media in the documentary processes and initiatives on the efficient use of paper.
- The achievements in the “on-line democracy” component were the following: definition of the initial participation strategy, evaluation of the existent mechanisms to create environments for social control and contact with the people that is responsible for the innovation process.

Management in the EPM Group's Colombian subsidiaries



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The phase of diagnosis of the Current State of the implementation of the On-line Governance strategy has been carried out independently by each one of the EPM Group's subsidiaries since the end of 2014. It will be submitted to the Ministry of Information and Communication Technologies for evaluation and it will be the foundation for planning the execution in every subsidiary.

For their part, the subsidiaries have also made progress in the matter:

Emvarias

- Restructuring of the web portal in accordance with the On-line Governance parameters, distributing the content by sections in order to facilitate the stakeholders' access to the information.

CHEC

- Participation in the "Raising awareness about the On-line Governance Strategy" and "Security and Information Management System" workshops, which were organized by the Ministry of Information and Communication Technologies. And, also, participation in the "On-line Governance" workshop specifically organized for CHEC.

ESSA

- Adjustment and restructuring of ESSA's Digital Committee, which is the interaction mechanism of the company's departments and is currently executing the implementation of the On-line Governance strategy.

Public accountability

As a transparency practice, EPM Group every year carries out the public accountability in order to communicate the main achievements and challenges of the corporate management and its articulation with the stakeholders, based on the contents of the sustainability report, which encompasses the relevant facts and figures of the annual management, in financial, social and environmental terms.

EPM, as well as the other companies in the Group, implement different complementary activities, in order to disseminate these results among as many people as possible, and to go beyond the informative goal.

In several surveys on the public accountability activities, the stakeholders have given us positive feedback, appreciating them as an exercise of corporate transparency.

EPM Management



EPM Sustainability – The Event: Discussion and accountability, one of the most representative exercises performed by the company in order to comply with the purpose of disseminating the opportunities, works, projects, and challenges that the Group faces in the short and medium-term; and, above all, to provide a space for discussion with representatives of the different stakeholders.

During the third edition in April, 2014, the initial presentation was given by EPM People. Subsequently, the event with the representatives of the other stakeholders was held and broadcast via *streaming*, *along with access to chat room*, and the e-mail address: conversandoconelgerente@epm.com.co in order to answer the questions by the connected participants.

During such event, a press conference was held, chaired by the CEO and the Mayor of Medellín, with the participation of 40 journalists and round table discussions with representatives of the stakeholders: The Community, EPM People, Suppliers and Contractors, the academic world, environmental authorities, users and external assurance suppliers. Topics related to the corporate transformation were discussed and the stakeholders were able to express their principal questions, needs, and concerns about the company's management and the challenges ahead.

The text of the event and the round table discussions are available at:
Sustainability Report

In addition, the television show “Estamos ahí” (We are there) was produced and broadcast on Telemedellín, featuring questions by three journalists, as well as the participation of and interaction with the community through social networks and digital media. The dissemination of the most representative actions during the year was done there and through the publication in magazines, the press, social networks, and other local mass media.

Management of subsidiaries of EPM Group in Colombia



EMVARIAS

The accountability enables the contributors, citizens, and control entities to obtain the information on the management of Emvarias and its results more easily, thus generating greater transparency and allowing the management to make better decisions.

The institutional space called 365 Days Built Together enabled the contributors to share the management actions that were performed and the goals that were reached in 2013.

The accountability is complemented by the submission of reports to different control and surveillance entities such as SSPD, the Colombian General Accounting Office, the Office of the Medellín Comptroller General, the Administrative Department of Civil Service (DAFP), among others.

CHEC

Plain Talk is a space focused on discussion, accountability, and establishing commitments between the CEO, the management, and the representatives of the customers and the community.

Accountability to the Spokespeople is the meeting for the feedback on the commitments established in the spaces called Local Round Tables and Plain Talk.

The 2014 Sustainability Report is a compilation of the result of the corporate management for the years 2013 and 2014, regarding topics that are relevant for the company and its area of influence.

The Company organized visits to Councils, or responded to invitations, and there were meetings with the mayors of municipalities in Caldas and Risaralda, in order to disseminate the corporate management and results.

There were dissemination events with trade associations in Caldas and Risaralda, as well as press conferences.

ESSA

Through its public report “Cómo vamos” (How are we doing?) the company communicates its governance to the local stakeholders, based on the following topics: Improvement of the quality and provision of the service. Infrastructure modernization. Power generation at Termobarranca. Rural electrification. Direct and indirect job creation. Development of organizational skills. Development of suppliers and contractors. CSR initiatives. Expansion plan. Achievements in loss recovery. Corporate measure results.

In order to carry out the accountability, ESSA produced two TV shows, highlighting the achievements and the corporate governance.

EDEQ

It carried out the task of disseminating the 2013 sustainability report with several activities, among which we highlight: a discussion with journalists, a meeting with representatives of different stakeholders convened through direct invitation and, in an open manner, through newspaper notices, and a meeting with the



company's workers.

The report, in long and short versions, was posted on EDEQ's website and some printed copies were given to local, national, and control entities, opinion and community leaders, among others.

The most relevant aspects of the report were disseminated on EDEQ's radio program "Al Aire con la Buena Energía" (On Air with Good Energy), broadcast on the radio station with the biggest coverage in the Department of Quindío.

Reporting mechanisms investors



One of the priorities of EPM Group is to provide investors with timely, clear, sufficient, and honest information about corporate management, development of infrastructure and investment projects, financial and non-financial situation of the corporate group, business and investment perspectives, and facts relevant to EPM as issuer in the stock market.

Therefore, there are different mechanisms to disseminate information to investors and interact effectively with them. These mechanisms are constantly strengthened to meet the expectations of these stakeholders.

The Issuers

Reporting mechanisms to partners

Regarding the relationship with Partners, the EPM Group should prepare an agenda that describes the current status of the Group, the short-, mid-, and long-term challenges, and the commitment to the sustainability of the territories where the companies are present, as well as the results of the business management. This is important because these are pressing issues for this type of stakeholders.

In 2014, we carried out meetings with 95% of the EPM Group Partners in Colombia. As a result, we managed to strengthen the relationship with them and to set up the steps that are going to be followed in each subsidiary company with regard to the process of transformation of the Group.

EPM Management

During June and July of 2014, EPM's Manager and the businesses' vice presidents met with the governors of Caldas, Quindio, Santander, and Norte de Santander, as well as with the mayors of Manizales, Armenia, Bucaramanga, Cucuta, Malambo, and the Uraba, Norte, Oriente, and Occidente subregions of Antioquia. In this agenda, issues like planning, EPM Group transformation process and commitment to local development of the territories where EPM and its companies are were addressed.

In October of 2014, a meeting took place with the Panama Government representatives, EPM partners in the Panama subsidiary company, ENSA. In this meeting, besides sharing information of common interest, we went on a tour of the La Tasajera Hydroelectric Power Station and a meeting with the Mayor of Medellin took place.



Management in subsidiary companies of the EPM Group in Colombia



Aguas de Malambo

Publishing of the annual Sustainability Report, presented in the Annual General Meeting and Board of Directors. Additionally, monthly reports are presented to the members of the Board of Directors with the shares and the follow-up of the activities that are done for the company operation.

Aguas de Occidente

Publishing of three quarterly management reports, printed out for Partners and published in the company's web site. Development of the Annual General Meeting and monthly Boards of Directors, as well as the participation in council meetings and in accountabilities of the municipal administrations.

Aguas de Urabá

Annual General Meeting, monthly Boards of Directors, participation in council meetings and in accountabilities of the Apartadó and Turbo municipal administrations, especially. Moreover, the news bulletin, Línea Directa, was submitted and during the year, two meetings were carried out with the mayors and the secretaries of planning, who were summoned through the initiative called EPM Group-Uraba Integral Plan.

Aguas del Oriente

Coordination of information based on achievements and approaches for business development, which are oriented to reach the MEGA and other initiatives of the Group.

Emvarias

Different reports and summons are submitted to the Partners through communication channels.

Empresas Públicas de Oriente

During 2014, eight Board of Director sessions were carried out. The average attendance was 4 members. Schedules established by the Corporate Governance Unit for management reports and approval and follow-up issues are accomplished.

Aguas Nacionales

By means of the CICE Consortium, it was possible to strengthen and keep the contact with the different stakeholders and, at the same time, inform them of the activities developed and the progress of the project.

CHEC

The Annual General Meeting and the Board of Director meetings are still part of the dialog and relationship strategies with the superior body of government, which also has access to the Comprehensive Management System (SGI), *software* that supports the data of the organization processes.



Likewise, they are constantly informed of the news by e-mail. Also, all the information of interest for the shareholders is on the web page, like shareholding structure, bylaws, management reports, financial statements, and resúmenes.

ESSA

Invitation to participate in the Annual General Meeting to the 253 national and local shareholders of ESSA, among whom are: EPM; department of Santander; municipalities of Bucaramanga, San Vicente, Barrancabermeja, Barbosa, Cerrito, Guadalupe, Molagavita, Oiba, Palmas del Socorro, Suaita, Bolívar, Chima, Chipatá, Guapotá, Guavatá, Guepsa, Málaga, Puerto Wilches, San Gil, Sucre and Vélez; Cooperativa de Trabajo Asociado de los Pensionados, Sintraelecol, and natural persons among whom ESSA workers are.

Design and preparation of the 2013 Sustainability Report that was submitted to the shareholders. It had an eco-friendly concept, which consisted of a USB memory, a small pot, and a *lignum vitae* bonsai seed.



Management indicators - Water business companies

Indicator	2012	2013	2014	Variation
Aguas de Malambo				
Number of yearly management reports	1	1	1	0.0%
Reports of lobbying in sessions of municipal councils	N/A	N/A	1	N. A.
Aguas de Occidente*				
Number of quarterly management reports published	N/A	3	4	33.3%
Reports of lobbying in sessions of municipal councils	N/A	6	7	16.7%
Accountability management report (Municipality of Santa Fe de Antioquia)	N/A	2	1	-50.0%
Aguas de Urabá				
Number of management reports	1	1	1	0.0%
Reports of lobbying in sessions of municipal councils	N/A	N/A	3	N. A.
Accountability management report	N/A	N/A	2	N. A.
Aguas de Oriente				
Reports of lobbying in sessions of municipal councils	1	1	1	0.0%
Emvarias				
Reports of lobbying in sessions of municipal councils	N/A	N/A	1	N. A.
Empresas Públicas de Oriente				



Reports of lobbying in sessions of municipal councils	N/A	N/A	1	N. A.
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*Aguas de Occidente: in 2013, Santa Fe Mayor's Office summoned two accountability sessions in which the company participated; and in 2014, an accountability report was written.

Management indicators - Energy business companies

Indicator	2012	2013	2014	Variation
CHEC				



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Management indicators - Water business companies

Management indicators - Energy business companies

Management Committee Schedule Compliance	1	1	1	0.0%
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Sustainability Report

The Sustainability Report is a balanced report prepared by the organization, on economic, social and environmental management, as well as its positive or negative impact on the society during a given time.

It is prepared as an exercise of transparency and is the basis for the Public Accountability and the dialog with the stakeholders.

It becomes a management tool of corporate sustainability, enabling to identify gaps, risks, opportunities, and prioritize actions. Besides, it provides traceability for the management of programs, project, initiatives or actions, which are included in this Sustainability Report.



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EPM Management

This report is prepared based on the GRI-G4 approach, aiming at making it easier to prepare sustainability reports for organizations, no matter their size, sector, or location.

The Global Reporting Initiative (GRI) is an organization that promotes the use of sustainability reports for organizations to be more sustainable and to contribute to sustainable development. <https://www.globalreporting.org/information/about-gri/Pages/default.aspx> Para In order to prepare this report, the principles of content and quality established by GRI-G4 are taken into account:

Content Principles

- Stakeholders Involvement
- Sustainability Context
- Materiality
- Thoroughness

Quality Principles

- Equilibrium: balance between success and failure A report is not a piece of advertisement.
- Comparability: series of data to measure progress on topics, reference to other sectors, and other companies.
- Accuracy: exact data and descriptions, in accordance to the central topics.



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- Punctuality: regularity in the issuance of the report and the opportunity to make decisions.
- Clarity: understandable language.
- Trustworthiness: information veracity.

The preparation of the Sustainability Report is a continuous corporate learning process, constantly evolving. Since 2006, EPM has used the GRI approach to prepare it.

Below you will find the evolution of the Sustainability Report at EPM on different areas.

Evolution of the Financial and Sustainability Reports									
Concepts	2006	2007	2008	2009	2010	2011	2012	2013	2014
Scope								EPM	EPM and Colombian subsidiaries



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Evolution of the Financial and Sustainability Reports

Content	Sustainability Report (social and environmental)				- Financial management - Social and environmental management	- CEO's management - Management by the Board of Directors - Corporate Governance - Financial management - Social and environmental management - Management in Medellín		
GRI methodology	3.0 C	3.0 B	3.0 B+	3.1 B+	3.1 A+	Exhaustive G4		
Verification	Self-declared		Icontec	Deloitte				
Global Compact communication on progress				Basic	Advanced			
Systematization					IDSOS	IDSOS	IDSOS Standard Templates	
						Sharepoint	Web platform	
Publication	Print (FSC standard)		Printed on recycled paper			Multimedia	Web	
Alignment with external initiatives						Global Compact MDGs	Global Pact MDG DJSI ISO26000	
Acknowledgements								
Acknowledgements:								
2012: GRI A+ Acknowledgement								
2013: best Dow Jones social report score.								
2014: WBCSD acknowledgement for the balance in the reported information, especially, sanctions due to regulatory non-compliance, goal unfulfillment disclosure, complaints from contractors' employees.								



FSC Standard: Forest Stewardship Council, which certifies the management of forests from which the wood was obtained for paper production.

Management of subsidiaries of EPM Group in Colombia



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Each one of EPM Group Companies in Colombia prepares its sustainability reports using the GRI approach, in different versions (3.1 and G4). They are posted on their web pages. Brochures and executive summaries are also used, as well as broadcasts on local networks (TV and radio), in order to communicate and disseminate them.

The reports are regularly presented, at each company, to the Shareholders' Meetings, the employees and the general community in different spaces for dialog —such as Community Action boards, the City Council, and others.



Corporate citizenship

Video: <https://www.youtube.com/embed/WsYuljfzpr4?wmode=transparent>

The social responsibility model of EPM Group fosters actions that are directly related to our role as provider of public services. However, we also act in order to respond to the needs of the communities of the places we work at. Such actions involve social investment, philanthropic programs, and EPM's contribution to those public policies that are included in the concept of corporate citizenship.

Under the category of contributions to society and to the development of public policies —called Corporate Citizenship, EPM performs directly, indirectly, or through EPM Foundation, actions that affect in a positive way the communities where we are present, promoting their development, urban social inclusion, economic activities, as well as their access to information and to cultural, educational, social, economic, and job opportunities.

EPM Management

For the traditional Christmas lighting program we reached the goal we set —to incorporate new materials and technology, contributing with 40% savings in electric energy consumption by using LED technology and implementing solar panels.

It is also important to highlight that EPM kept this program going in 14 municipalities of Antioquia.

The program Water for Education, Education for Water, which is already present in 87% of the municipalities in Antioquia, managed to implement 146 purification solutions, positively impacting 14,493 people.

There were 886,816 people who benefited from virtual and face-to-face activities conducted by the Library Network, including more than half a million visitors to EPM Library. Thanks to the Fund for Local Higher Education, during 2014, 60 students were awarded their degree, for a total of 90 young people who successfully finished their course of study.

More than 2.2 million people benefited from the services provided at Museo del Agua (Water Museum), Parque de los Deseos (Park of the Wishes), and Casa de la Música (Music House).

There were 202,319 people who benefited from the operation start of the Articulated Life Units called “Los Sueños”, in the neighborhood of Moscú and “La Esperanza”, in Versalles.

2014 Achievements

- The Honorable Mention at Rogelio Salmons Latin American Architecture Award, under the category of open/collective spaces, for Parque de los Deseos.
- The presence at the educational parks, through informal training programs that contribute to the generation of knowledge and to the development of new skills in the communities.
- The enrichment of fields of knowledge for the libraries in the Network by granting specialized bibliography and the acquisition of electronic resources.
- Strengthening of the Action Framework for EPM Library's Reading Plan.



- The approval of additional contributions to Medellín-Antioquia Alliance program, for an amount of COP 16,500 million.



Goal for 2015

Benefit 878,084 people with digital and face-to-face activities of the Library Network.

Benefit 588,530 people with services at the EPM Library.

58 new graduates from undergraduate degrees from the students benefiting from the EPM Fund for Regional Higher Education

Benefit 113,234 people with services at the Water Museum EPM.

Benefiting 1,980,000 people with the activities of the Parque de los Deseos (Park of the Wishes) and the Casa de la Música (Music House)

Benefit 399,000 people with the Articulated Life Units (UVA)



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EPM Group Governance



Emvarias created a committee representing 18 communities in the Area of influence of La Pradera landfill (RSP, by its initials in Spanish), with which it held three meetings during the term.

Three technical task forces (TTF) were created and started, one for each municipality in the Area of influence: Donmatías, Santo Domingo, and Barbosa. During five work sessions there was the representation of the communities in the Area of influence of RSP and two guided tours were conducted with the participation of these communities.

A diploma course on Social Control for Public Management was developed. There were 52 sign-ups and 41 out of those were awarded the certification.

The preventive health care program was carried out, encompassing the projected area and a significant number of beneficiaries per service: vaccination, 1,520; talks on acute infection prevention, 316; psychosocial care, 399; and conferences on psychosocial topics, 123.

The actions to contribute and positively impact the quality of life of the inhabitants of El Retiro were performed by Aguas del Oriente, supporting sports, ludic, and cultural spaces, as well as leveraging the Mayor's Office initiatives for safe recreation.

Aguas de Urabá supported with a water truck the drinking water supply in Loma Verde, located in the outskirts of Apartadó, which has provision problems and a high rate of typhoid, possibly due to the contamination of the stream from which they collect the water.

In Manizales, we were awarded the execution of the project in Los Yarumos Park (Bioma project).

In 2014, CHEC redesigned the purpose of the Christmas lighting, based on the results of the survey and a study conducted on the topic in 2013. It was focused on matters such as: inclusive and collaborative Christmas lighting, decentralization and change of techniques (aerial, mapping, video projection, and volumetry). The result is innovation and reaching the communities with the lighting as means of integration, sharing with the family, and recovering traditions.

Some of the indicators of the project are the creation of 320 jobs and the consolidation of a Christmas program. The project integrates several organizations in the city, in order to have a diverse, varied program with great impact.

Additionally, the Christmas lighting reached other 19 municipalities, thus strengthening relations with Caldas municipalities and their communities.

The project Education for Competitiveness was developed, planned for 5 years starting in 2012. Goals reached in 2014:

- Twenty middle school institutions were positively impacted with a vocational program.
- A total of 3,000 people were evaluated and certified on industry skills, and four of them on entrepreneurship.
- There were 1,100 graduates from technical studies at Universidad en el Campo, 200 from technological studies, and 260 received entrepreneurship support. Other 4,001 people received support to join the workforce.

Access to 76 productive units- The National Planning Department submitted the report of the rural program carried out for the project, highlighting the work developed by the alliance between Caldas Government, the Coffee Growers Committee of the Department, the local Mayors' Offices, the universities, and CHEC, in favor



of rural education.

For its part, ESSA executed the program “ESSA.edu”, bringing technology and environmental education to 12 rural schools that participated in environmental education training programs, adapting and providing equipment for 12 class rooms, and endowing 52 laptops.

Likewise, this subsidiary installed the Christmas lighting in 64 parks located in 42 municipalities, through the program called Eco-Christmas. It also invested 518 million pesos in the project Santander Theater Foundation in 2014, which add to the COP 1,232 million in 2013, for an investment of COP 1,750 million so far, out of a total of COP 4,000 million.

In Cúcuta, with the participation of CENS, the designs for the partial renovation of the jetty on Palomita river, Palomita Cultural Park, were obtained. The project Water for education, Education for Water was implemented there as well, choosing the schools and installation of the solution for each one of them.

Through the program Safe Schools, CENS improved the electric installation of the institutions, raising awareness among the students about electrical safety.

EDEQ consolidated the process of the Christmas lighting program in Quindío Department, by initially entering into an agreement with the Municipality of Armenia for an amount of COP 350 million and COP 50 million with Empresas Públicas de Armenia. Afterwards, it led the Christmas lighting process in 12 municipalities in Quindío, with an investment of COP 1,112 million.



Through the program called Social Financing Card, 1,500 new cards were offered to the users of the electric power service.

Goal for 2015

Emvarias:

- Expand recruitment coverage through the Antioquia Foundation.
- Further develop social projects in the areas of influence where our services are provided.

Aguas del Oriente: Obtain and allocate financial resources for linking events which create spaces for healthy recreation and cultural activities for the community.

Aguas de Urabá: Develop a corporate citizenship program that is not yet included in the company.

CHEC: Considering that goals are cumulative, projections for 2016 are already considered as follows:

- Education for work Secondary education: 40
- Job skills assessment and certification: 7,500
- Entrepreneurship: 100
- Universities in the country side, technical training: 2,950
- Universities in the country side, technological training: 2,000
- Support to entrepreneurship: 550
- Integration to workforce: 1,000
- Access to production units: 250

CHEC: It is intended to continue with the advising and supporting program to promote the entrepreneurship culture in educational training institutions in Caldas and Risaralda, without expanding coverage and ensuring compliance with the actions envisaged in the process.



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CHEC: Continue the process in the 8 municipalities where this program has been developing in the eastern region and in the Arboleda rural district with Peace program for the Magdalena Centro.

ESSA: Developing the first stage of the program ESSA.edu. This includes a diagnosis of the rural schools to define 20 of them to be included in the 2016 program.

CENS: Compliance and implementation of the projects Water for Education, Education for Water and Pamplonita Cultural Park



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Christmas lighting

Every year, EPM decorates the city during the Christmas holiday season through Medellín Christmas Lights Event and, since 2013, the municipalities in Antioquia that were chosen through the contest “Encendamos la alegría” (Let’s turn on the joy). This program invites the municipalities where EPM provides electricity service (122 in Antioquia and El Carmen de Atrato in Chocó, where EPM directly provides electricity service) to participate. The company takes up the responsibility of designing, installing and, of course, funding this program. Medellín Christmas Lights are currently one of the major attractions for the citizens and visitors of Medellín and the subregions of Antioquia at the end of every year.

A pilot project with solar power generation was developed to light up the Christmas lights pieces installed on Las Palmas avenue, and a solar generation plant was used for different sites in the city of Medellín.

For the first time, a design was developed with the participation of the community to choose the theme of Medellín Christmas Lights.

The idea presented by the municipalities that won the “Encendamos la alegría” (Let’s turn on the joy) contest was the input for designing and constructing the pieces, installing and distributing EPM Christmas lights in the municipalities.

Management in EPM

The community was included for the first time in the definition of the theme of the Christmas Lights through the “Encendamos la Navidad” (Let’s light Christmas) call. The core concept of Medellín Christmas Lights for 2014 emerged from this call and the slogan is “Values illuminate Christmas”. A pilot project with solar power



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generation was developed to power different figurines (100 solar panels on Las Palmas avenue and a mobile solar plant to power Christmas figurines in different parts of the city). The company continued with the implementation of energy-saving light-up figurines and large-scale projection elements (*video mapping*.) Interaction with the national energy subsidiary companies started. Assistance on Christmas projects was provided to them and a kit of LED lights and a LED wall for the development of interactive experiences in each of their locations was given to them as a loan. In 2014, Medellín Christmas Lights paid tribute to the values we need as a society to build peace, coexistence, and life, through a Christmas story. Paloma, a small explorer, travels around the most beautiful values which, upon reaching her kind heart, are strengthened and radiate nearly 100 points in the city. Medellín River corridor, neighborhood parks, roads and main avenues, and Altavista, Palmitas, San Antonio de Prado, San Cristóbal and Santa Elena small towns are the scenarios in which a story that finally shows why “Values illuminate Christmas” is told.

The Christmas Lights were displayed in 14 municipalities in Antioquia. These towns were chosen through the “Encendamos la alegría” (Let’s turn on the joy) contest, allowing access to other areas. EPM has wanted to be completely present in the municipalities of Antioquia, its strategic partners, through services and programs that target our higher purpose, which is to build sustainable and competitive territories. In this way, the relationship with local governments and our users in different geographical areas will be strengthened.

Christmas Lights event indicators

Indicator	2011	2012	2013	2014	Variation
Direct jobs	108	235	245	441	80.0%
Indirect jobs (traveling vendors)	350	350	350	350	0.0%
People benefited	1,350	1,350	1,350	1,350	0.0%



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Christmas Lights event indicators

Investment (COP millions)	8,000	12,000	15,000	22,000	46.7%
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Management in the EPM Group's subsidiary companies in Colombia

Lighting elements are installed in high-concurrency places in cities around Christmas time. As a special example, we have the dual purpose of Manizales Christmas Lights which, apart from its importance for Christmas in the region, is held during the Fair of Manizales, where Christmas Lights become the spectacle to open this traditional event.

Floor lighting with volumetric figures on the outskirts of Manizales with the traditional figures made by local labor allow direct interaction of visitors.

Implementation of the *video mapping* experience, CHEC-EPM Group, is carried out in partnership with the Faculty of Audiovisual Design, University of Caldas. Therefore, seven audiovisual projections are developed. They tell the story of Manizales in the points that have been important to the community and the neighborhoods that have been key to the development of the municipality.

In Cúcuta, employment was generated for 10 single mothers and it was able to put lights on 4 municipalities in Norte de Santander.

In Quindío, Christmas Lights were displayed in the 12 municipalities. An agreement was made with Armenia Mayor's Office and the Public Utilities Company in Armenia (EPA) to achieve this purpose.

Achievements:



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Expansion of the Christmas Lights program to different neighborhoods and crowded places in the capital cities as well as to other municipalities in the regions where EPM is present.

Christmas Lights event indicators - Energy business subsidiaries

2014	CHEC	ESSA	CENS	EDEQ	Total
Direct jobs	295	240	14	The jobs created are indirect	549
People benefited	711,828	600,000	20,150	Not available	1,331,978
Investment (COP millions)	2,690	3,160	615	1,011	7,476
2013	CHEC	ESSA	CENS	EDEQ	Total
Direct jobs	167	150	14	The jobs created are indirect	331
Indirect jobs (traveling vendors)	Not applicable	120	40	Not available	160
People benefited	707,974	500,000	15,140	Not available	1,223,114



Christmas Lights event indicators - Energy business subsidiaries

Investment (COP millions)	2,246	1,820	534	1,024	5,624
2012	CHEC	ESSA	CENS	EDEQ	Total
Direct jobs	187	100	27	The jobs created are indirect	314
Indirect jobs (traveling vendors)	Not applicable	80	50	Not available	130
People benefited	704,175	600,000	9,120	Not available	1,313,295
Investment (COP millions)	2,001	564	401	1,056	4,022



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City Projects

This project is carried out in cooperation with the Municipality of Medellín and involves the use of some of EPM's facilities —aqueduct tanks— or sports facilities in the city to develop the Articulated Life Units (UVAs) as a unifying project of the urban fabric through the articulation of programs and projects of social and cultural transformation of communities, which will also be responsible for developing urban balance.

Guiding service: The service of guiding, education, and acculturation offered to visitors of the “Parque de los Pies Descalzos” and “Puerta Urbana” parks focuses on the proper use of their facilities and on citizens behavior in public space, which must be adopted by visitors to achieve tolerance and peaceful coexistence.

Investments in the “Parque de los Pies Descalzos” and “Puerta Urbana” parks: Improving and maintaining the current state of the facilities in these areas, creating comfort and safety for visitors. Maintenance includes activities such as floors, walls, and ceilings repair; ornamentation, and sanitary units, among others.

Sanitary units to be used by the community: Maintenance, cleaning, and management of nine sanitary units to be used by the community. In some cases, they cost and, in some other cases, they are free of charge.

Awarding and commencement of works in the UVAs, “Santa Inés” and “Santa Elena”.

Receipt of nine UVA designs, awarded through tender. Guiding service: Visitors in the year: 599,964 / Groups assisted at inductions and tours: 1,367 / Recreational and educational activities: 566.

Investments in the “Parque de los Pies Descalzos” and “Puerta Urbana” parks: In 2014, the most representative investments were the replacement of 140 m² on the ceilings of “Puerta Urbana” and the repair and replacement of 250 m² of floor tiles in “Parque de los Pies Descalzos”.

Sanitary Units free of charge with a high number of users: Parque de los Pies Descalzos, Puerta Urbana, La Alpujarra and EPM Library.



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Management in EPM

In addition to the commissioning and opening of the UVAs, “Los Sueños” y “La Esperanza”, EPM managed to start the works in the UVAs, “Santa Inés” and “Santa Elena” in this period. It also received the designs of the following UVAs: “Orfelinato” (awarded through an open tender), “Popular”, “La Tablaza”, “Porvenir”, “Pedregal”, “El Poblado”, “Bulevar San Fernando” (in Itagüí), and “Plaza del Agua” (in Bello).

Economic investments made during the year in this proposal amounted to COP 14,483 million, distributed as follows: UVA “La Esperanza” (Moscú) COP 6,429 million and UVA “Los Sueños” (Versalles) COP 7,484 million; “Orfelinato” designs COP 570 million. Additionally, the works of the UVAs, “Santa Inés” and “Santa Elena”, were awarded with a value of COP 14,760 million.

The challenge is to continue properly managing everything related to the UVA project and to be a linchpin between EPM, EPM Foundation, and the Municipality of Medellín. Guiding service: Implementation of recreational and educational projects and/or activities on corporate social responsibility, environment, proper use of public spaces, active breaks, reading workshops, art workshops, exhibitions and games in open field, among others.

Sanitary Units: Entry of users per sanitary unit in 2014. Free of charge: Parque de los Pies Descalzos (373,273), Puerta Urbana (95,779), La Alpujarra (53,654), EPM Library (189,112). Charged: Cisneros (36,859), Barrio Triste (8,627), Minorista (4,568), Villanueva (5,916), San Antonio (11,537).

Articulated Life Units (abbreviated UVAs in Spanish)

Indicator	2013	2014
UVAs in operation (Esperanza - Los Sueños)	0	2



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Articulated Life Units (abbreviated UVAs in Spanish)

City areas benefited	Not applicable	2
Number of new UVA construction contracts awarded	2	4
Resources invested (COP millions)	Not applicable	14,483

Source: Communication and Corporate Relations Vice-President's Office – External Relations Management Office / Water and Sanitation Vice-President's Office.

Investment in urban places (COP millions)

Indicator	2012	2013	2014
Guiding service	477	636	419
Investment in the park known as "Parque de los Pies Descalzos" and in "Puerta Urbana"	316	597	316
Investment in the park called "Parque de los Deseos"	1,043	1,204	1,520
Investment in the lookout spots*	77	141	4
Cost of the sanitary units for communal use	231	273	238

* The lookouts run by EPM were awarded to the Municipality of Medellín from April 2014.

Regarding the guiding service in the "Parque de los Pies Descalzos" and "Puerta Urbana" parks, over 599,964 visitors were reported in 2014.



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Amounts described in the field Investment in the “Parque de los Pies Descalzos” and “Puerta Urbana” parks are associated with maintenance tasks.

Source: Shared Services and Supplies Vice-President's Office / Management, Administrative Support / EPM Foundation

Land freely leased to communities			
Indicator	2012	2013	2014
Free lease contracts	83	91	83
Benefit* (COP millions)	2,361	2,706	2,558



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Management in the EPM Group's subsidiary companies in Colombia

As a realization of the principles of Corporate Citizenship, collective spaces for education, culture, and recreation are developed and recovered by the companies of the EPM Group, while respecting the social and cultural values of the regions where we operate.

CHEC, in partnership with the Municipality of Manizales, develops the EPM-CHEC business group module, called BIOMA, located in “Los Yarumos de Manizales” Eco Park, in accordance with the designs, resources, and guidelines defined by the EPM business group, prior dissemination of information to the municipality. Among the activities, we can find the conceptualization and design of the space, its construction, or adaptation according to the design, development, and assembly of the recreational facilities as well as a period of care, adaptation, and operation of the built space.

Offering directors and teachers of secondary education and technical education academic institutions and schools in Caldas and Risaralda theoretical and methodological tools for curriculum design and implementation of educational projects (area plan, educational projects, institutional activities, and business projects), in order to develop an entrepreneurship culture based on the strengthening of basic and citizenship skills and promotion of various kinds of productive projects.

CHEC, under an agreement with Unicafam and the Departments of Education of Caldas and Risaralda, offers teachers a training program through a diploma course in Promotion of the Entrepreneurship Culture. Education for competitiveness: A public-private partnership generating progress in Colombia's Coffee Region. Project goal: To participate in a public-private partnership that generates progress in Colombia's Coffee Region. It focuses on fostering a collaborative work between the public and private sector, where CHEC adheres as an active and permanent partner to the partnership established about 30 years ago between the Province of Caldas Governor's Office and the Departmental Committee of Coffee Growers in Caldas to facilitate access to youth of rural areas in Caldas and Risaralda to higher education and entrepreneurship. This in order to contribute to the territories sustainability .

The purpose is to close cycles, that is, to provide youth with the means so that they can transcend the stage of entrepreneurship and be incorporated in the world of work. This involves having a greater supply of technical and technological education in rural areas and making the practical aspects of this training be geared



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towards an academic and technical support for the implementation of business plans by students. All the above needs to be based on the New School methodology.

Christmas Lights event indicators - Energy business subsidiaries

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Direct jobs	295	240	14	The jobs created are indirect	549
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Investment (COP millions)	2,690	3,160	615	1,011	7,476
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Christmas Lights event indicators - Energy business subsidiaries

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People benefited	704,175	600,000	9,120	Not available	1,313,295
Investment (COP millions)	2,001	564	401	1,056	4,022

EPM Foundation

The EPM Foundation was created in the year 2000 with the idea of promoting innovation, scientific research, technological development and community participation. Today, its work is articulated with EPM's Social Responsibility Policy, and the sustainable development of the communities where EPM operates.

EPM contribution to the Foundation increased by 154% compared to 2013. This increase is the result of, among other things, the COP \$8,250 million delivered to the Foundation for the "Alianza Medellín Antioquia" – AMA (Medellin Antioquia Alliance), for the promotion of higher education in this department.

3.8 million people participated in the initiatives promoted in activities and programs managed by the Foundation, in which several events were held and a permanent activity program was maintained, including guided tours, concerts, performances, workshops, and movie cycles.



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EPM Management

Since 2011, the operation of the EPM Library has been managed by the EPM Foundation, based on the redefinition of the strategic action guidelines of the latter, which include initiatives associated with the access to knowledge and culture. Thus, thanks to the experience the Foundation obtained with the Medellín Library Network (which received the ATLA award from the Bill and Melinda Gates Foundation in 2010), the operation of this organization has a closer connection to the other initiatives from EPM and the Foundation itself.

In 2014, 500 thousand people visited the EPM Library, consolidating it as a space of free-access to knowledge, with the purpose of supporting the scientific, technologic and business development. Among the most remarkable achievements, is the strengthening of Plan de Lectura (Reading Plan) and the benefits for the 14 thousand users of the training offer.

The Water Museum has been consolidated as a recreational-educational space for the people of the Aburrá Valley. It received 1,073,000 visitors during 2014 and 23,000 benefited from its educational activities.

The Foundation also implemented the Water for Education, Education for Water program, which led to the installation of 145 water treatment plants in rural educational institutions in Antioquia and one in Norte de Santander, together with the CENS subsidiary. This program seeks to improve the living conditions of students, teachers and residents of rural areas, benefiting 14,493 people. To date, and since the beginning of the program, 275 plants have been installed, benefiting 39,484 people, with presence in 87% of the municipalities of Antioquia and one in Norte de Santander. The investment for this program totaled COP \$5,207 million.

Furthermore, through an alliance with the State of Antioquia and Medellín Mayor's Office, the EPM Foundation participated in the initiative of generating opportunities of access to higher education for the communities of the municipalities in the region. With this purpose, the Corporation for Promoting Higher Education was created, and during 2013 and 2014, 6,056 students have benefited from different technical, technological, and professional education programs.



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In 2014, EPM Foundation authorized COP \$16,500 million which, together with the COP \$5,500 million authorized in 2013, means a contribution of COP \$22,000 million for the program during 2013-2015.

EPM Fund for Regional Higher Education: It is a program created in 2009 by EPM and its Foundation to support access to higher education of 261 outstanding young people obtaining the best ICFES scores, who come from 124 municipalities of Antioquia, Eje Cafetero, and Santanderes. The selection, in addition to State test scores, is based on an inversely proportional distribution of HDI (Human Development Index) for each subregion and the QLI (Quality of Life Index) for each municipality. Out of the 156 active beneficiaries, 60 graduated in 2014.

EPM's direct contributions to the Foundation

Indicator	2012	2013	2014
EPM's contributions (COP millions)	\$14,799	\$9,167	\$23,250

EPM contribution to the Foundation increased by 154% compared to 2013. Contributions in 2014 totaled COP \$23,250 million, of which 8,250 correspond to the contribution made for the AMA Alliance.

Source: EPM Foundation / External Relations Management Office



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Program	People benefited			Social investment (EPM and EPM Foundation costs) - COP millions		
	2012	2013	2014	2012	2013	2014
Water Museum	78,395	91,494	96,413	775	1,131	919
"Parque de los Deseos" (park) and "Casa de la Música" (House of Music)	1,998,000	1,859,070	1,926,338	1,043	1,204	1,520
Library Network	1,249,468	501,799	886,816	593	2,340	1,844
EPM Library	540,299	625,012	500,629	3,714	3,786	3,746
Water for Education, Education for Water	38 plants installed, benefiting 8,458 people	17,890	146 plants installed, benefiting 14,493 people	944	3,717	5,070
EPM Fund for Regional Higher Education	204	192	156	1,560	1,510	644
Medellín-Antioquia Alliance for Higher Education**	-	2,728	3,328	-	22,546	37,100
"Espacios EPM para la Cultura"**** (EPM Cultural Events)	Not applicable	Not applicable	Not applicable	1,659	466	1,244
"Telecentros"	1,450	28,147	29,030	432	120	84
Articulated Life Units (Moscú and Versalles)	-	-	202,319	-	-	739
ICT social appropriation	-	-	147,231	-	-	244

* In 2009, 261 young people had access to higher education through forgivable loans, 30 of them graduated in 2013 and 60 in 2014, which are included in the 156 that are still active. The reported beneficiaries are students who were active during the year.

** Higher Education figures for the Medellín Antioquia Alliance correspond to the contributions made by EPM Foundation and Antioquia Governor's Office. Figures for Medellín are not reported to avoid duplication in the report. In 2014, EPM delivered resources amounting to COP \$8,250 million, which will be contributed by the Foundation for the Alliance in 2015.

**** The investment reported in 2013 corresponds to the cultural activities that took place in "Parque de los Deseos", Library, Water Museum, and Articulated Life Unit, therefore, beneficiaries are included in the results of each of these locations and are not reported in this item to avoid duplication.



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Source: EPM Foundation / External Relations Management Office

EPM Library

Indicator	2012	2013	2014
Visitors	797,700	625,012	500,629



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EPM Library

Daily average	2,629	2,029	1,636
Operation costs (COP millions)	3,714	3,786	3,746

Events and sponsorships

EPM holds and supports on a regular basis the development of different open events and advertising integrations that positively impact on the community. Among others, these events address issues such as the protection of natural resources, safe use of public services and use of recyclable materials.

Within the framework of the World Urban Forum 7, held in Medellin on April 5 to April 11, 2014, our General Manager, Juan Esteban Calle Restrepo presented EPM business management model, the pillars of its strategy and the way it obtains resources during the conference: "Basic Services: Local Businesses For Equitable Cities". Other major projects undertaken by EPM, such as La Alpujarra District Cooling, developed by the Vice-Presidency of Gas, and Urban Drainages, developed by the Vice-Presidency of Water and Sanitation were part of the formal agenda of the Forum. Those attending this important global event had the opportunity to get to know projects such as the Prepais Energy and Water Supply Service, Districts Cooling, Sustainable Mobility, "Aldeas" Program and EPM Foundation, among other initiatives led by the company. EPM stand in the WUF was open to the public during the whole event that took place in Plaza Mayor and was visited by about 15,000 people. Additionally, EPM took visitors from the international delegations to visit Los Sueños and La Esperanza, Articulated Life Units (abbreviated UVA in Spanish). The EPM building also held important events during the Forum, including the Ibero-American Center for Strategic Urban Development (CIDEU, for its initials in Spanish) General Assembly and the conference "Sustainable Cities – How We Want to Live Tomorrow", organized by the Embassy of Sweden in Colombia.

EPM Management

There were events and advertising links to highlight, such as the Christmas lighting in the municipalities, the Encendamos la Alegría "Turn on the joy" contest 2014, and the various activities people can attend with their SOMOS card, events where these potential customers can picture their home as a pleasant place to enjoy family. Client Education had an institutional presence performing a series of events of education, engagement and involvement with the products and services offered by EPM.

SOMOS program is aimed at our business plan potential clients and at the communities where EPM Group is present. More than COP \$8 billion were invested in advertising. These contracts were managed according to the CSR criteria and the guidelines regulating the management of the corporate image.



Events

2012							2013		2014	
Indicator	Number events	Contributions (COP millions)	Number events	Contributions (COP millions)	Number events	Contributions (COP millions)				
Commercial events*	N. D.	N. D.	N. D.	N. D.	197	2,005				
Non-commercial events	15	265	54	1,463	158	1,941				



* Before 2013, events related exclusively to commercial activities were not reported.

The non commercial events are educative and social events that positively impact the community. These events aim to raise awareness about issues such as the protection of natural resources, safe use of public services and use of recyclable materials.

2013 and 2014 Commercial and Non-Commercial Events Variation:

- **UVAs:** Since most UVAs finished their design phases and two of them began its operations during 2014, there was an increase in communications deployment and more events were held.
- **ITUANGO:** Previously, the only events held here were Community Christmas, Environment Day and Torneo Cañoneros (soccer tourney). During 2014, in addition to the previously mentioned, several other events had place: youth initiatives, the Feria de la Transparencia (Transparency Fair), activities with farmers, among others.
- **Client education:** The Client education Unit also incremented its events in more than 50%, 56 activities such as the Client Day and other community education events took place.

Source: Corporate Identity Management.



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Sponsorships

2012			2013		2014	
Indicator	Number of sponsorships:	Contributions (COP millions)	Number of sponsorships:	Contributions (COP millions)	Number of sponsorships:	Contributions (COP millions)
Local (Medellín only)	65	6,120	61	5,912	59	7,716
National	21	1,215	25	2,117	39	907
International	1	22	2	82	3	185
Total	87	7,357	88	8,111	101	8,808

Management of EPM Group Subsidiary Companies in Colombia



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Aguas de Urabá sponsored three city events: 1. Ciclopaseo de la Independencia, Por amor a Urabá (Independency bike ride, For the Love of Uraba) / 2. Basketball Elite Cup / 3. Intercollegiate Cheerleading Competition. Also, 30 smaller sporting, environmental, cultural and academic events were supported by delivering bags and bottles of water with the brand Aguas de Urabá.

CHEC sponsored sporting, cultural, artistic and social events that are essential for brand positioning and generated a sense of belonging.

ESSA supported the relationship with the territorial authorities by means of educational, cultural and sports programs; opportunities to promote inclusion, progress, and healthy recreation. It strengthened its relations with internal and external stakeholders, by communication activities related to sponsorships.

The CENS Album: a strategy to build loyalty among the clients and educate them on the energy service. This activity impacted 240,000 people from 47 municipalities.

CENS kids soccer world cup, “Mundialito”, educating about the recovery of energy losses, had 2,000 participants and attendees.

The World’s Largest Nativity, an exterior event with brand presence that was visited by more than 300,000 people who had contact with CENS brand.

The management exhibition “ExpoGestión” was another exterior event sponsored by CENS; there were national and international presentations aimed at finding leadership and development networks at the Colombia-Venezuela border.

EDEQ allocated its efforts at events such as Amigo Fiel (Faithful Friend), Health and Good Energy 1/4 Marathon, Christmas lighting, Christmas lighting in the department of Quindio, marketing, calendars, the Best Illuminated Block and the festivities for the municipalities anniversaries.

Water Affiliates



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Events

Indicator	2012	2013	2014
Aguas del Oriente			
Events	3	9	11
Contributions (COP millions)	Not available	\$2	\$2
Aguas de Urabá			
Events	-	-	1
Contributions (COP millions)	Not available	Not available	\$2
Emvarias			
Events	-	-	43
Contributions (COP millions)	Not available	Not available	\$176
Water business companies total			



Events			
Events	3	9	55
Contributions (COP millions)	Not available	\$2	\$180

Note: EPO, Aguas Nacionales, Aguas de Occidente and Aguas de Malambo didn't held any events during 2014.

- **Emvarias:** There were 42 community intervention events and 1 event in agreement with Fundación Antioquia.
- **Aguas del Oriente:** Cooperated in cultural, recreational and health related activities in the municipality of El Retiro.
- **Aguas de Urabá:** The Company conducted the first Corporate Suppliers Fair. This event successfully convened Aguas de Urabá suppliers and contractors interested in knowing the contracting requirements; as well as the Company values, policies, communication channels, and contact information.

Source: Vice-Presidency of Water & Sanitation

Aguas de Urabá sponsored 3 city events totaling COP \$10 million:

- **Ciclopaseo de la Independencia, Por amor a Urabá** (Independency bike ride, For the Love of Uraba)
- **Basketball Elite Cup**



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- Intercollegiate Cheerleading Competition

Also, 30 smaller sporting, environmental, cultural and academic events were supported by delivering bags and bottles of water with the brand Aguas de Urabá.

Energy business subsidiaries

Events			
Indicator	2012	2013	2014
Events	58	44	44
Contributions (COP millions)	1,150	967	2,215

CHEC: CHEC events held in 2014 were as follow, the 70 years of CHEC, the launch of Christmas lighting, the Small and Medium sized company “Mipymes” program, activities for the retired population, and community media meetings; all these events were aimed to strengthening links between the different interest groups. Fundings for some of the events were managed by other areas of the company.

ESSA: N.R.

CENS:For 2014 events, COP \$480 million were invested.

EDEQ: N.R.

Source: Vice-Presidency of Transmission & Distribution



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Sponsorships

Indicator	2012		2013		2014	
	Sponsorships granted	Contributions (COP millions)	Sponsorships granted	Contributions (COP millions)	Sponsorships granted	Contributions (COP millions)
Local (Medellín only)	50	700	59	1,094	183	1,260
Countrywide	Not available	-	8	24	4	24
Abroad	Not available	Not available	Not available	Not available	Not available	Not available
Total	50	700	67	1,118	187	1,284



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Tax compliance

EPM Group meets the formal and substantial tax obligations within the legal framework, taking advantage of benefits authorized by law and defending the interests of the organization to the tax authorities and judges.

EPM Group understands tax compliance as the rigorous attention of tax obligations, within the deadlines, liquidating the optimal tax based on the constitutional and legal provisions.

For the EPM Group, meeting tax obligations is part of the commitment to state funding. The company recognizes that although the fulfillment of tax obligations does not properly correspond to CSR actions, which refer mainly to voluntary commitments, it is assumed as part of a performance socially responsible.

EPM has a Policy Manual and Financial Management Guidelines, published on the intranet as the Internal Decree No. 1851 of 2011, which includes specific guidelines for tax management, indicating:

“3.2.8. Tax management

- Tax analysis of business or contracting options

Any department that undertakes a process of negotiation or contracting should make a tax impact analysis for decision-making and it must consider various scenarios and modalities depending on its cost-benefit relation tax and the associated risk and also considering the tax practices defined by the department responsible for the tax management process.

- Contractual tax clause

The departments that carry out recruitment processes should include the current tax provisions and EPM public provisions, in order to ensure consistency of recruitment criteria and avoid potential disputes with contractors.

- Assumed tax

EPM departments that carry out recruitment processes should not assume the payment of taxes that in accordance with legal regulations should be borne by the contractors or other third parties with whom there is a relations”.

In the same decree, the paragraphs 3.2.1 Medium and Long Term Financial Plan and 3.2.2 Budgeting indicate that these plans must be consistent with the accounting and tax framework.

EPM Management

In 2014, EPM complied with all tax obligations within the deadlines and promptly answered requests for information from the tax authorities.

EPM Group Management



In 2014, the EPM Group subsidiaries based in Colombia met all tax obligations within the deadlines and promptly provided the information requested by tax authorities.



Local taxes

EPM is a taxpayer of several municipal taxes:

- Industry and Commerce Tax: it is generated for the direct or indirect carrying out of an industrial, commercial or service activity in a municipal jurisdiction, either temporary or permanent. The rules that govern it are explicitly defined in Act 14 of 1983; and since it is a territorial tax, the municipal councils must issue agreements for its application.
- Unified Property Tax: it is a municipal tax that to charges levied on real property. Municipalities are authorized for collecting this tax on existing properties within their jurisdiction. Its tax basis is the appraisal assigned by the cadastral authorities.

As for the real property tax increase in 2014, compared with 2013, it is due to the acquisition of lands for the Ituango project.

Gestión en EPM

In 2014, EPM met timely the payment of taxes on industry and commerce and on property taxes in the municipalities of Colombia where it is present.

The figures below show the amounts EPM paid for these items over the past three years:



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EPM local taxes

Region	Industry and commerce (COP millions)			Property tax (COP millions)		
	2012	2013	2014	2012	2013	2014
Bajo Cauca	477	537	589	22	27	30
Magdalena Medio	651	694	694	-	12	80
Nordeste	776	909	872	86	89	111
Norte	1,373	1,758	1,622	262	245	666
Occidente	351	354	454	1	13	46
Oriente	1,896	2,255	2,277	570	598	2,085
Suroeste	674	721	795	5	18	25
Urabá	901	1,074	1,569	3	14	24
Valle de Aburrá Norte	3,151	3,831	3,739	146	29	136
Valle de Aburrá Sur	3,389	4,170	5,174	742	1,023	1,104



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EPM local taxes						
Medellín	8,796	13,369	16,936	1,866	3,823	4,548
Other municipalities outside Antioquia	47	50	54	6	1	22
Year total	22,483	29,722	34,775	3,709	5,892	8,878

EPM Group Subsidiaries in Colombia Management

In 2014, EPM subsidiaries based in Colombia met timely the payment of taxes on industry and commerce and on property taxes in the municipalities of Colombia where they are present.

The figures below show the evolution of the payment of these taxes in the territories that cover the activities of the EPM subsidiaries of energy and water in Colombia:



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Energy business subsidiaries taxes

Energy subsidiaries	Industry and commerce (COP millions)			Property tax (COP millions)		
	2012	2013	2014	2012	2013	2014
CHEC	3,369	3,398	3,892	N/A	N/A	N/A
ESSA	5,314	5,825	5,956	254	374	416
CENS	3,399	3,457	3,688	167	131	177
EDEQ	1,224	1,706	1,912	29	31	37
Year total	13,306	14,386	15,448	450	536	630

Source: Energy Transmission & Distribution Vice-President's Office – Energy Subsidiaries

Water business subsidiaries taxes

Water subsidiaries	Industry and commerce (COP millions)			Property tax (COP millions)		
	2012	2013	2014	2012	2013	2014
Aguas del Oriente Antioqueño	14	25	20	2	1	3



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Water business subsidiaries taxes

Aguas de Malambo	1	-	-	83	4	3
Aguas de Occidente	35	57	71	-	-	-
Aguas de Urabá	269	289	274	8	3	7
Emvarias	1,085	1,160	405	857	373	124
Aguas Nacionales - Medellín	246	534	273	-	-	-
Aguas Nacionales - Quibdó	58	68	99	-	-	-
Aguas Nacionales - Bello	-	-	-	-	741	695
Empresas Públicas de Oriente	-	-	2	-	-	-
Year total	1,708	2,133	1,145	950	1,122	833

Taxes and contributions

The tax structure in Colombia, the regulatory framework, and the plurality of operations carried out by EPM turn the company into a passive subject of national, state, and municipal taxes.

In the nationwide context, the following taxes should be noted for the 2014 management: the income tax, with a 25% rate for 2014; the tax known as “CREE” (Income Tax for Equality), with a 9% rate; the wealth tax; and the financial transaction tax. The funds for the electrification of both interconnected and non-interconnected areas (called FAZNI –Fund of Financial Support for the Electrification of the Interconnected Rural Areas– and FAER –Fund of Financial Support for the Electrification of Non-Interconnected Areas, which are specific to the electric power sector) should also be noted, as well as the taxes inherent to the gas



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industry, among other.

In the regional context, EPM's tax obligations are fulfilled in different municipalities and before different tax collecting agents. The most notable obligations at this level are: the industry and commerce tax; the property tax; the contributions to State bodies that perform control and inspection duties, and the contributions to environmental and other authorities that regulate and collect taxes for electric power generation activities, taxes that are destined to the municipalities of the area of influence where the infrastructure is located.

EPM Management

In 2014, EPM fulfilled all its tax, fees and contribution payment obligations according to both the regional and the countrywide tax provisions.

The chart below presents the evolution of EPM's fiscal load over the last three years.



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Taxes, fees and contributions (COP millions)

	2012	2013	2014	Variation
Income and CREE taxes provision	421,525	382,766	456,688	19.3%
Wealth tax	69,133	69,133	69,133	0.0%
FAZNI, FAER	26,516	21,180	19,942	-5.8%
Contributions	23,087	19,804	21,085	6.5%
Encumbrance to financial transactions	24,514	27,404	28,787	5.0%
Gas Promotion Installment	2,471	2,578	2,633	2.1%
Gas transportation tax	3,180	3,717	3,874	4.2%
Road tolls	385	538	544	1.1%
Subtotal national taxes	570,811	527,120	602,686	14.3%
Industry and commerce	22,483	29,722	34,775	17.0%
Automobile vehicles	538	530	474	-10.6%
Electric energy sector transfers (Law 99 of 1993)	57,613	55,413	53,288	-3.8%
Property tax	3,709	5,892	8,878	50.7%
Audit fee charged by the Office of the Medellín Comptroller General	13,983	14,810	15,241	2.9%
Natural resource use and pollution fees	5,975	8,329	6,466	-22.4%
Stamps, public works contribution and others	4,142	7,237	8,913	23.2%



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Subtotal municipal and other taxes	108,443	121,933	128,035	5.0%
Total taxes, fees and contributions	679,254	649,053	730,721	12.6%

Management in the EPM Group's Colombian subsidiaries

In 2014, EPM Group's Colombian energy business and water business subsidiaries fulfilled their regional and countrywide tax obligations, and their behavior over the past three years can be observed in the following chart:



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Taxes, fees and contributions (COP millions)

Energy business subsidiaries	2012	2013	2014	Variation
Income and CREE taxes provision	88,462	102,174	113,183	10.8%
Wealth tax	17,566	17,566	17,566	0.0%
FAZNI, FAER	1,882	1,755	1,555	-11.4%
Contributions	7,495	8,504	7,802	-8.3%
Encumbrance to financial transactions	7,834	7,989	7,790	-2.5%
Road tolls	201	150	172	14.7%
Subtotal national taxes	123,440	138,138	148,068	7.2%
Industry and commerce	13,306	14,386	15,448	7.4%
Automobile vehicles	51	88	85	-3.5%
Electric energy sector transfers (Law 99 of 1993)	2,923	3,322	3,185	-4.1%
Property tax	889	1,022	1,061	3.8%
Audit fee charged by the Office of the Medellín Comptroller General	4,591	4,899	4,683	-4.4%
Natural resource use and pollution fees and other	1,288	266	629	136.5%
Stamps, other taxes and contributions	1,777	7,828	11,256	43.8%
Subtotal municipal and other taxes	24,826	31,812	36,347	14.3%
Total taxes, fees and contributions	148,265	169,950	184,415	8.5%



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Source: Energy Transmission & Distribution Vice-President's Office.

Payment of taxes, fees and contributions (COP millions)

Water subsidiaries	2012	2013	2014	Variation
Income and CREE taxes provision	25,090	11,689	12,892	10.3%



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Payment of taxes, fees and contributions (COP millions)

Wealth tax	14,125	14,125	14,213	0.6%
Contributions	1,316	1,280	1,912	49.3%
Encumbrance to financial transactions	981	1,681	1,742	3.6%
Road tolls	2,138	2,359	2,558	8.4%
Subtotal national taxes	43,650	31,134	33,317	7.0%
Industry and commerce	1,708	2,133	1,145	-46.3%
Automobile vehicles	601	557	480	-13.8%
Property tax	950	1,122	833	-25.7%
Audit fee charged by the Office of the Medellín Comptroller General	487	680	616	-9.5%
Natural resource use and pollution fees and other	1,618	1,241	1,571	26.6%
Stamps, other taxes and contributions	-	62	81	30.5%
Subtotal municipal and other taxes	5,363	5,794	4,726	-18.4%
Total taxes, fees and contributions	49,013	36,928	38,043	3.0%

Transfers Act 99 of 1993

These transfers are money that, according to Article 45 of Act 99 of 1993 and its Regulatory Decree 1933 of 1994, electric energy generating companies must pay



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to the municipalities and autonomous regional corporations that are located on the area of the watershed that supplies the reservoirs, as well as on the areas flooded by the reservoir. These resources correspond to 6% of the gross sales of self-generated electric energy, according to the rate allocated by the Energy and Gas Regulatory Commission for block sales. In the case of thermal stations, the transfer shall be 4%.

EPM Management

EPM's contribution to regional autonomous corporations and municipalities, in compliance with the obligations imposed by the Act 99 of 1993, during 2012-2014, has been significant, as shown in the following table:



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Payment of transfers - Law 99 (COP millions)

Corantioquia	19,641	18,149	18,993	4.7%
Cornare	8,999	9,318	7,375	-20.9%
Corpourabá	361	370	413	11.6%
Corporations total	29,001	27,837	26,782	-3.8%
Abejorral	14	20	18	-12.3%
Abriaquí	226	236	261	10.4%
Alejandro	241	252	197	-21.8%
Amalfi	2,626	2,287	2,377	3.9%
Angostura	528	571	621	8.8%
Anorí	882	774	823	6.3%
Barbosa	517	454	464	2.3%
Bello	231	203	210	3.3%
Belmira	871	759	775	2.2%
Caldas	185	160	166	3.5%
Cañasgordas	60	60	68	13.5%
Caracolí	5	3	7	127.0%
Carolina	2,442	2,789	3,053	9.5%



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Cisneros	1	1	1	44.9%
Concepción	138	168	149	-11.5%
Copacabana	101	88	91	3.3%
Donmatías	662	585	596	1.9%
El Carmen	251	252	190	-24.7%
El Peñol	1,801	1,694	1,189	-29.8%



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Payment of transfers - Law 99 (COP millions)

El Retiro	613	654	512	-21.7%
Entreríos	1,259	1,114	1,133	1.7%
Envigado	266	247	226	-8.4%
Frontino	74	74	84	13.4%
Girardota	113	98	101	3.4%
Gómez Plata	1,497	1,381	1,429	3.5%
Guadalupe	1,253	1,131	1,206	6.7%
Guarne	441	431	339	-21.2%
Guatapé	1,622	1,515	1,055	-30.3%
Granada	-	-	4	
Itagüí	25	21	22	5.1%
Jericó	2	2	3	29.6%
La Ceja	276	278	209	-24.8%
La Estrella	51	44	45	3.4%
La Unión	33	45	40	-10.2%
Maceo	5	4	8	89.2%
Marinilla	349	347	258	-25.6%



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Medellín	445	386	399	3.3%
Puerto Nare	584	390	415	6.5%
Rionegro	583	582	435	-25.2%
Sabaneta	22	19	20	2.7%
San Carlos	12	16	15	-4.0%
San Pedro	1,009	893	907	1.6%



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Payment of transfers - Law 99 (COP millions)

San Rafael	1,656	2,024	1,795	-11.3%
San Roque	8	22	22	1.6%
San Vicente	483	479	359	-25.1%
Santa Rosa	2,494	2,383	2,514	5.5%
Santo Domingo	178	185	183	-1.0%
El Santuario	156	146	109	-25.2%
Sonsón	69	157	214	36.0%
Támesis	12	11	14	23.1%
Yarumal	439	451	483	7.0%
Yolombó	802	690	692	0.4%
Municipalities total	28,612	27,576	26,507	-3.9%
General total	57,613	55,413	53,288	-3.8%

EPM Group Subsidiaries Management in Colombia

Between 2012 and 2014, the subsidiaries of Grupo EPM (CHEC and CENS) carried out transfers to the regional autonomous corporations and the municipalities in the areas of influence of the generation plants, in compliance with provisions of Article 45 of Act 99 of 1993, by the values displayed below:



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Payment of transfers - Law 99 - CHEC (COP millions)

Beneficiary	2012	2013	2014	Variation
CHEC and Corpocaldas	726	860	903	5.0%
Carder	400	454	457	0.7%
Corporations total	1,126	1,314	1,360	3.5%
Manizales	63	73	75	2.7%
Chinchiná	566	639	644	0.8%



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Payment of transfers - Law 99 - CHEC (COP millions)

Palestina	1	1	1	0.0%
Villamaría	289	330	335	1.5%
Santa Rosa	187	213	215	0.9%
Dosquebradas	2	1	2	100.0%
Marsella	11	12	12	0.0%
Neira	4	4	4	0.0%
Dorada	2	24	44	83.3%
Municipalities total	1,124	1,297	1,332	2.7%
General total	2,250	2,611	2,692	3.1%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



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Payment of transfers - Law 99 - ESSA (COP millions)

Beneficiary	2012	2013	2014	Variation
Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga.	16	110	81	-26.4%
Corporación Autónoma de Santander - CAS	116	307	319	3.9%
Corporations total	132	417	400	-4.1%
Bucaramanga	1	4	3	-25%
Barrancabermeja	70	184	191	3.8%
California	-	1	1	0.0%
Charta	1	3	3	0.0%
Floridablanca	1	3	2	-33.3%



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Payment of transfers - Law 99 - ESSA (COP millions)

Matanza	1	3	2	-33.3%
Rionegro	6	44	32	-27.3%
Surata	1	3	3	0.0%
Tona	1	6	4	-33.3%
Piedecuesta	1	7	5	-28.6%
Vetas	-	3	2	-33.3%
Lebrija	3	18	13	-27.8%
Girón	2	14	11	-21.4%
Municipalities total	87	293	272	-7.2%
General total	219	710	672	-5.4%



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Working environment

Video: <https://www.youtube.com/embed/IWLMzZ1eNU8?wmode=transparent>

In EPM Group, the work environment is understood considering the objective and subjective conditions that compose the environment for the job performance and in order for the human being to have a satisfactory experience in the development of their activities in the company. This dynamic involves factors such as health and security.

Training and Development: In the EPM Group, the learning management process focuses on achieving an intelligent organization with the ability to learn from people training. Training and development are aimed at enhancing the employability of people based on the education.

Employment and Equity: matters related to company-employee relations, which include remuneration, gender equality and equal working opportunities, as well as the exercise of rights of union and association.

Currently, companies focus their strategies and efforts on improving the quality of life of its employees and providers, thus creating in them motivation and sense of belonging to the organization. A suitable working environment helps people perform their work under optimum conditions, a situation that makes them more productive and happier, maintaining a balance between personal and professional development.

EPM Management

At EPM, according to the proposed targets for 2014, we worked on issues such as the decline in SLAs for the legalization of housing loans, defining actions based on values for evaluation in performance commitments, creating the matrix of gaps to bridge in order to achieve the target culture, encouraging the proper use of benefits through communication servers, among others. New issues emerged, such as the implementation of the Leaders Schools, the creation of the Inter-Company Network of Change and Culture and the measurement of organizational climate and job commitment.



2014 goals	2014 achievements	Fulfillment
<p>To support, within the organization, the implementation of practices and methodologies aimed at the target culture regarding the following activities: • To articulate the action plans of the initiatives with the target culture. • To revisit the definition of the organizational values. • To articulate the organizational values with the recruitment processes and the performance management.</p>	<p>Regarding the organizational values:</p> <ul style="list-style-type: none"> • Additionally to the six existent values, a new one was defined: to serve, along with its descriptors and the actions expected by the Commercial Vice-President's Office staff. A "diagnosis-intervention" experiment was made with the signing of Corpovisionarios, in order to acknowledge people's actions in relation to this value. • Actions were defined based on values for the assessment of the performance commitments. • The Manual of Organizational Conduct was disclosed to the entire organization. <p>Target Culture</p> <ul style="list-style-type: none"> • A gap matrix was created in order to achieve the target culture. For this purpose, an analysis of the documentary background derived from prior studies on the organizational culture in EPM was made. Additionally, the "Visions of Culture" workshop was carried out with the participation of 642 employees from diverse departments of the company. • A study was conducted through Corpovisionarios' consultancy with the purpose of recognizing EPM's organizational culture. • Launch of the target culture with the presence of philosopher and historian Diana Uribe in an event about culture and leadership. • A plan was designed for making the organizational culture more dynamic (cultural transformation). 	Total
<p>To communicate conventional and unconventional benefits to 95% of EPM's active employees.</p>	<ul style="list-style-type: none"> • In 2014, the Well-Being Management Unit focused its communications on the adequate use of the benefits, making them public through EPM's internal means of communication. • Disclosure of the update of the benefits established with the signing of the convention with Sintraemsdes, benefits that were also offered to Sinpro. • 200 people were assisted in the visits to the office facilities, enabling the engagement with the employees to offer them benefits or help them with benefit-related needs. 	Total



2014 goals	2014 achievements	Fulfillment
To increase the number benefits used by employees and beneficiaries by 1%, going from 93% to 94%.	<ul style="list-style-type: none"> The increase in the use of benefits was 3.05%. The increase in the instruction courses and the matriculation of new entities made it possible to achieve this rate. 	Total
To increase the employee satisfaction level by 1 point with the service provided by the Well-Being Management Unit.	<ul style="list-style-type: none"> The result of the satisfaction survey conducted by Emtelco was a 97% satisfaction level of the employees regarding the services received. 	Total
To increase by 3% the number of users in recreational and sports activities in relation to the 2013.	<ul style="list-style-type: none"> In 2014, the participation in recreational and sports activities increased to 162,064 employees, in contrast to 126,395 in 2013, which represents an increase of 22% in the attendance to these activities. This increase was achieved by strengthening and expanding the coverage in regions and stations and, in the metropolitan context, the number of participants in several disciplines increased. Additionally, the modernization of the gym facilities generated a greater motivation for sports practicing. 	Total
Several additional relevant goals for 2014		
To launch and implement the School of Leaders.	<ul style="list-style-type: none"> Information about EPM Group's School of Leaders was disclosed, and Daniel Denison (expert in culture and leadership) was invited as speaker in an event to promote the program. Progress was made in the design of contents for training activities: processes and actions of the Human Development & Organizational Capabilities Vice-President's Office. Modules 1 and 2 are aimed at the team's new managers. 	Total
To create the Inter-Company Network of Change and Culture.	<ul style="list-style-type: none"> For the creation of this network, EPM arranged the participation of 17 companies from the public and private sectors of the region. The objective that was jointly defined in the network is "to create a conversation environment among the people who work on subjects associated to change and organizational culture in the country, with the purpose of sharing practices and generating exchange of experiences and knowledge to foster mutually beneficial relations." 	Total
To measure in 2014 both the organizational climate and the commitment to work.	<ul style="list-style-type: none"> In 2014, the company performed the process to contract the services for measuring the organizational climate and the commitment to work. The selected supplier was the firm Cincel S.A.S., which conducted the corresponding survey in December (8 to 23). The level of participation of EPM's employees in the survey was 74%. 	Total



2014 goals	2014 achievements	Fulfillment
<ul style="list-style-type: none"> • Implementation of practices and methodologies focused on the target culture. 		
<ul style="list-style-type: none"> • Strengthening of the leaders for the transformation of the EPM Group. 		
<ul style="list-style-type: none"> • Development of the follow-up plan based on the organizational climate measurement. 		
<ul style="list-style-type: none"> • Development of the talent that responds to the new capabilities required. 		

EPM Group management

In 2014, in terms of workplace management, water and sanitation, and energy business subsidiaries presented initiatives related to workplace wellness, quality of life, workplace environment, trade unions, participation mechanisms, occupational safety, among others.



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2014 achievements - EPM Group's local water & sanitation subsidiaries

	Compliance
Aguas de Malambo: <ul style="list-style-type: none"> The new administrative structure was implemented based on the model established in ADN for water and sanitation subsidiaries. The collective work convention was established, generating multiple benefits for the employees. 	Total
Aguas de Occidente: <ul style="list-style-type: none"> Development of the social well-being plan focused on three fields: being-knowing-doing, applying experiential, educational, participative, ludic and recreational methodologies. Attendance and participation of the staff in the diverse health promotion and disease prevention activities. 	Total
Aguas de Urabá: <ul style="list-style-type: none"> 2014-2015 collective work convention negotiation. First Occupational Health Session in the subsidiary. 	Total
Aguas del Oriente Antioqueño: <ul style="list-style-type: none"> Promotion of a work environment that allows the employees to strengthen their skills and achieving the organizational objectives. 	Total



2014 achievements - EPM Group's local water & sanitation subsidiaries

Aguas Nacionales:

- The human management policy was partially implemented because the company fostered opportunities for the professional and personal growth of its employees, which contributed to the development of human relations skills that are aligned with the achievement of the corporate strategy. Even though procedures were carried out to make it possible to grant a Benefit and Incentive Plan to the employees, it was not possible to get an approval.
- Work teams were surveyed in relation to the work environment. The psychosocial survey was made under EPM's consultancy.
- No progress was made on the action plan because most of the initiatives are focused on benefits and incentives.
- Actions aimed at maintaining and improving the health and safety of the employees were carried out through activities such as: active pauses, musculoskeletal risk assessment, among other.

Partial



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Emvarias:

- The programs and strategies aimed at improving the entire staff's working environment were executed.
- The company's Management lobbied a great deal of everything related to the collective work convention and focused its efforts on achieving an adequate gender balance and maintaining fair and equitable compensation levels.
- All direct employees and their families benefited from the training, recreation, culture and sports programs, and the coverage was expanded to contractors and non-unionized personnel.
- In 2014, 90% of the company's employees were surveyed on psychosocial risk matters. Measures were taken based on the results of that assessment with the purpose of minimizing that type of risks. The following are some of the measures that were taken in 2014: the San Vicente de Paul Hospital Foundation was hired for providing addiction treatment to the direct employees with the purpose of minimizing the risk caused by the use of alcohol and psychoactive substances, the addiction to gambling and to the Internet. The Occupational Well-being and Communications departments performed actions focused on improving the organizational climate, which is also aimed at improving the psychosocial risk situations to which the personnel can be exposed due to internal or external causes.
- In August 2014, the psychosocial risk survey process was started among the entire personnel of the company in accordance with the parameters defined by the EPM Group. The purpose of this process is to create a program that can be implemented in all the Group's subsidiaries in order to minimize the risk and ensuring all companies work on the same objective.
- Epidemiological monitoring of psychosocial risk factors.
- Psychosocial analysis in processes aimed at determining the origin of diseases presumably derived from stress.
- Psychosocial analysis in working-space relocation processes.
- Design, implementation and evaluation of psychosocial factor intervention measures.
- Design and implementation of actions for the prevention of diseases and the improvement of employees' health conditions.

Total

Empresas Públicas del Oriente:

- An occupational climate measurement was performed and results are in the process of being extracted.

Partial



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2014 achievements - EPM Group's local water & sanitation subsidiaries

Empresas Públicas del Oriente:

- The corresponding adaptations were made, guaranteeing the necessary work stations for the total number of employees and the adequate storing of materials and tools to improve the staff's working conditions.
- The Occupational Health Program has been updated and adjusted according to the company's business expansion.
- The occupational health training plan for 2014 was fulfilled.
- Training sessions focused on strengthening the employees' capabilities were carried out.

Total



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2014 achievements - EPM Group's local water & sanitation subsidiaries

Aguas de Malambo:

- To provide support and encourage Aguas de Malambo's employees to get the necessary certifications in the diverse working skills
- Follow-up and improvement of the occupational well-being program.
- To measure work performance among Aguas de Malambo's employees.
- To strengthen the training and development programs for Aguas de Malambo's employees.

Aguas de Occidente:

- To continue the Well-Being Plan with activities that make contributions to the improvement and strengthening of the organizational competencies by means of programs focused on being-knowing-doing, turning values into the fundamental pillar of our work.

Aguas de Urabá:

- To promote the leadership and team-work skills among the company's department directors.
- To provide support and encourage the operational personnel to get the necessary certifications with the purpose of guaranteeing excellence in the service provision.
- To implement the personnel assessment based on the corporate values.
- To reduce the disabling injury index in the company.

Aguas del Oriente:

- To continue with the promotion of a work environment that allows the employees to strengthen their skills and achieving the organizational objectives.

Aguas Nacionales:

- To implement all the regulatory changes established in Decree 1443, 2014, that are related to work health and safety (as a management system).
- To make the Benefits and Incentives Plan operational.
- To execute the action plan of the results from the psychosocial climate and risk surveys.



2014 achievements - EPM Group's local water & sanitation subsidiaries

Emvarias:

- Organizational restructuring according to the Group's guidelines.
- Development of programs and projects in accordance with the new restructuring.

Empresas Públicas del Oriente:

- To continue implementing and monitoring the Occupational Health Program.
- To execute the Occupational Health Training and the Training and Development plans.
- To carry out occupational well-being activities.
- To ensure the employees' well-being by respecting and fulfilling their rights.



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2014 achievements - Energy business subsidiaries

	2014 goals	2014 achievements	Compliance
CHEC	700 employees benefited through occupational well-being programs.	Employee participation was achieved in the following: sports tournaments: 221; Uribe gym: 191; borough gym: 90; mind and body: 48; local olympiads: 80; sports courses: 308; national games: 93; EPM games: 77; company events: 61.	Total
	16 employees covered by the Advanced Studies Committee (COPEA).	All requests from employees were served after being analyzed by the COPEA, leaving traceability of the decision made.	Total
	To develop and implement 9 e-learning modules for employee training.	3 modules were implemented and 6 are under construction.	Partial
	To cover 100% of the employees who also act as tutors with the leadership development program.	80% of the tutors (166) were covered.	Partial



2014 achievements - Energy business subsidiaries

CHEC	<p>To develop 100% of the activities scheduled in the diverse employee participation mechanisms. To respond to 100% of the requests submitted through the employee participation mechanisms.</p> <p>Atender el 100% de las solicitudes que surgen de los mecanismos de participación de los trabajadores.</p>	100% of the activities and meetings submitted through the participation mechanisms were carried out. 100% of the requests submitted by the employees were served.	Total
	Application of the Quality of Life survey.	59.6% of CHEC's employees were surveyed.	Parcial
	<p>Program of benefits for employees and their families (plenary adulthood, "Building Paths" program, psychosocial assistance program, family school): Assistance to 100% of CHEC's employees who are getting prepared in 2014 for retirement from their working life and who fulfill all maturity pension requirements. Assistance to 100% of the children and families of the employees registered in the "Building Paths" program. To provide 100% of the psychological, psychiatric, comprehensive neuropsychological evaluation consultations and psychological or psychiatric process-related consultations requested by CHEC's employees.</p>	100% fulfillment of the goals related to the program of benefits for employees and their families (plenary adulthood, "Building Paths" program, psychological assistance program). The following actions stand out: assistance to 8 employees who are getting prepared for their retirement from working life and who fulfill the requirements for the maturity pension, the participation of 10 children of employees and their families in the "Building Paths" program, 249 external consultations within the psychological assistance program, and the participation of 15 employees and their families in the family school program.	Total
	Employees benefited through the cardiovascular risk program.	Nutritional plans were created for the employees presenting some type of malnutrition, whether it is due to excess or deficiency, benefiting 70 CHEC employees.	Total



To continue with the collective labor negotiation through communication means, dialog, openness and any other tool necessary to facilitate the Company-Union engagement.

Despite all the legal stages were tried, an alternate informal-board space was generated, allowing to sign a conventional agreement and put thus and end to the labor disagreement that took place in the Company. The work environment was improved by means of a new collective convention aimed at benefiting the employees stakeholder group.

Total



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2014 achievements - Energy business subsidiaries

CHEC	To project the necessary indexations in the payment of the salaries and both the legal and extra-legal social benefits derived from the signing of the collective labor convention.	To consolidate and pay 100% of the employees with currently in force contracts, the 2013-2014 retroactive amount of the diverse concepts paid via payroll in accordance with the parameters established in the collective labor convention.	Total
	To conduct (through the Human and Organizational Management department) a study on the feasibility of hiring people with special education needs through the learning contract methodology, focusing thus on the Corporate Social Responsibility. To keep abiding by Law 789 of 2012 and fulfilling the assigned rate.	Despite the interest of the Company in hiring people with special education needs, the corresponding entity (SENA) has not defined the mechanism for hiring them through the learning contract methodology with this stakeholder group. The corresponding study will be continued.	Total
ESSA	To fully close the gaps identified in the psychosocial climate and risk measurement with group interventions for 20 work teams.	To surpass the goal with the group interventions to 44 work teams for closing the gaps identified in the psychosocial climate and risk measurement.	Total



2014 achievements - Energy business subsidiaries

CENS	To ensure the knowledge management of the company's full-time personnel by executing a Training Plan that allows eliminating the training gaps that were detected and fulfilling the legal requirements related to the activity development.	<p>* Project Formulation and Assessment Diploma Course: Activity jointly carried out with Universidad de la Sabana, benefiting 20 professionals from different departments with the purpose of improving their knowledge in this field. * Service Management Diploma Course: Activity jointly carried out with Universidad Pontificia Bolivariana, benefiting 17 professionals from the Commercial Management department with the purpose of improving their knowledge in this field. * "Leader Development" workshop cycle aimed at 8 senior managers from the organization with the purpose of strengthening their leadership capabilities and improving their management. * "13.8 and 34.5-kv contact technique" training provided by personnel from the Brazilian company DONIMA to 26 operational employees from the Distribution Sub-Management Department. Note: The investment for all the training activities (including the currently ongoing specialization program) amounts to \$786,030,000.</p>	Total
	To cover the qualified labor needs of the region and leverage the company business operation with the work-focused SENA-CENS alliance.	Electric energy transmission and distribution systems specialization program: Activity jointly carried out with Universidad Pontificia Bolivariana, benefiting 26 professionals from CENS' Technical Department.	Partial





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2014 achievements - Energy business subsidiaries

CENS

To cover the qualified labor needs of the region and leverage the company business operation with the work-focused SENA-CENS alliance.

With the SENA-CENS alliance for labor training and certification in the region, the company has achieved positive impacts on the Network Maintenance and the Sub-Station and Transmission Line Maintenance work fronts in Cúcuta and its regions; sponsoring the productive stage of 42 apprentices from the 105 youngsters who completed the elective phase, and setting up 3 temporal learning squads that have strengthened the business operation and the knowledge management within the full time personnel.

Total

Training of the second class of the "Energy distribution network construction and assembly technician" program.

Partial



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To support the implementation of the necessary changes for the process management, minimizing their impact and facilitating their appropriation by the staff.

* Follow-up to the implementation of the NEON, 5inko, MAE, and Migración ERP information systems. * Cycle of workshops aimed at strengthening the organizational skills of the personnel of the regional stations. * Knowledge management for the contractors involved in the Energy Loss Control and Reduction Project. * Group support to the diverse work teams in order to mitigate internal problems and allowing a higher management level by their members. * Design and documentation of the Work Team Model. * Migration to the new organizational structure, enabling the new strategic planning that was designed by EPM.

Total



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2014 achievements - Energy business subsidiaries

EDEQ	<p>To provide opportunities of integration, recreation, training, motivation and healthy amusement to the employees, contributing thus to improving their and their families' quality of life, and promoting teamwork, self-improvement and the achievement of the corporate objectives.</p>	<p>The occupational well-being program was fully developed. It is a program that comprises conventional and unconventional benefits that guarantee life-work balance through the following fields of action: sports (with the Day of Sports, Recreation and Healthy Amusement event; participation in the national electric sector games; and the physical conditioning program), and training (with a program established in accordance with the needs of each role and those that supplement the professional development). Additionally, the company offers benefits such as the following: economic aid (funeral, maternity, prescription glasses, education scholarships), supply of work elements (administrative and operational), employee of the year award, Housing Fund, individual and group coaching, psychological support, food and celebrations service (birthdays, family day, Women's Day, Valentines day, end-of-year party, pensioners party, recreational vacations for children).</p>	Total



To keep working on electric technology program, which is intended for EDEQ's personnel and the corresponding contractors, by means of extension courses that allow leveling the staff's knowledge prior to the development of the technology.

65% of the program has been executed, focusing on closing the knowledge gaps of the employees who required it, and contributing to the professional development of those who are voluntarily participating in the program.

Partial



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2014 achievements - Energy business subsidiaries

EDEQ	To establish a unique space furnished with elements and tools that allow the adequate development of the electric technology training plan.	The personnel have their own space in the company, which is destined for training activities and was designed to be an environment for concentration, comfort and the development of the different activities related to the Electric Technology program. This program is jointly developed with Universidad Tecnológica de Pereira.	Total
	Administration of the workplace safety and health management system	The dispositions of resolution 2646 of 2008 were fulfilled by means of the measurement made with the quality of life survey, which was carried out both virtually and in person depending on the work department. The final report is currently being written, and it will indicate the company's psychosocial risk level. The 2015 activity plan will be drawn up based on said report, prioritizing the aspects related to the psychosocial risk.	Total
		EDEQ has a comprehensive management system policy that establishes the company's commitment to controlling safety and health risks arising from its activities, as well as the company	





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labor welfare

The EPM group carries out several programs and events of educational, cultural, sport and recreational type. These programs contribute to the comprehensive development and quality of life of its employees and their family group. This is achieved promoting spaces of recognition, support, recreation, sport and social projection which in turn favors the employee motivation for accomplishing the company goals.

In 2014 the Family Day, as a traditional and important event, was held at the Botanical Garden and the Parque Explora in Medellín. 11,520 people attended the event; in Antioquia subregions 1,425 people attended for a total of 12,945 participants who gave a positive evaluation of the event.

The efforts for boosting staff motivation and widening the coverage of recreational and sport activities were a relevant factor in the increase in participation. 8,409 people benefited from these activities and there were 129,261 participants which meant an increase of 2% and 2.3% respectively in relation to the year 2013.



Management in EPM

The Programs of psychological and spiritual guidance, youth and couple encounters, entrepreneurship programs, the events oriented to retirees and pensioners, the groups oriented to dance, music and theatre, the Family Day celebration, Classic Day and in general all programs, events and activities of sport, cultural and social projection have as main goal the well-being and quality of life of EPM People.

In 2014 EPM accomplished 100% of all programmed activities on schedule. There were 5,750 attendees to the programs of social projection, 22,722 attendees to the cultural events and 8,409 attendees to the eventos focused on sport and recreation. The total value was COP 4,154 million as detailed below:

Occupational well-being programs		
Program	People benefited	Amount (COP million)
Social projection	5,750	624
Cultural events	22,722	1,952
Sports and recreation	8,409	1,578
Total	36,881	4,154

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries

In 2014 the programs held by the national subsidiaries of water and sanitation had a goal: To improve the working skills and organizational capacities while having a positive impact on both the well-being and organizational weather in the company.

Regarding the national subsidiaries of the energy business, EDEQ had a positive impact on the quality of life of its staff. This was achieved through programs like the Recreation and Healthy Amusement event. It promoted an attendance of 80% of the employees. CHEC also impacted in a positive way the quality of life of its personnel with the unification of programs and decentralization of events.



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Management of EPM subsidiaries in Colombia

The national subsidiaries of water and sanitation carried out the proposed plans, executing 90% in Aguas de Urabá. This was in favor of integration and team work boosting and strengthening company skills and capabilities of employees belonging to each subsidiary. The total was 8,456 attendees and a value of COP 1,229 millions. The detailed information of each subsidiary is detailed below:

Occupational well-being programs in the Colombian water and sanitation business subsidiaries		
Company	People benefited	Amount (COP million)
Aguas de Malambo	149	15
Aguas de Occidente	300	9
Aguas de Urabá	760	55
Aguas del Oriente Antioqueño	15	5
Aguas Nacionales	52	11
Emvarias	7,180	1,134
General total	8,456	1,229

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries

The management of the national energy business subsidiaries was as follows: CHEC unified the Father and Mother's day celebration and decentralised some of the events. ESSA celebrated its anniversary; CENS was able to integrate some of its processes and carried out programs for a healthy life style. EDEQ was able to improve employee attendance in respect to previous years through the activities that were carried out. The detail of the execution is detailed below:



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Occupational well-being programs in the Colombian energy business subsidiaries

Company	People benefited	Amount (COP million)
CHEC	13,340	1,445
CENS	580	791
ESSA	2,323	1,436
EDEQ	1,402	585
Total	17,645	4,256

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries



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Quality of life

The Quality of Life program is based on the identification, assessment, prevention, intervention and ongoing monitoring of exposure to psychosocial risk factors of workers, both intra and extra labor, for determining the origin of diseases caused by occupational stress.

The survey about quality of life among EPM staff was filled out by 83.27% of the working population, corresponding to 4,779 people.

EPM Management

It was possible to complete the survey in all the facilities of the company -census type- to evaluate, intervene and monitor exposure to psychosocial risk factors for employees, considering both internal and external risk factors. The response behavior for the survey, compared to the results from 2012, can be seen below:

EPM's survey on quality of life			
Indicator	2012	2013	2014
Answers to the survey on quality of life	3,461	-	4,779
% of answers to the survey on quality of life	90%	0%	83.27%

Source: Human Development & Organizational Capabilities Vice-President's Office



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The survey on quality of life to measure the psychosocial risk for employees was applied in all the national subsidiaries of the water and sanitation business.

The EDEQ subsidiary strengthened its quality of life plan with the implementation of activities such as psychological support for employees and their families, and individual and group coaching workshops, representing a total investment of COP 12 million.

EPM Group Subsidiaries in Colombia Management

Las filiales nacionales del negocio de agua y saneamiento aplicaron la encuesta de calidad de vida a sus servidores, evaluando factores de riesgo intra y extra laborales y nivel de estrés, como se refleja en la siguiente tabla:

Application of the survey on quality of life in the Colombian water and sanitation business subsidiaries	
Company	2014
Aguas de Malambo	95
Aguas de Occidente	47
Aguas de Urabá	130
Aguas del Oriente	15
Empresas Públicas del Oriente	29
Emvarias	100

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries

The national energy business subsidiaries applied the survey on quality of life to their employees. The survey was answered by 59.6% of the employees in CHEC.

The intervention strategies implemented in 2013 at CENS have reduced by seven the number of workers involved in the program for epidemiological and psychosocial risk surveillance. The action plan focused on stress management; feelings and emotions management; negotiation and conflict resolution; assertive communication; use of leisure time; healthy lifestyles and prevention of use of psychoactive substances.



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Quality work environment

Collective insight of employees regarding the practices, policies, structure, processes and business systems, which has an impact on the human environment where daily work is developed.



Tema material

The work environment has a direct influence on employees' satisfaction, commitment and productivity; therefore, on the achievement of business objectives. It generates social value between EPM Group People and EPM Group and its companies; it also applies to other stakeholders in terms of confidence and legitimacy. These conditions are influenced directly by the identification of EPM Group People with the business project; the participation in its construction; the transparent communication; the generation of atmospheres of trust to express feelings about organizational dynamics; the coherence between strategic discourses and decisions; the emotional well-being of employees; work-life balance; and the balance between professional contribution and recognition.



EPM Management

For EPM, the main achievement in 2014 consisted in conducting the organizational climate and work commitment survey in order to measure and obtain consistent and reliable data that allow a responsible and permanent management of the issue. The survey result was 54.9, which means a positive organizational climate profile. All of the variables of study were located on the first range of value with respect to the market. EPM's objective set for 2014 in the Balance Scorecard (BSC) was 57. This value was not achieved in such measure; however, according to the set management ranges in the BSC, the result represents a partial compliance.

As objectives for 2015, it is expected to deliver survey results at a macro level; analyze the results by departments according to the established cutoffs; and put in place plans for the organizational climate management and the commitment at EPM that allow a perception improvement and fulfill the set objective in the BSC of 55.9 points.

EPM Group Management:

EPM Group subsidiary companies were focused on fulfilling the following achievements for 2014 concerning work climate quality:

Subsidiary	2014 goals	2014 achievements	Compliance
ESSA	To fully close the gaps identified in the psychosocial climate and risk measurement with group interventions for 20 work teams.	To surpass the group interventions goal to reach 44 work teams, closing the gaps identified in the psychosocial climate and risk measurement.	Full
CENS	To strengthen the communication relations with the personnel from the regional branches in order to create synergies and optimize the work results.	80 hours of individual follow-up activities were carried out with the P2 professionals from the Cúcuta headquarters and the regional branches with the purpose of strengthening the communication skills, creating synergies and interaction among the working teams, and managing stress.	Full



Aguas de Malambo	Not applicable	Integration activities were carried out with all the employees in order to contribute to the improvement of the organizational climate by means of a sense of unity and comradeship.	Full
Aguas de Occidente	Not applicable	Activities aimed at integrating the personnel were carried out with the purpose of strengthening the work relations within the company, generating trustful environments and facilitating effective communications in all directions.	Full
Aguas de Urabá	Not applicable	A series of activities known as "Encuentros con la Gerencia" (Meetings with the Management) were established. The purpose of these events is to communicate the company decisions to the employees in a close and engaging way.	Full
Aguas del Oriente	Not applicable	To perform occupational climate measurements for the first time in order to define mitigation and intervention actions.	Full



Emvarias	Not applicable	<p>The organizational climate diagnosis was performed by an impartial firm that was hired due to its wide experience in the subject. This company conducted an anonymous, voluntary and face-to-face survey (in which 96% of the company's employees participated) that produced a general climate score as a result: 68.9 for 2013. Based on the pre-established scale, the interpretation of this score is that the company is in a state of "improvement opportunity".</p> <p>Disclosure of the occupational climate and micro-climate results, with the participation of 95% of the personnel.</p>	Full
Emvarias	Not applicable	<p>Implementation of the communications campaign called "30°C". Delivery of incentives in two events that were focused on the topic of transparency.</p>	

Source: EPM Group subsidiary companies.



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Goals of EPM Group's subsidiaries for 2015

Subsidiary	Quality of the occupational climate
ESSA	Positive impact of the occupational climate to align the work teams in the joint construction of adequate environments that allow achieving personal satisfaction and fulfilling the sustainability goals.
CENS	Organizational climate measurement: application of the organizational climate survey in order to facilitate the measuring the degree of commitment of the human resources towards the organization and the fulfillment of its strategic objectives.
Aguas de Malambo	To create new communication spaces through the Human Management Department in order to implement campaigns aimed at generating sense of belonging among every employee of the subsidiary.
Aguas de Occidente	To continue working on activities aligned with the growth and strengthening of the personnel, based on values and contributing to the improvement of the organizational climate in order to consequently achieve the organizational objectives.
Aguas de Urabá	To resume the primary committees organized by working teams, with the purpose of making the collaborators feel as part of the organization.
	To unify a managing and directive style among the senior managers so that all their actions are aligned towards the achievement of the business and leadership objectives.
Aguas del Oriente	To define actions that will be carried out with the purpose of having an impact on and promoting comfortable and cooperative work spaces.
Envías	To design and implement an intervention plan that allows improving the perception of the occupational climate five points above the result of December 2014.

Source: EPM Group subsidiary companies.



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Corporate change and culture

The change management process in the EPM Group is aimed at contributing to a harmonious and comprehensive development in conditions of transformation, by facilitating among the people and work teams the understanding, acceptance, interiorization and adaptation of knowledge, behaviors and new ways of managing work consistently with the new organizational requirements: current realities and future demands.

Creation of the Inter-Company Network of Change and Culture and follow-up to 14 projects to help in making the transformation of the EPM Group into a possible path for the fulfillment of the corporate purpose: responsible economic, social and environmental sustainability.

EPM Management

In 2014, EPM conducted diverse actions in the field of the corporate change and culture:

- A summons was carried out by EPM's initiative of several public and private companies to create an Inter-Company Network of Change and Culture. 17 organizations of the region responded and started working on the objective they defined: "to create an adequate environment for conversation among the people who work on subjects related to organizational culture and change in the country, with the purpose of sharing practices and promoting the exchange of experiences and knowledge to foster mutually beneficial relations."
- The change and culture team participated in the construction of the concept, the model and the cycle of leadership development for the EPM Group, which started its implementation through the EPM Group's School of Leaders. Philosopher and historian Diana Uribe was invited to the corresponding presentation event as speaker. Additionally, a talk session event was held with the presence of Daniel Denison as speaker, an expert in the fields of culture and leadership, along with senior managers from ISA, Isagen and EPM.
- The working agendas of the 14 projects related to the EPM Group without Borders Program included activities of change and culture focused on facilitating the assimilation and understanding of a new organizational reality. For such purpose, the integrated plan of change, learning and communications enablers was designed based on the definition of the impact matrix.
- "To serve" was defined as a value and added to the organizational values of the Group, understanding that it must be a fundamental part of our operation as a company that provides public utility services.
- Now, with specific regard to the topic of culture, the background of the organization was documented and analyzed, the gaps in relation to the required culture were identified, and the workshop of culture projections was conducted in order to update the state of the culture.



Management in the EPM Group's Colombian subsidiaries

An aspect worth highlighting are the activities of change carried out within the framework of the EPM Group without Borders Program, as well as the information-spreading sessions aimed at presenting the new structure, which were also part of the mentioned program. Other remarkable aspects are the approval of CHEC's ethical behavior manual in the Management Committee, and the creation of a new section in the corporate intranet and the website, on which the ethical reference framework is published as a complement to the corporate values informative campaign that was executed in 2013.

Activities related to change and culture were promoted in the EPM Group's Colombian subsidiaries, beginning thus the transformation of the organizational behavior towards the goal of achieving the expected culture. Some of these activities were the following:

- Follow-up of projects and programs such as the EPM Group without Borders program, the "less paper" initiative, the corporate citizenship project, the OW project, the implementation of the "Neón" system, the Safe Life Project, Remos, the TI Process, NEON, NIIF, the Integrated Management System, the ERP Technological Migration, the ADN Project, the 5inko System, Commercial Management, Project Management and the Shared-Service Center.
- Follow-up of improvements to processes, updating of information systems and changes in the structure.
- ESSA conducted the measurement of the satisfaction of the people involved in the change and culture process. This measurement evidenced that there was a good level of satisfaction of the involved audience in the first semester of 2014, with a rating of 98%, as well as in the second semester, with a rating of 99%, corresponding to the sum of the assessment "excellent" and "good" parameters.
- Emvarias carried out follow-up activities to face its new reality as member of the EPM Group. The following are some of those activities: talk sessions with the CEO, chrysalides were given to several people as a symbol of the transformation process they are undergoing, publication of the Así vamos bulletin, meetings with the expeditioners and their teammates at EPM, protocolar act to welcome the company to the EPM Group, training activities to learn EPM's new information systems, and publication of the ERP One World implementation bulletin, jointly with EPM.



Desempeño laboral en EPM

% de población con valoración de desempeño

92%

Source: Vice-Presidency of Human Development and Organizational Capabilities

For the national subsidiary companies of the EPM Group, 2014 was a year full of changes in terms of structure and assignment of activities resulting from decisions of the EPM Group without Borders Program. However, some subsidiaries as CHEC decided to define its challenges and skills, so people performance during 2014 was determined, at least in a qualitative way.

It should be pointed out that the subsidiary company CENS performed a skills-based assessment of 112 employees likely to be promoted within the current wage scale. The result was the promotion of 76 people, in compliance with the provisions of Article 54 of the Collective Labor Agreement.

EDEQ, for its part, held a forum on performance, in which the significance of people development management was socialized, with the purpose of making people aware of their contribution to the fulfillment of the corporate strategic objectives.

In some water and sanitation subsidiaries, it is remarkable the beginning of the performance assessment and the implementation of elements like monitoring and training by company heads, placing great importance to the performance management process as essential component of people development towards the fulfillment of corporate objectives.

Envias is committed to the assessment and results that demonstrate the responsibility, creativity, and proactivity of people linked to the company.



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Job performance

With the People Performance Management Process, the EPM Group expects officials to recognize their collective and personal contribution to the organization, in order to effectively orientate people and team contributions towards the business goals.

Performance management in the EPM Group allows us to realize the promise made from the strategic direction: “to be closer, to go further”, i.e. to be closer to our people, so that each of our collaborators and, consequently, our work teams can go further in their development path and contribute to the purpose of the business group to which they belong.

Implementation of the People Performance Management Process that will provide valuable information for the development of people in the organization.

EPM Management

The process designed as part of the EPM without Borders Program was successfully implemented in 2014. One of the valuable and novel factors of this process is the integration of behaviors associated with the corporate values as part of the performance assessment. In other words, factors related to what is achieved and how it is achieved are strongly considered, denoting that organization members shall act in accordance with the culture, in order to reach the responsible sustainability of the group.



Management in subsidiary companies of the EPM Group in Colombia

Performance assessment was carried out in the national energy subsidiaries. CHEC and EDEQ integrated development elements into the assessment. Given the organizational changes derived from the EPM Group without Borders Program, which in 2014 made an impact on the subsidiary companies, CENS did not conduct the People Performance Management Assessment on time, for the purpose of implementing this model in 2015. Only 16 leaders of the organization were assessed in order to select 8 directors, as defined in the new administrative structure that came into effect in September 2014. The subsidiary ESSA expects to start the assessment process in 2015, in accordance with the guidelines provided by the corporate core of the Group.

The percentage of population included in the performance management process in energy subsidiaries of the EPM Group during 2014 is shown below:

Cubrimiento del proceso de gestión del desempeño en las filiales de energía del Grupo EPM	
Filial	% de población con valoración de desempeño
CHEC	97%
ESSA	N. R.
CENS	27%
EDEQ	66%

Source: Energy Subsidiaries of the EPM Group.



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In the national water and sanitation subsidiaries of the EPM Group, the performance assessment process was carried out in Aguas del Oriente Antioqueño, Aguas Nacionales, and Emvarias. In the other companies, managers prepared people for future performance assessments with training and minutes of committees.

The percentage of population included in the performance management process in water subsidiaries of the EPM Group during 2014 is shown in the table below:

Cubrimiento del proceso de gestión del desempeño en las filiales de agua del Grupo EPM	
Filial	% de población con valoración de desempeño
Aguas de Malambo	N. D.
Aguas de Occidente	N. D.
Aguas de Urabá	N. D.
Aguas del Oriente Antioqueño	100%
Aguas Nacionales	100%
Emvarias	90%

Source: Water and Sanitation Subsidiaries of the EPM Group.



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Training and development

In the EPM Group, the Learning Management and Development Management processes focus on helping the Group become a smart business group, able to learn through the training of its people and facilitate creation, transfer, retention, and application of knowledge to enable the transformation of individual learning into collective knowledge.

Development strategies are constantly sought to enhance the capabilities of each individual and to align the knowledge, behavior, and skills of the human resources with the strategic plan of the organization.

In 2014, 2,858 learning events were held in EPM. This formal and non-formal education programs benefited 5,334 people.

Management in EPM

In 2014, training activities aimed at developing the capabilities of the human resources and leveraging the Group's strategy, business purpose, and other strategic objectives were carried out.

In the training events, multiple strategies were used in order to enable officials to perform their tasks and responsibilities. That was how continuous training and refresher events were implemented through courses designed to meet the need of online courses and courses with internal multipliers and knowledge transfer courses.

EPM sponsors the Excellence Scholarships program as a way to deepen and strengthen the knowledge and skills of its employees. The objective of this program is to enhance the skills and employability of people. Currently, within the framework of this program, four officials are doing their master and PhD studies abroad (three of them participated in the 2014-2014 call and the other one, in the 2012-2013 call). EPM is currently sponsoring 12 officials with their graduate studies, prior assessment of requirements and applicability of the topic within the framework of the company's strategy.

The School for Leaders started to be developed by offering module I and module II to enable directors and team managers to develop their skills. 57 directors and team managers attended these modules.

In the table below, some relevant data associated with Training and Development in EPM are shown:



Training and development management data

Average of training hours per employee	30
Number of graduate programs approved for the term	12
Scholarships granted through the "Becas de Excelencia" (Excellence Scholarships) program	3
Trips abroad approved for training activities	57
Organizational Apprenticeship Plan investment (COP million)	2,944

Source: Human Development & Organizational Capabilities Vice-President's Office

In the EPM Group's national subsidiary companies, training plans were implemented. They included activities to improve quality of life, strengthen job skills of employees, and create workspaces to help achieve the results. This led to a significant increase in the participation of people and thus, a larger percentage of population was covered.



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Management in the EPM Group's subsidiary companies in Colombia

In 2014, the EPM Group's energy subsidiary companies in Colombia became interested in managing the existing knowledge in their human resources and facilitating compliance with training requirements for technical positions to enable improved performance of individuals and their alignment with the organizational and technological needs of their jobs, and to foster their expectations of promotion and professional development. To achieve this, the support of external agencies specialized in the specific topics needed was critical.

In some subsidiary companies, advanced-training subsidies on a master level were increased, seeking to strengthen the research capacity of organizations and to contribute to the continuous improvement and innovation.

Moreover, a cycle of workshops directed towards the EPM Group's leaders was started to guide their development according to changes in the strategic guidelines of the Group. However, the development of training events was significantly restricted due to the Guarantees Act in 2014, which had an effect on the process and, consequently, on its results.

Investment in training processes by the energy subsidiary companies is shown below:



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Training and development management - Energy business subsidiaries

Company	Average of training hours per employee	Organizational Apprenticeship Plan investment (COP million)
CHEC	60	750
ESSA	67	1,570
CENS	45	929
EDEQ	57	181
Total	57	3,430

Source: National energy subsidiary companies.

In the national water and sanitation subsidiary companies, implementation of training events and development of people focused on strengthening the elements of being, knowing, and doing in order to meet the needs evidenced in the operation and with the aim of being inclusive in the learning process and benefit all people. To increase and improve training coverage, training events were offered with the cooperation of the family compensation funds and Occupational Risk Management Company, achieving a better staff participation.

Investment in training processes by the water and sanitation subsidiary companies is shown below:



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Training and development management - Water and sanitation business subsidiaries

Company	Average of training hours per employee	Organizational Apprenticeship Plan investment (COP million)
Aguas de Malambo	4	0
Aguas de Occidente	5	17
Aguas de Urabá	20	24
Aguas del Oriente Antioqueño	35	5
Aguas Nacionales	69	64
Emvarias	28	439
Empresas Públicas del Oriente	2	7
Total	23.3	556



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Retirees and pensioners

In an effort to maintain good relations with its Retirees and Pensioners, EPM and the Colombian energy business subsidiaries develop diverse strategies aimed at facilitating the engagement with this sub-stakeholder group.

In 2014, EPM continued executing programs focused on maintaining and strengthening the good relations with its Retirees and Pensioners. The programs obtained a positive response to their summons and in terms of participation in their scheduled activities.

As of December 31, 2014, 357 employment termination procedures of employees registered in Colpensiones' payroll had been carried out; 161 of the procedures were settled through voluntary resignations and 196 were settled by means of just cause contract terminations. Additionally, 24 retirement substitutions were conducted.



EPM Management

As of 2014, EPM had 2,355 direct retirees, for whom the company covers the pension obligations directly, as it is shown in the chart below:

Pensioners and Retirees				
Indicators	2012	2013	2014	Variation
Pension plan coverage (%)	100%	100%	100%	0.0%
Contributions of the organization (COP million)	5,177	3,181	2,783	-12.5%
Contributions of the worker (COP million)	2,044	1,094	1,095	0.1%
Solidarity fund (COP million)	2,373	2,623	2	-99.9%
Retirees and pensioners in 2014	147	142	357	151.4%
Direct retirees (accrued)	2,453	2,425	2,355	-2.9%
Entities billed for installments of pension shares	100	101	101	-0.0%
Value of the actuarial calculation of "pension bonds" as of December 31, 2008 (COP million)	410,347	395,665	392,829	-0.7%
Autonomous equity for the payment of "pension bonds" (COP millions)	304,155	307,942	303,107	-1.6%

Source: Human Development & Organizational Capabilities Vice-President's Office.



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Activities like the following were carried out in 2014 with the purpose of maintaining and strengthening the good relations with this sub-stakeholder group:

- Plenary Adulthood-Pensioners and Retirees Program, with the participation of 430 people.
- Annual homage to Pensioners and Retirees, with the participation of 1,186 people.
- “Un nuevo camino miles de agradecimientos” (A new path, great gratitude), with the participation of 455 recently pensioned people, who were thanked and acknowledged for their dedication during the years they provided their services to the organization.

35 school aid packages (totaling COP 47 million) were awarded to the pensioners who are still active in EPM's payroll.

Pension preparation programs are implemented for the employees who are close to fulfill the legal requirements to start enjoying their pension, so that they can assume that moment with a positive attitude. 36 people participated in 2014, for a total attendance number of 551.

Support and assistance is provided to all Pensioners and Retirees in matters related to their housing credit; and the service portfolio is published on the website, which also helps to maintain a permanent communication with them.

In 2015, 2016 and 2017, a total of 14, 32 and 90 people, accordingly, will fulfill the pension requirements and be part of the country's current pension system, in which women are given the pension when they turn 57, and men when they turn 62. The chart below contains all the details in this regard:



EPM Management

As of 2014, EPM had 2,355 direct retirees, for whom the company covers the pension obligations directly, as it is shown in the chart below:

Projection of retiring personnel in EPM				
Indicators	2012	2013	2014	Variation
Senior Managers	-	-	-	0.14%
Professionals	9	14	8	0.57%
Technologists, technicians and assistants	3	11	32	0.57%
Maintenance Personnel	2	7	32	0.41%
Total	14	32	23	1.69%

Source: Human Development & Organizational Capabilities Vice-President's Office.

In 2014, CENS paid a total of COP 3,964 million in healthcare and pension mandatory contributions for its 353 direct retirees.

With the purpose of keeping a close relation with its Pensioners and Retirees and promoting their integration and healthy enjoyment, EDEQ organized a recreational activity in the “Los Arrieros” thematic park in the Municipality of Quimbaya. Almost 40 people participated in this activity.



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Management in the EPM Group's Colombian subsidiaries

At the end of 2014, the energy business subsidiaries totaled 1,448 direct retirees. The following chart shows the details of the coverage of the corresponding pension obligations that are the responsibility of these companies:



Projection of retiring personnel in EPM

Indicators	2012	2013	2014	Variation
Pension plan coverage (%)	62%	60%	58%	-4.2%
Contributions of the organization (COP million)	5,975	4,808	5,930	23.3%
Contributions of the worker (COP million)	431	457	457	0.0%
Solidarity fund (COP million)	185	192	189	-1.6%



Retirees and pensioners in 2014	948	926	905	-2.3%
Direct retirees (accrued)	1,580	1,527	1,448	-5.2%
Entities billed for installments of pension shares	30	26	39	50.0%
Value of the actuarial calculation of "pension bonds" as of December 31, 2008 (COP million)	227	4,227	5,805	37.3%

Source: Energy Transmission & Distribution Vice-President's Office.



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Another activity carried out by CHEC is to constantly review the requirement fulfillment of the Retirees group in order to conduct the age pension procedures with the corresponding Pension Fund Administrator companies. CENS provides consultancy services for conducting the payment order deduction procedures according to the needs of each retiree.

The pension projection for the Colombian energy business subsidiaries is the following:

Projection of retiring personnel in the energy business subsidiaries

Indicators	2015	2016	2017	% in relation to current staff
Senior Managers	3	2	2	5.64%
Professionals	7	9	9	1.94%
Technologists, technicians and assistants	3	19	27	2.22%
Maintenance Personnel	1	2	8	0.88%



Total	14	32	46	10.7%
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Source: Energy Transmission & Distribution Business Vice-President's Office - Energy Business Subsidiaries.

Source: Energy Transmission & Distribution Business Vice-President's Office - Energy Business Subsidiaries.



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Employee involvement mechanisms

EPM and the national energy subsidiaries have at their disposal participatory mechanisms such as the Joint Occupational Health Committee, the Labor Coexistence Committee, and the Work Station Relocation Committee, which accept, guide and help in resolving employment-related issues. Employees' representatives are members of the former two.

In 2014, the Work Station Relocation Committee designated new work stations to five people who, due to health issues, needed to perform other types of functions, thus helping to their well-being and improving their quality of life and job performance.

EPM Management

The Labor Coexistence Committee is the mechanism in EPM that addresses complaints and incidents related to harassment at work. In 2014 the committee attended five complaints, of which three were solved by agreement between the parties and two were sent to the Provincial Attorney of the Aburrá Valley as a result of lack of agreement, as shown below:



Incidents addressed by EPM's Coexistence Committee

Indicators	2012	2013	2014
Alleged work harassment – Disrespect.	-	-	-
Alleged work harassment – Disrespect – Non-assignment of responsibilities.	-	-	-
Alleged verbal abuse.	1	-	-
Alleged labor persecution.	1	-	5
Alleged work harassment while performing activities due to work overload and lack of time to execute them.	1	-	-
Difficulties in the communication between superior and subordinate.	1	5	-
Irregularity in the Individual Performance and Development Plan assessment, termination of the assignment.	1	-	-
Elimination of 12 x 24 shifts and irregularity in the training process	1	-	-

EPM Group Subsidiaries in Colombia Management

For 2014, in some of the national subsidiaries of the energy business, the Labor Coexistence Committee managed five cases in total. The details of these cases are below:



Incidents addressed by the Coexistence Committee - Energy business subsidiaries

Indicators	2012	2013	2014
Alleged work harassment – Disrespect.	-	1	-
Alleged work harassment – Disrespect – Non-assignment of responsibilities.	-	1	1
Alleged verbal abuse.	-	1	3
Alleged labor persecution.	-	-	-
Alleged work harassment while performing activities due to work overload and lack of time to execute them.	-	-	-
Difficulties in the communication between superior and subordinate.	-	2	1
Irregularity in the Individual Performance and Development Plan assessment, termination of the assignment.	-	-	-
Elimination of 12 x 24 shifts and irregularity in the training process	-	-	-



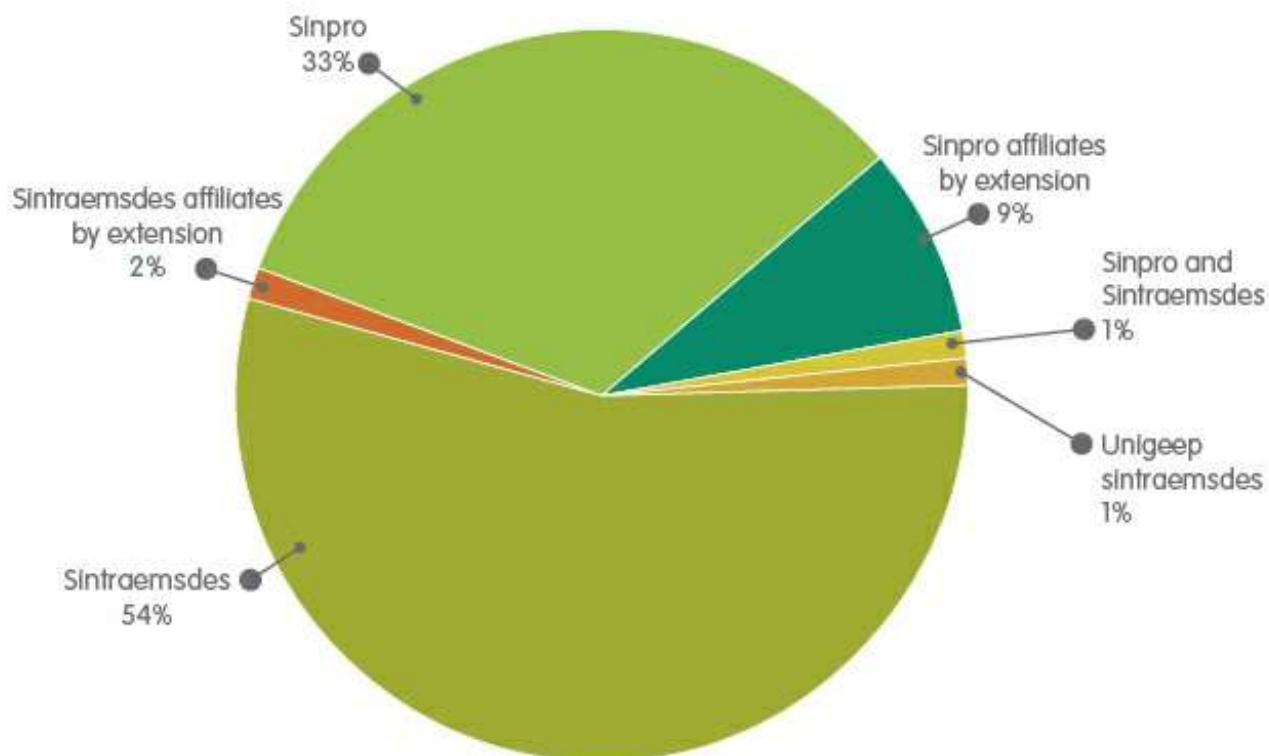
organizations union

Set of activities carried out to ensure optimal relationship with the unions, and aimed to obtain welfare for both the organization and its contracted personnel.

The Collective Bargaining Agreement closed a negotiation with Sintraemsdes for a period of three years: between January 1, 2014 and December 31, 2016. By the end of 2014, a new union was created, Sintrasertic, which is conformed by five employees.

EPM Management

Union membership (2014) – EPM (number of people)



Source: Human Development & Organizational Capabilities Vice-President's Office



In EPM, the employer-employee relations are ruled by collective negotiations with the labor unions and are based on the compliance with the conventional and arbitrational rules in force. The labor system is governed, for public servants, by Act 909 of 2004, Decree 2400 of 1968 and the Regulatory Decree 1950 of 1973; also, by internal rules issued by EPM's Board of Directors. Official workers are ruled by Act 6 of 1945, Decree 2127 of 1945 and the Collective Bargaining Agreement. The company ensures the compliance with such rules through processes like hiring and contract termination, payment of salary and social benefits, administration of conventional benefits, and assistance to relations with labor unions. There is freedom of association in EPM; 99.63% of the employees are members, directly or by extension, of one or more than one of the three labor unions of EPM. The other are non-unionized employees. Sintraemsdes is the largest, with 55.68% of the members and by extension. Sinpro has 41.48% of the members and by extension; and Unigeep, 1.26%. The remaining are members of both, Sinpro and Sintraemsdes, as shown in the following data:

The following table shows data related to EPM's employees affiliation to existing unions:



Labor union membership in EPM

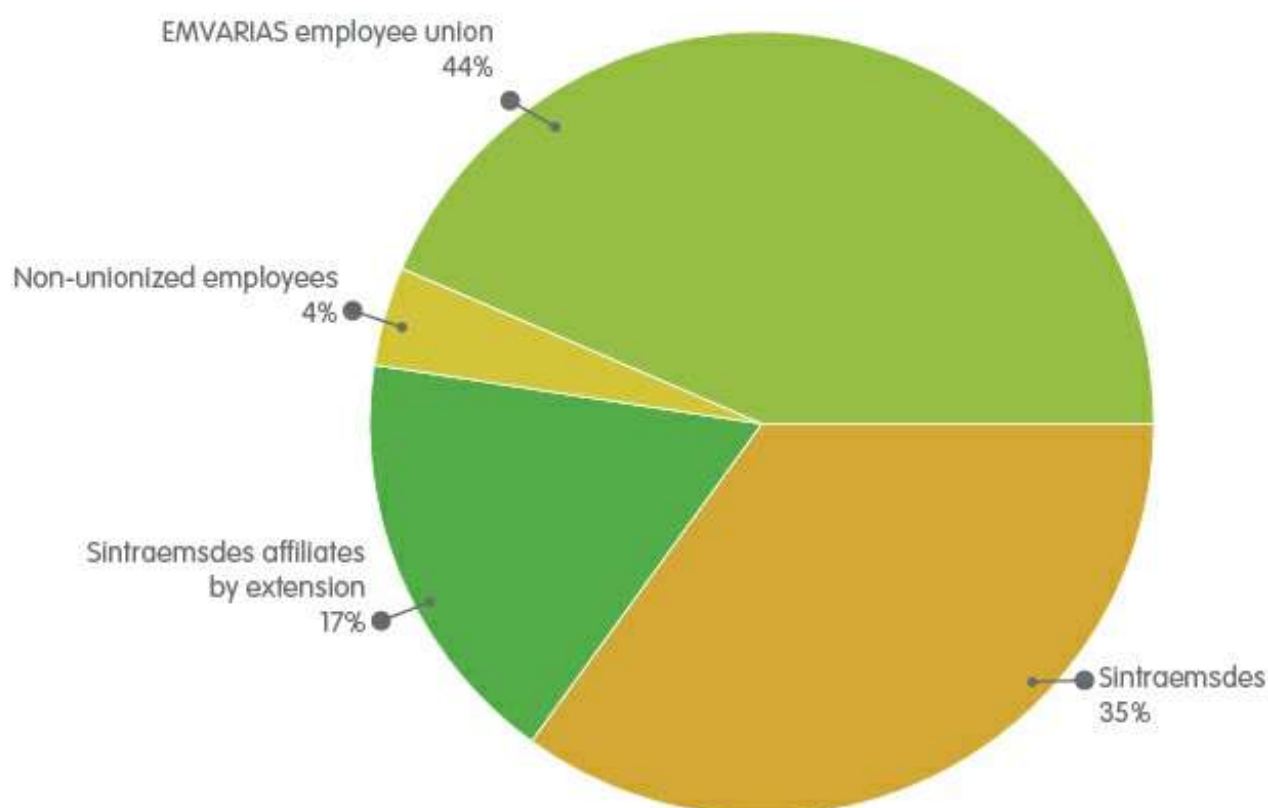
Labor unions	2012	2013	2014	Variation
Sintraemsdes	3,242	3,173	3,054	-3.8%
Sintraemsdes by extension	160	200	79	-60.5%
Sinpro	1,759	1,847	1,860	0.7%
Sinpro by extension	544	611	474	-22.4%
Sinpro and Sintraemsdes	96	79	68	-13.9%
Unigeeep-Sintraemsdes	116	88	66	-25.0%
Unigeeep-Sinpro	Not applicable	9	5	-44.4%
Unaffiliated	23	23	21	-8.7%
Total	5,940	6,030	5,627	-178.0%

In 2014, constant dialog sessions were held with the labor unions Sintraemsdes and Sinpro to socialize and clarify different topics recorded in the corresponding collective deals, and to facilitate friendly relations between the labor unions and the company.

During 2014, the union Sintraemsdes was created in the subsidiary Aguas de Malambo (Malambo sectional subcommittee), and in Aguas de Occidente (Jerome sectional subcommittee). For the 2014 valid period, regarding the national energy business subsidiaries: The Sinemchec union was created in CHEC, which has 57 members to date. A new Collective Bargaining Agreement was signed in EDEQ, effective from 2014 to 2017.



EPM Group Subsidiaries Management in Colombia

Labor unions membership (2014)
Water and sanitation business subsidiaries
(number of people)

Source: Water & Sanitation Business Vice-President's Office - Water Business Subsidiaries

En las The water and sanitation business subsidiaries comply with the collective agreement and have no administrative intervention in the labor union activity. Aguas de Malambo signed the 2014-2016 collective agreement, just as Aguas de Occidente and Aguas de Urabá, but theirs for the 2014-2015 period. Emvarias has provided a space for conducting regular meetings with union members to discuss important topics aimed at improving company-union relations and fulfilling all the union clauses. The following table shows data related to union affiliations in the local water and sanitation business subsidiaries:



Labor union membership in the local water and sanitation business subsidiaries

Labor unions	2012	2013	2014	Variation
Sintraemsdes	85	165	197	19.4%
Sintraemsdes by extension	64	41	98	139.0%
Unaffiliated	-	37	23	-37.8%
Emvarias employee union	-	-	245	-
Total	149	243	563	101.2%

Regarding the electric energy business subsidiaries: CHEC signed a standard agreement ending the two-years labor dispute presented there. In CENS, 95% of workers are affiliated to the Sintraelecol union, with a 2004-2008 Collective Bargaining Agreement automatically extended for six months periods since February 1, 2008. In EDEQ, as of 2014, out of the 341 employees, 98% is covered by the benefits of the Collective Bargaining Agreement negotiated with Sintraelecol Quindio. The following table shows data related to union affiliations in the local electric energy business subsidiaries:



Labor unions membership in the local energy business subsidiaries

Labor unions	2012	2013	2014	Variation
Sintraelecol	1,513	1,909	1,905	-0.2%
Sintraelecol by extension	122	157	119	-24.2%
Sintraemsdes				
SimproESSA	33	101	93	-7.9%
Sintrachec	27	27	30	11.1%
Sinemchec	-	-	57	-
Unaffiliated	353	308	288	-6.5%
Total	2,048	2,502	2,492	-27.7%



Personnel

In EPM Group salary composition is defined by occupational groups structured as follows: managers, professionals, technologists, technicians and assistants, and support. The report of EPM's employees contains the levels, categories, types of positions and existing salaries for each subsidiary.

Pursuant to Act 789 of 2002, the national subsidiaries have the apprentice program, which is aimed at providing students from technical, technological and university programs with the opportunity to perform the professional practice or internship required by the educational institutions. Apprentices and interns are hired through apprenticeship contracts.

Regarding wage, some national subsidiaries have a fixed compensation and profits, most of them are conventional; while others offer a comprehensive salary for those who qualify for it.

In 2014, 68% of EPM's personnel are men and 32% are women.

EPM Management

During 2014:

Managerial personnel has the following gender distribution:



Composition of EPM's management by gender

Indicators	2012	2013	2014	Variation
Men in management positions	125	125	162	29.6%
Women in management positions	45	49	65	32.7%
Men in senior management positions	8	9	9	0.0%
Women in senior management positions	8	8	7	-12.5%

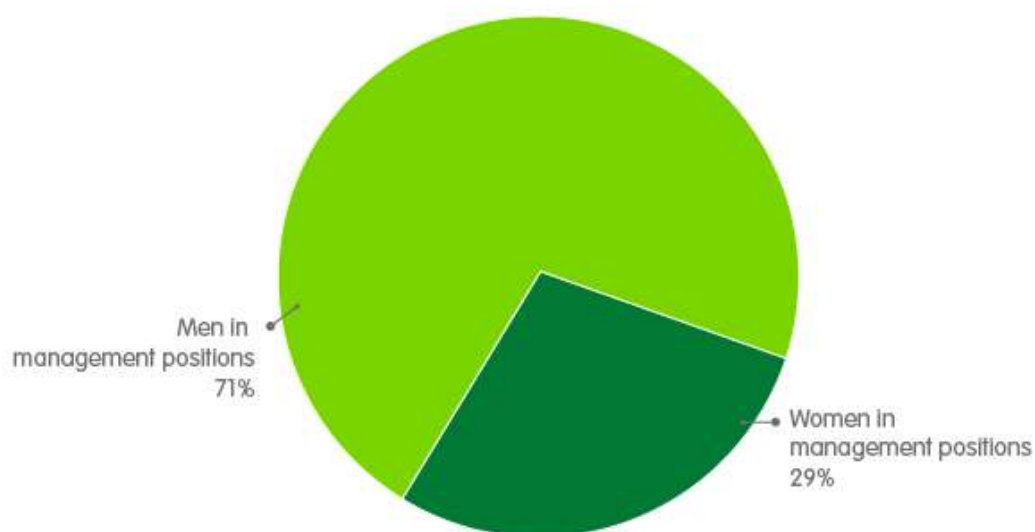
Fuente: Vicepresidencia Desarrollo Humano y Capacidades Organizacionales.



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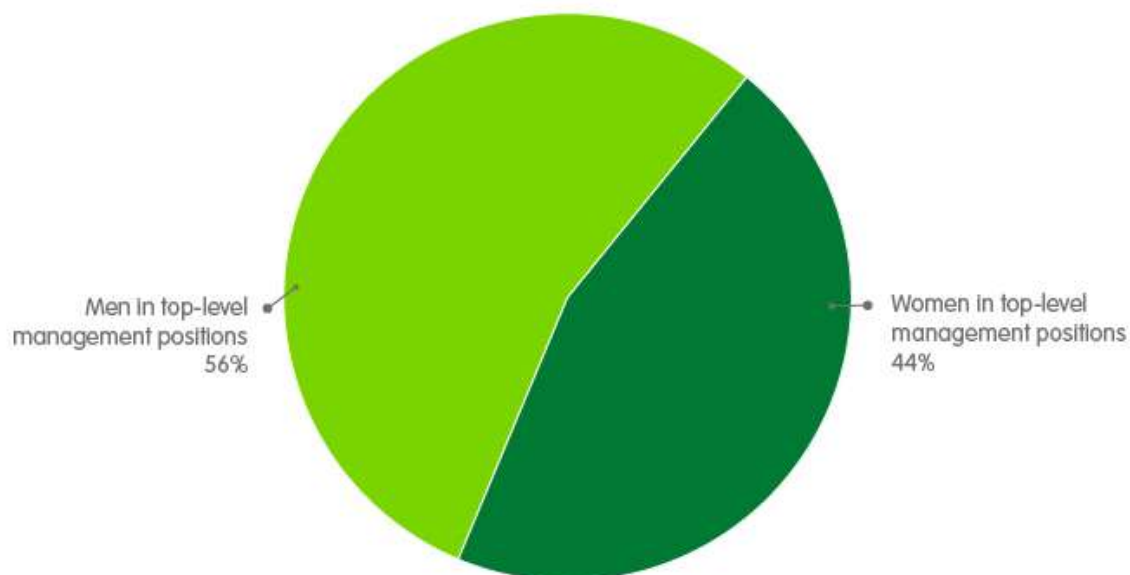


Composition of the management by gender in EPM



Source: Human Development & Organizational Capabilities Vice-President's Office

Composition of the senior management in EPM by gender (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office



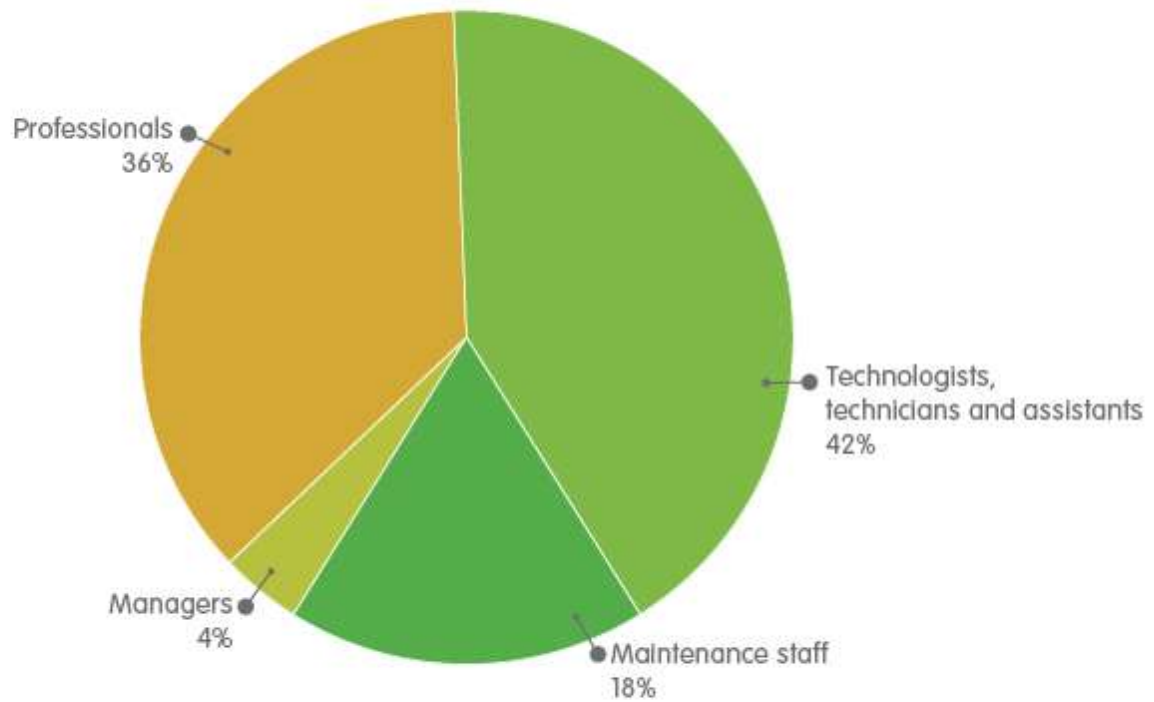
La planta Personnel decreased by -6.7% compared to 2013. One factor is retirement increase – aged employees.

EPM's personnel				
Curve	2012	2013	2014	Variation
Senior Managers	170	174	227	30.5%
Professionals	2,100	2,241	2,051	-8.5%
Technologists, technicians and assistants	2,475	2,532	2,347	-7.3%
Maintenance Personnel	1,079	1,083	1,002	-7.5%
Total	5,824	6,030	5,627	-6.7%

Source: Human Development & Organizational Capabilities Vice-President's Office



EPM personnel (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office



EPM's employee turnover

Indicator	2012	2013	2014	Variation
Turnover	3.8%	5.5%	8.0%	45.5%

Source: Human Development & Organizational Capabilities Vice-President's Office

The following table shows personnel data regarding withdrawals:

EPM's employee withdrawal indicators

Cause of withdrawal	2012	2013	2014	Variation
Resignation due to age pension	88	65	161	147.7%
Contract termination due to just cause - pension	61	74	197	166.2%
Voluntary resignation	24	26	19	-26.9%
Official disability dismissal	1	2	-	-
Death	6	9	5	-44.4%
Fixed-term contract completion	17	40	66	65.0%
Trial period	3	1	-	-
Indemnification	5	11	12	9.1%
Just cause, Law 734/2002	9	1	4	300.0%
Disqualification	-	-	-	-
Contract termination due to just cause	-	-	-	-
Total	214	229	464	102.6%



Source: Human Development & Organizational Capabilities Vice-President's Office

Personnel has the following gender distribution:

Composition of the job positions by gender in EPM

Curve	2013			2014		
	Total	Men	Women	Total	Men	Women
Managers	174	125	49	227	162	65
Professionals	2,197	1,262	935	2,051	1,172	879
Technologists, technicians and assistants	2,516	1,730	786	2,347	1,600	747
Maintenance Personnel	1,083	1,073	10	1,002	995	7
Professionals in training	60	33	27	-	-	-
Subtotal	6,030	4,223	1,807	5,627	3,929	1,698
Apprentices	247	98	149	226	66	160
Interns	96	48	48	87	38	49
Subtotal	343	146	197	313	104	209
Total	6,373	4,369	2,004	5,940	4,033	1,907

Source: Human Development & Organizational Capabilities Vice-President's Office

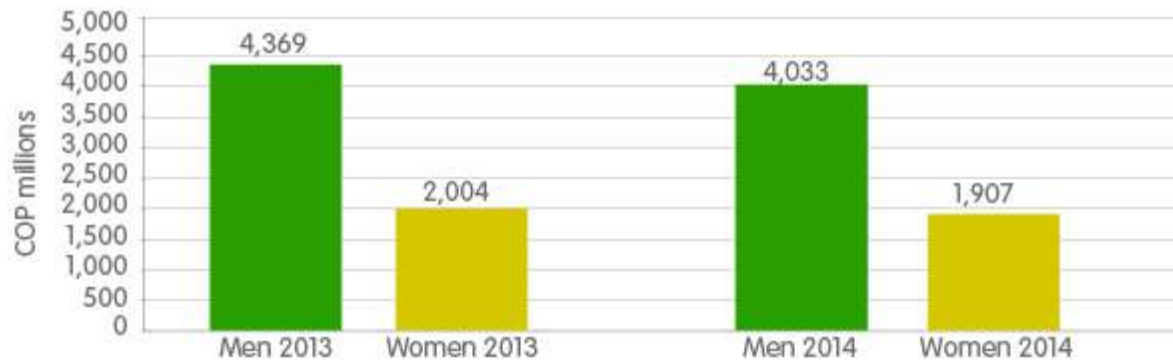


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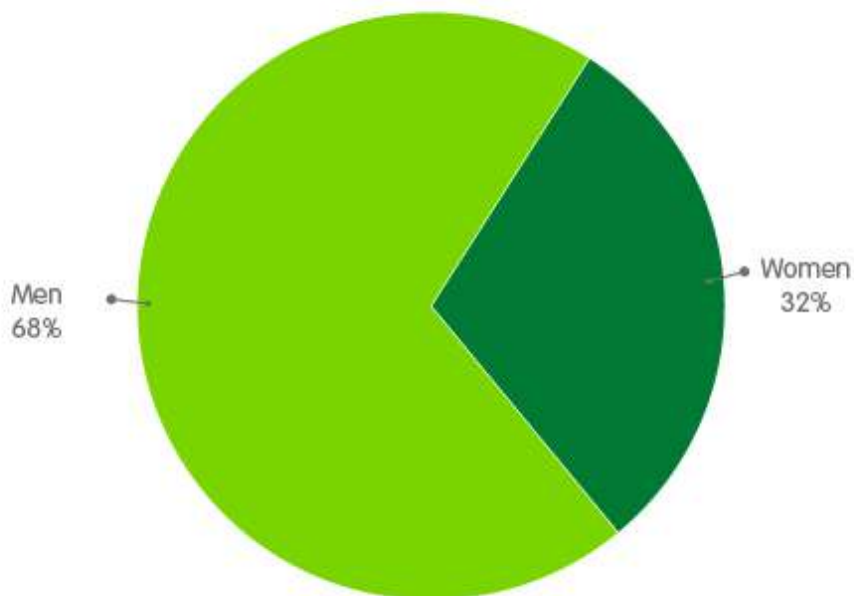


Composition of the staff by gender in EPM



Source: Human Development & Organizational Capabilities Vice-President's Office

Composition of the staff by gender in EPM (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office



As of December 31, 2014, about 44% of the personnel is between 45 and 55 years old:

Personnel details according to age in EPM				
Age range	2013		2014	Variation
18-25 years old	69		26	-62.3%
25-30 years old	401		296	-26.2%
30-35 years old	727		678	-6.7%
35-40 years old	640		682	6.6%
40-45 years old	793		715	-9.8%
45-50 years old	1,179		1,148	-2.6%
50-55 years old	1,350		1,307	-3.2%
55-60 years old	767		713	-7.0%
older than 60	104		62	-40.4%
Total personnel as of December 31	6,030		5,627	-6.7%
Personnel average age (years)	45		46	2.8%

Source: Human Development & Organizational Capabilities Vice-President's Office

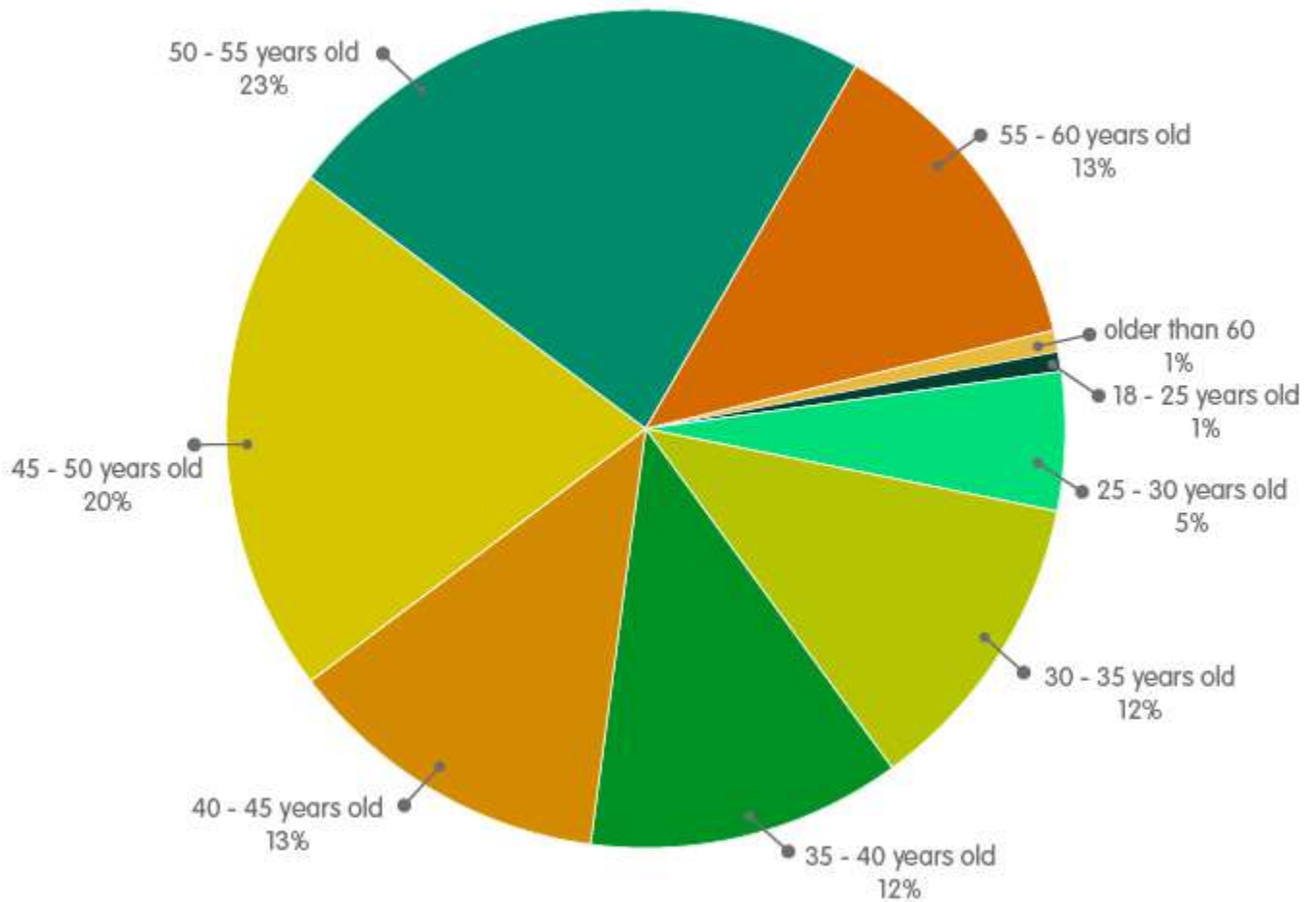


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Staff distribution in EPM according to age (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office



EI The average job tenure is maintained, indicating job security:

Staff distribution according to tenure in EPM				
Range	2013		2014	Variation
0-1 years	437		63	-85.6%
1-5 years	1,233		1,112	-9.8%
5-10 years	1,115		1,509	35.3%
10-15 years	205		195	-4.9%
15-20 years	772		584	-24.4%
20-25 years	1,112		1,023	-8.0%
25-30 years	634		715	12.8%
30-40 years	515		420	-18.4%
More than 40 years	7		6	-14.3%
Total staff as of December 31	6,030		5,627	-6.7%
Average tenure of the staff - years	14.6		14.8	1.0%

Source: Human Development & Organizational Capabilities Vice-President's Office

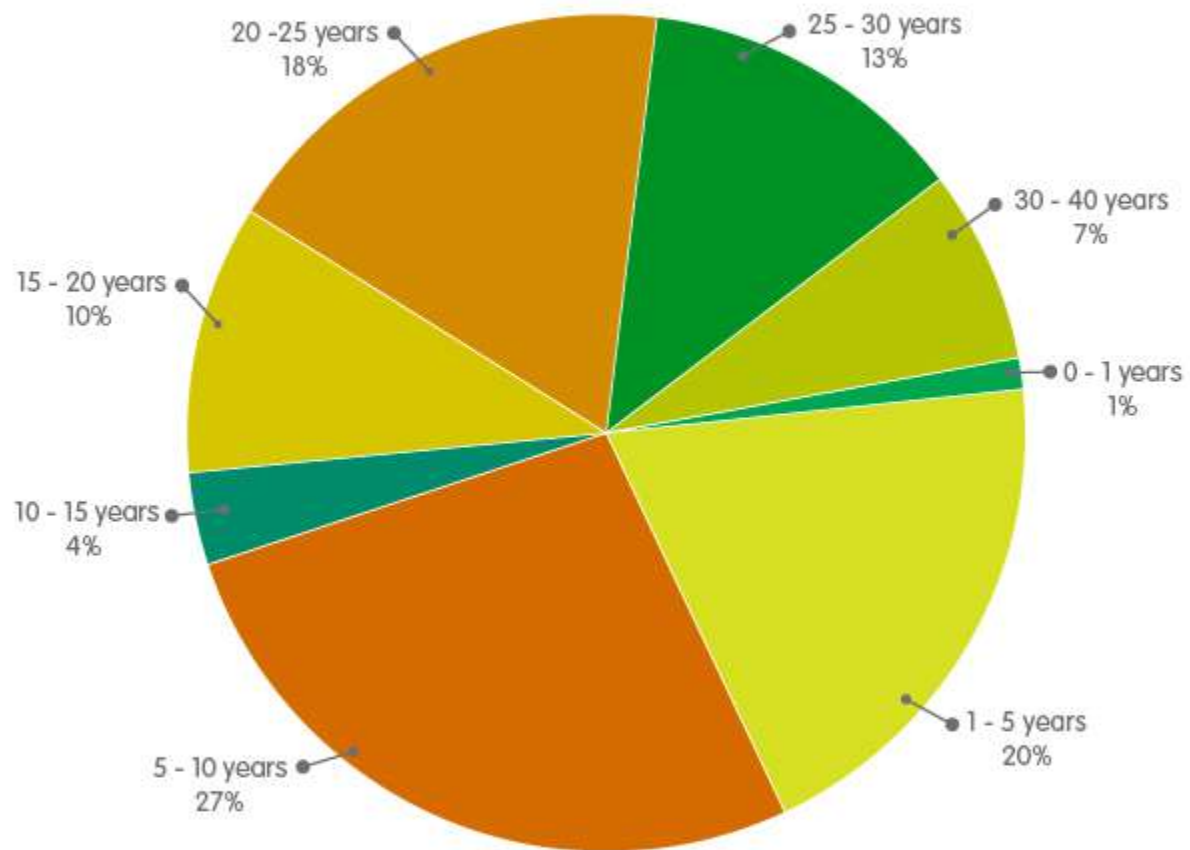


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Staff distribution according to tenure in EPM (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office

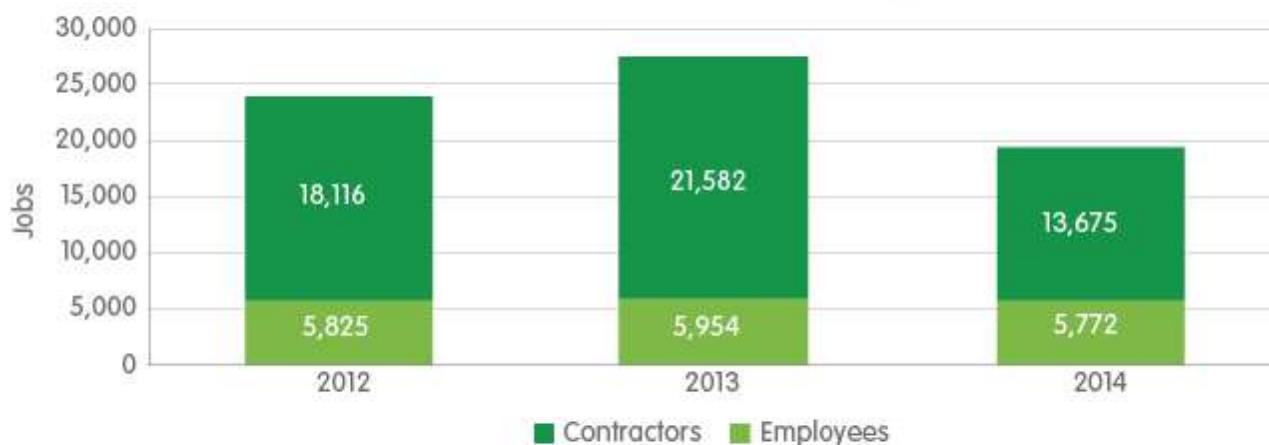


In 2014, we had a monthly average of 19,447 new jobs, including contractor staff:

Monthly average employment in EPM				
Monthly average employment	2012	2013	2014	Variation
Employees	5,825	5,954	5,772	-3.1%
Contractors	18,116	21,582	13,675	-36.6%
Total jobs generated, monthly average	23,941	27,536	19,447	-29.4%

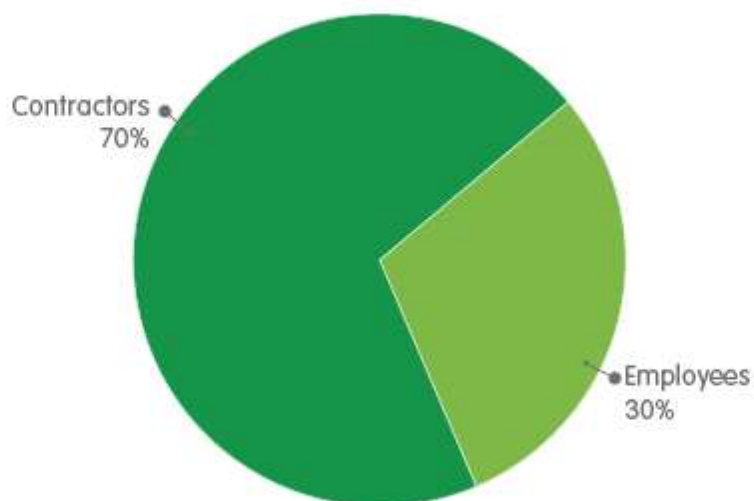


Jobs created, monthly average



Source: Human Development & Organizational Capabilities Vice-President's Office

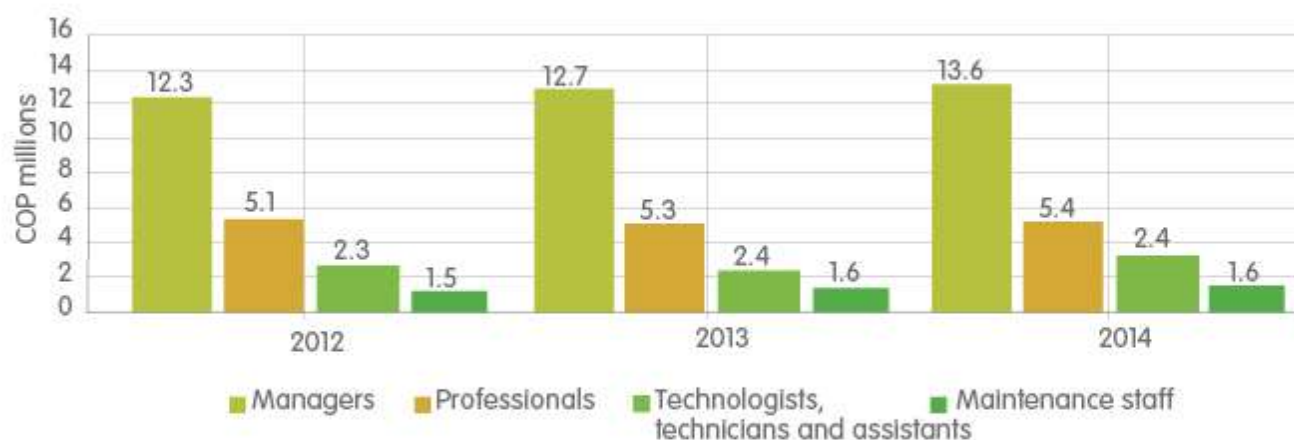
Jobs created, monthly average (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office



Average monthly base salary in EPM



Source: Human Development & Organizational Capabilities Vice-President's Office

- Optimizing assistance times for social benefits payment, timely addressing 464 final social benefits payments for former employees.
- Recovery of COP \$3,157 million of the portfolio generated by recovery of disability absences from different health service entities, 121% more than in 2013.
- Regulation of services such as payroll processing and social benefits, self-payment, training, advice and support provided to national water business subsidiaries about payroll and information technology, and also their payroll settlement, in a timely manner and with a 100% payment compliance.
- Responding to the monitoring requirement regarding social security and parafiscal contribution in 2012.
- Attention to the audit performed by the Unidad Gestión Pensional y Parafiscal (Parafiscal and Pension Management Unit) in April 2014, which helped to reduce an alleged obligation of COP \$5,900 million to COP \$388 million for EPM.

In the EPM Group's national subsidiaries a new organizational structure was implemented aiming their consolidation.

EPM Group Subsidiaries Management in Colombia

At Aguas de Malambo and Aguas de Urabá, the employees' average age is 30 and 32 respectively, being relatively young organizations. The wage increase for this term corresponds to that negotiated in the 2014-2016 Collective Bargaining Agreement for Aguas de Malambo, and that of 2014-2015 for Aguas de Urabá.



Composition of the management by gender - Colombian water and sanitation business subsidiaries

Water subsidiaries total	2012	2013	2014	Variation
Men in management positions	9	9	15	66.7%
Women in management positions	9	8	19	137.5%
Men in senior management positions	2	2	4	100.0%
Women in senior management positions	2	2	7	250.0%

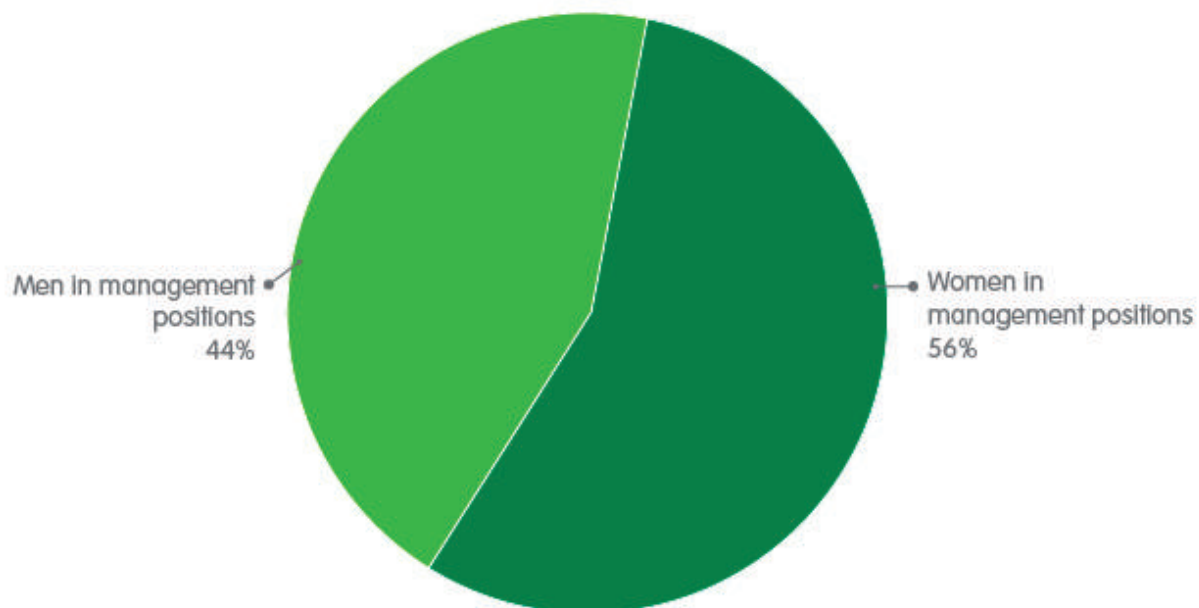
Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries



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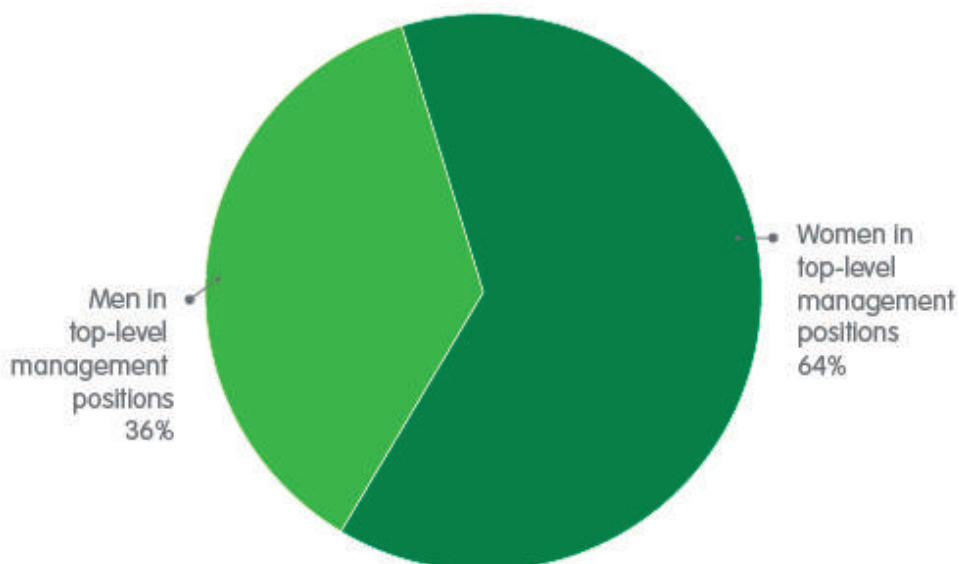


Composition of the management by gender (2014) Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries

Composition of the senior management by gender (2014) Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries

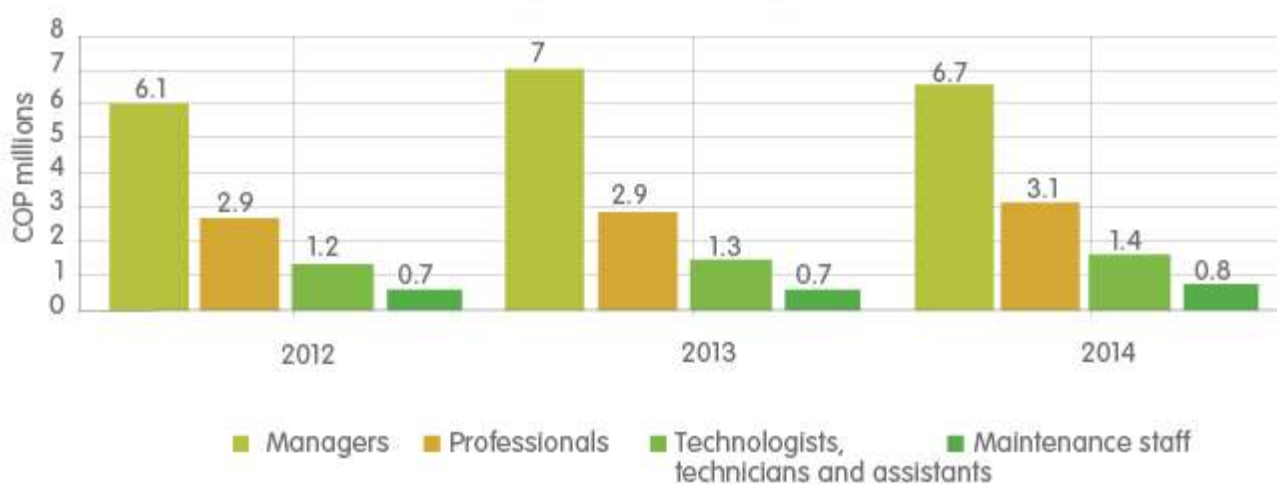


e Occidente had a 50% turnover in administrative staff and a 50% in operating staff.

In Aguas de Urabá, Aguas del Oriente Antioqueño and Aguas Nacionales, staff withdrawals were due to voluntary resignations.

As for Emvarias, approximately 80% of its personnel is more than 40 years old, which indicates that there is no age discrimination. It also presented a proactive development of organizational climate and culture, and held individual and collective labor relations with employees.

Average monthly base salary Water and sanitation subsidiaries (COP millions)



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries



Water and sanitation business subsidiaries personnel

Curve	2012	2013	2014	Variation
Senior Managers	18	17	35	105.9%
Professionals	51	54	105	94.4%
Technologists, technicians and assistants	86	91	152	67.0%
Maintenance Personnel	157	161	325	101.9%
Total	312	323	617	91.0%

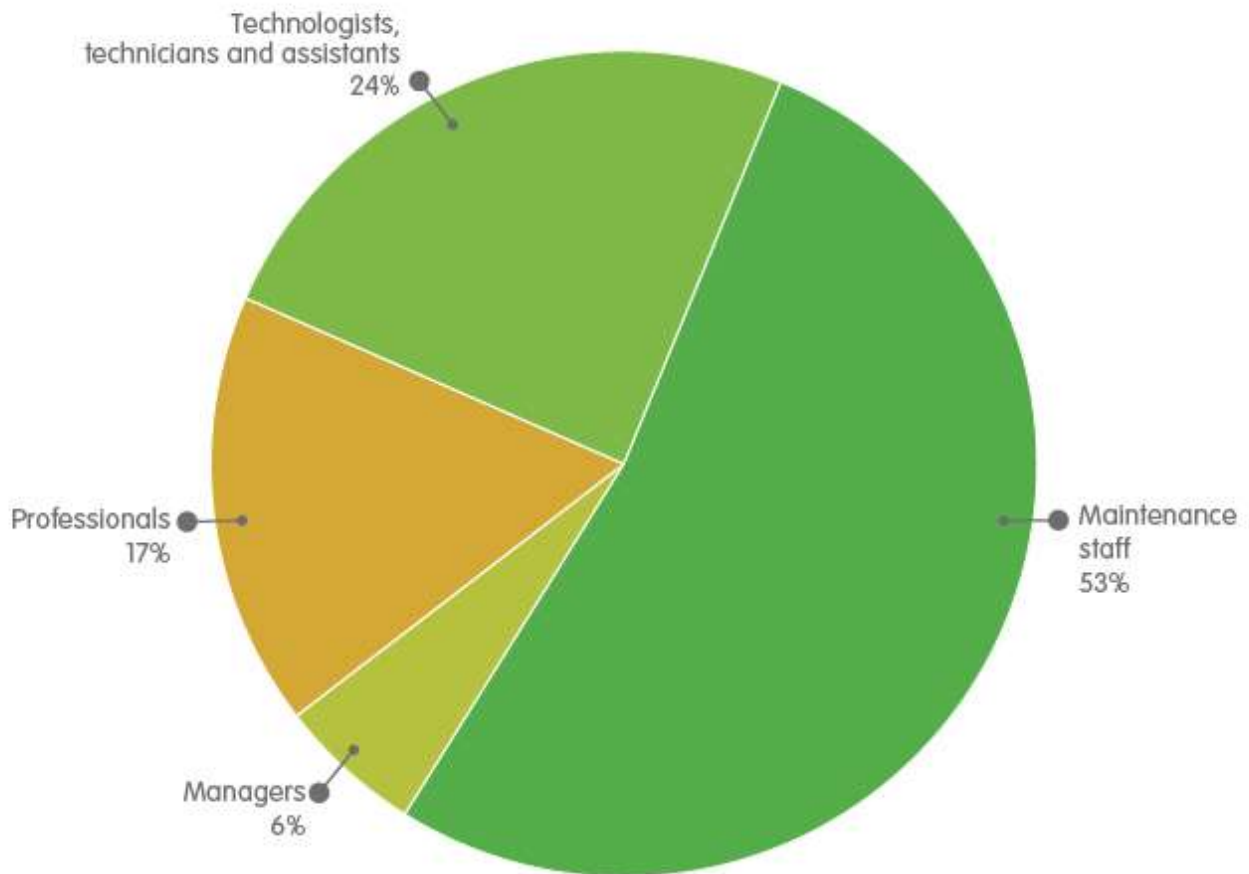
Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries



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Personnel (2014) Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries



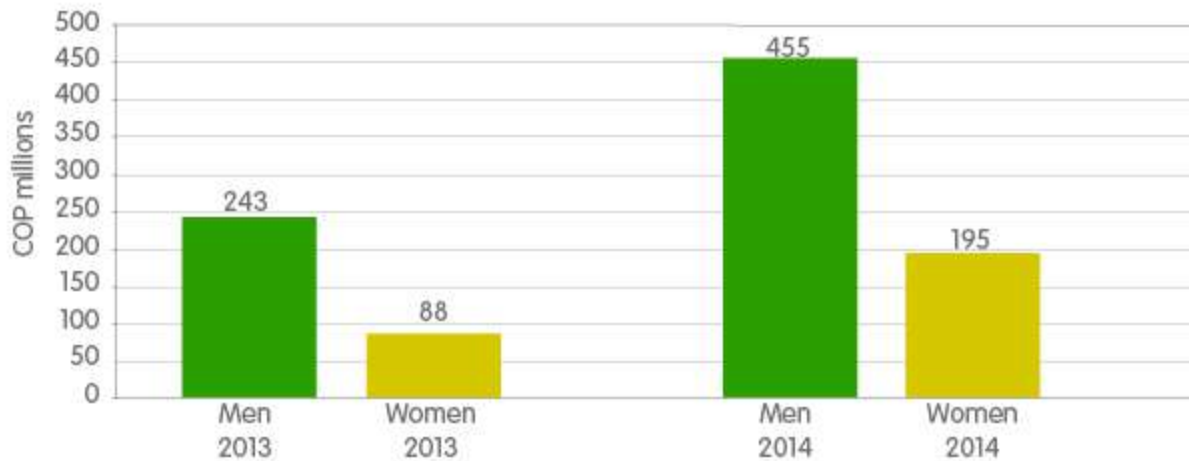
And its composition is as follows:

Composition of the job positions by gender - Water and sanitation business subsidiaries						
Curve	2013			2014		
	Total	Men	Women	Total	Men	Women
Managers	17	8	9	33	15	18
Professionals	52	21	31	107	46	61
Technologists, technicians and assistants	91	52	39	152	81	71
Maintenance Personnel	160	158	2	324	301	23
Professionals in training	-	-	-	-	-	-
Subtotal	320	239	81	616	443	173
Apprentices	11	4	7	32	11	21
Interns	-	-	-	2	1	1
Subtotal	11	4	7	34	12	22
Total	331	243	88	650	455	195

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries

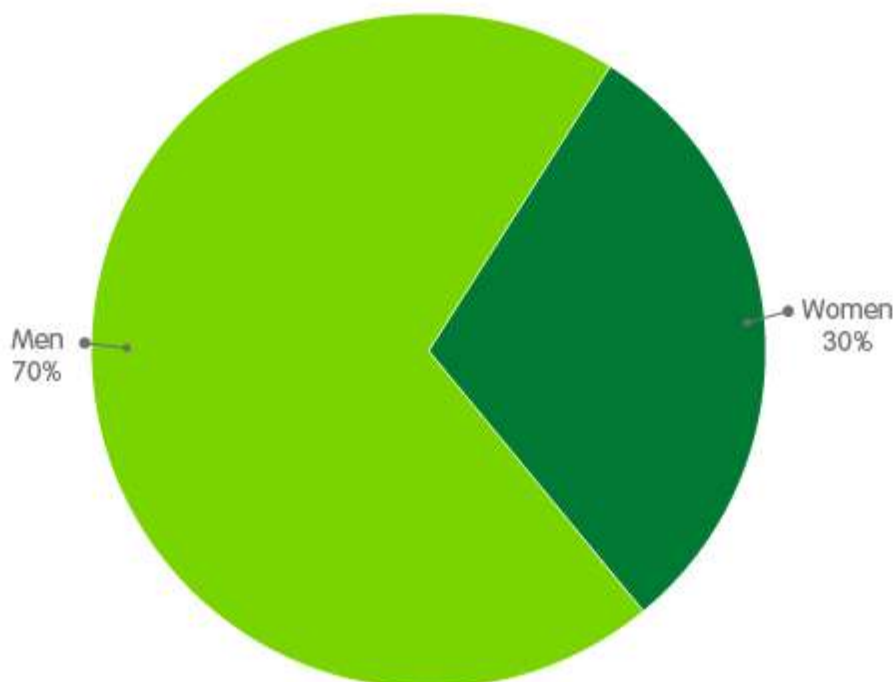


Composition of the staff by gender Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries

Composition of the staff by gender (2014) Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries



In the national subsidiaries of the water and sanitation business the average age is 39.

Personnel details according to age - Water and sanitation business subsidiaries

Age range	2012	2013	2014	Variation
18-25 years old	27	24	31	29.2%
25-30 years old	52	68	83	22.1%
30-35 years old	53	79	101	27.8%
35-40 years old	30	56	96	71.4%
40-45 years old	36	39	85	117.9%
45-50 years old	15	28	92	228.6%
50-55 years old	5	16	70	337.5%
55-60 years old	3	7	52	642.9%
older than 60	-	1	5	400.0%
Total personnel as of December 31	221	318	615	93.4%
Personnel average age (years)	32	35	39	11.2%

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries

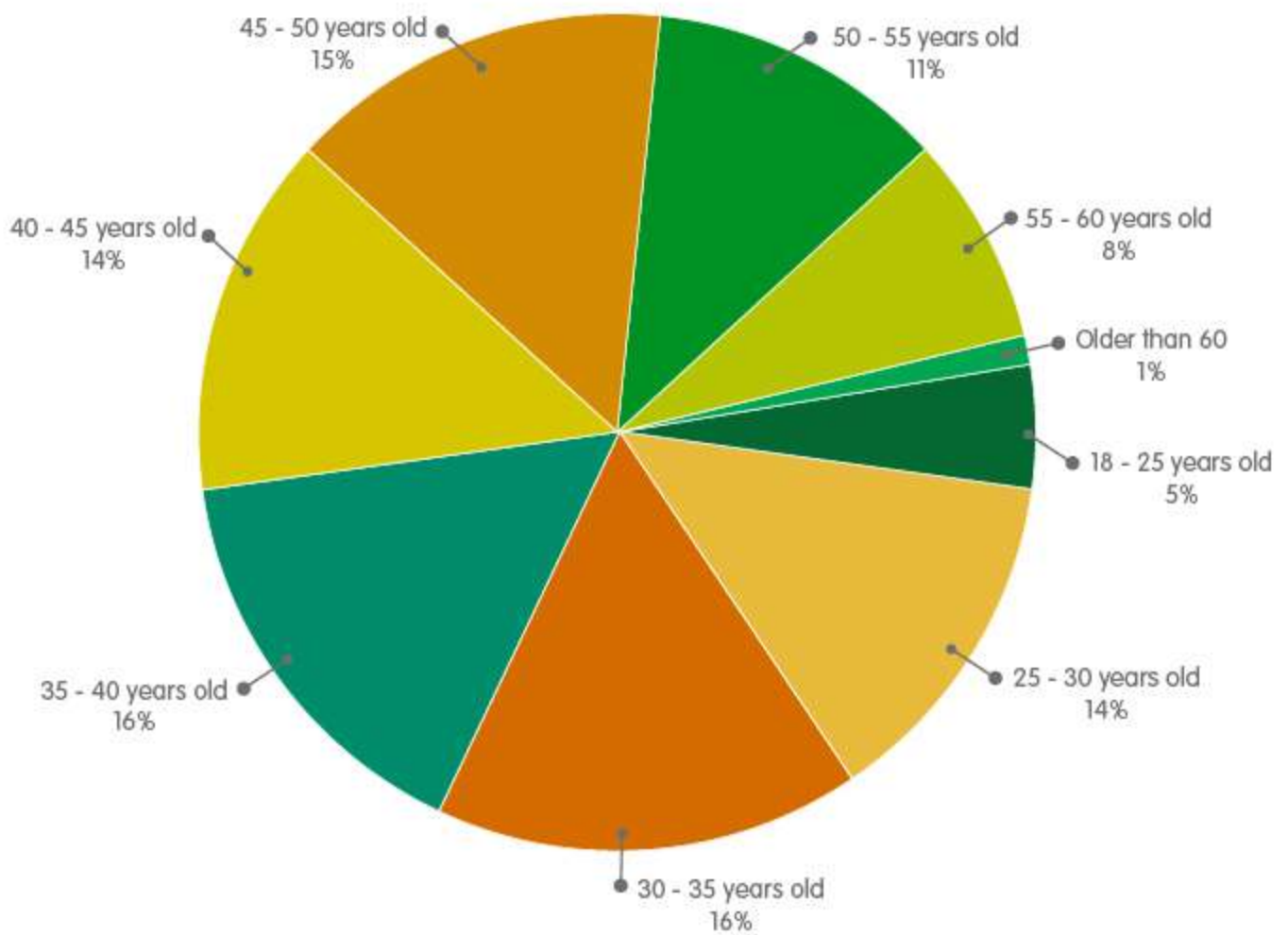


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Staff distribution according to age (2014) Water and sanitation subsidiaries



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries



In the subsidiaries of the water and sanitation business, the job tenure range with the highest number of employees is that between 1 and 5 years: 298 people.

Staff distribution according to tenure - Water and sanitation subsidiaries

Range	2012	2013	2014	Variation
0-1 years	169	41	52	26.8%
1-5 years	127	242	298	23.1%
5-10 years	14	36	101	180.6%
10-15 years	3	3	14	366.7%
15-20 years	-	-	65	
20-25 years	-	-	79	
25-30 years	-	-	10	
Total staff as of December 31	313	322	619	92.2%
Average tenure of the staff - years	5	5	5	0.0%

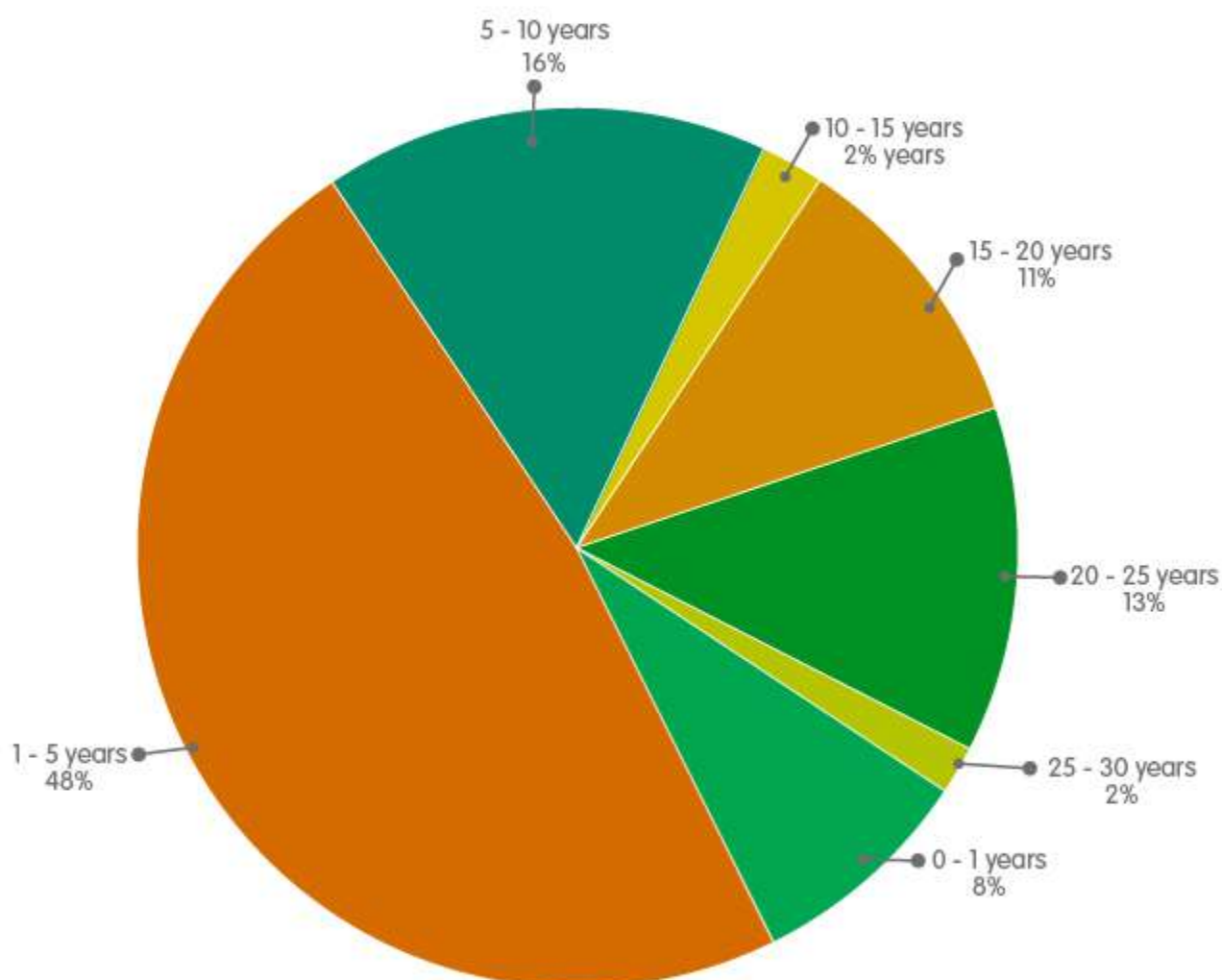
Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries



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2014 staff distribution according to tenure Water and sanitation subsidiaries:



Source: Water & Sanitation Vice-President's Office - Water Subsidiaries



Resignations are mostly voluntary.

Employee withdrawal indicators in the water business subsidiaries

Cause of withdrawal (people)	2012	2013	2014	Variation
Resignation due to age pension	-	-	5	
Contract termination due to just cause - pension	-	-	5	
Voluntary resignation	26	23	29	26.1%
Fixed-term contract completion	-	1	3	200.0%
Trial period	4	-	-	
Indemnification	4	5	2	-60.0%
Just cause, Law 734/2002	-	1	1	0.0%
Contract termination due to just cause	6	3	2	-33.3%
Total	40	33	47	42.4%

Source: Water & Sanitation Business Vice-President's Office – Water Business Subsidiaries



Regarding the national electric energy business subsidiaries during 2014:

- CHEC made adjustments based on the new structure implemented by the EPM Group's consolidation. Its personnel remains steady, with a greater concentration on technologists, technicians and assistants positions.
- CHEC's personnel has a low rate of withdrawals, with 22% for the job tenure ranges of 5-10 and 25-30 years.
- CENS implemented a new management structure. The average age of the personnel hired is 45. The rate of staff resignation is very low and their service average length is 11 years.

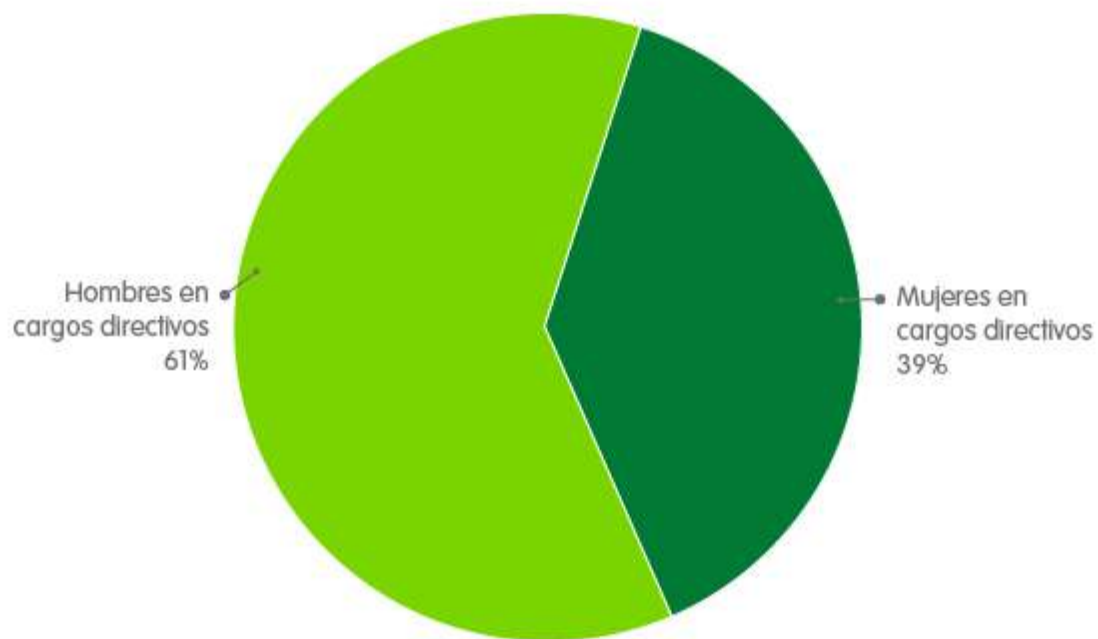
Composition of the management by gender - Energy business subsidiaries

	2012	2013	2014	Variation
Men in management positions	40	35	19	-45.7%
Women in management positions	14	13	12	-7.7%
Men in senior management positions	36	25	13	-48.0%
Women in senior management positions	14	12	11	-8.3%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



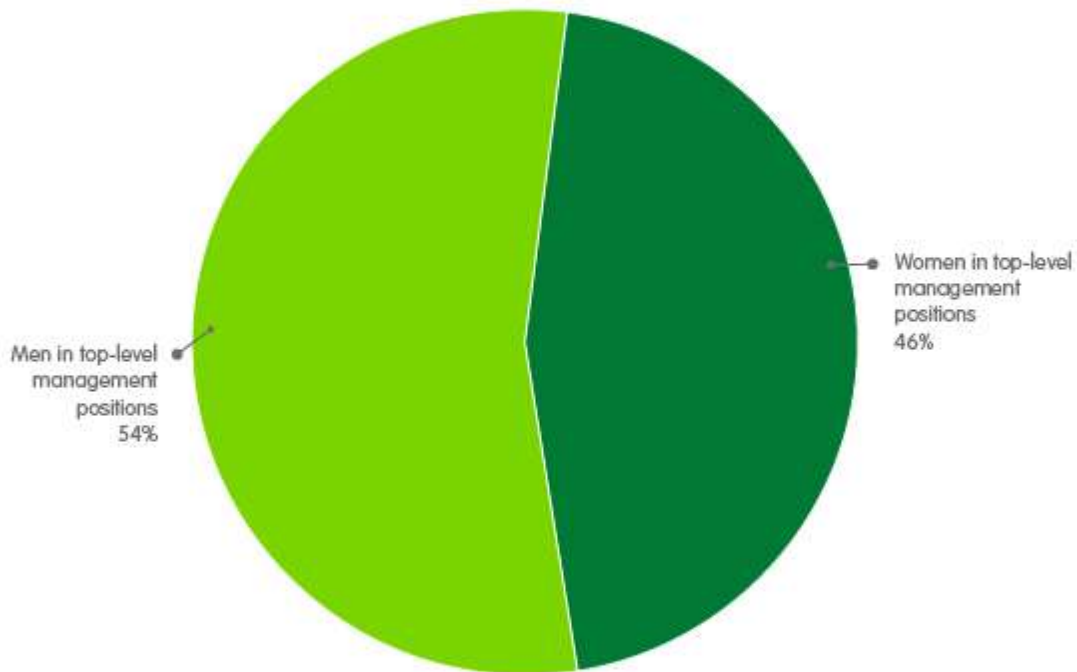
Composición de directivos por género 2014 Filiales energía



Fuente: Vicepresidencia Transmisión y Distribución Energía - Filiales Energía



Composition of the senior management by gender (2014) Energy subsidiaries

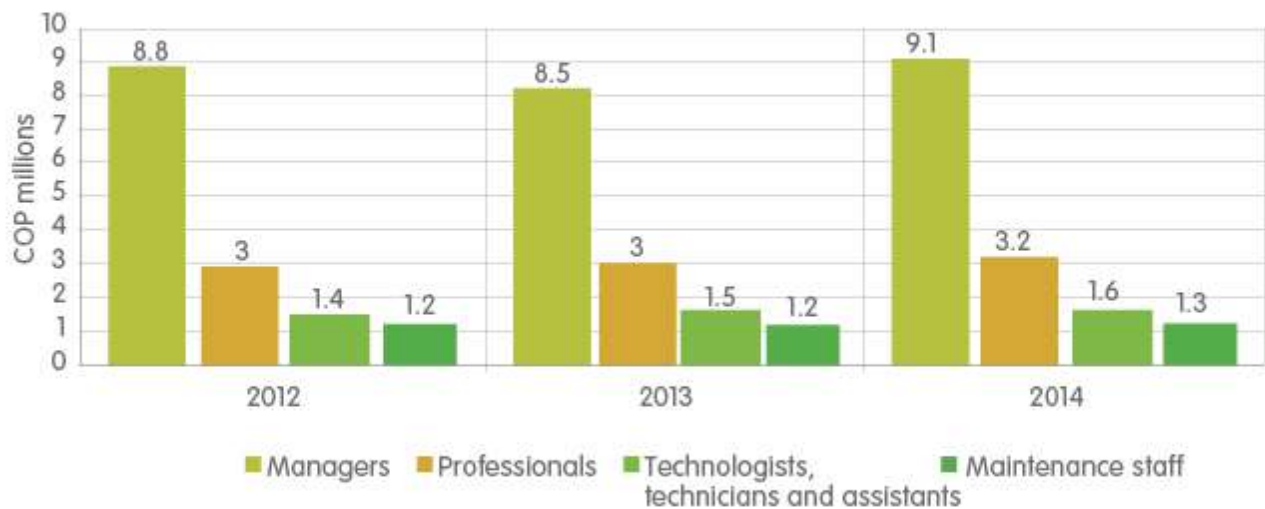


Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries

In CENS subsidiary, the significant variation of managers' basic salaries for 2014 corresponds to the corporate ladder scheme approved for new job positions.



Average monthly base salary Energy subsidiaries (COP millions)



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



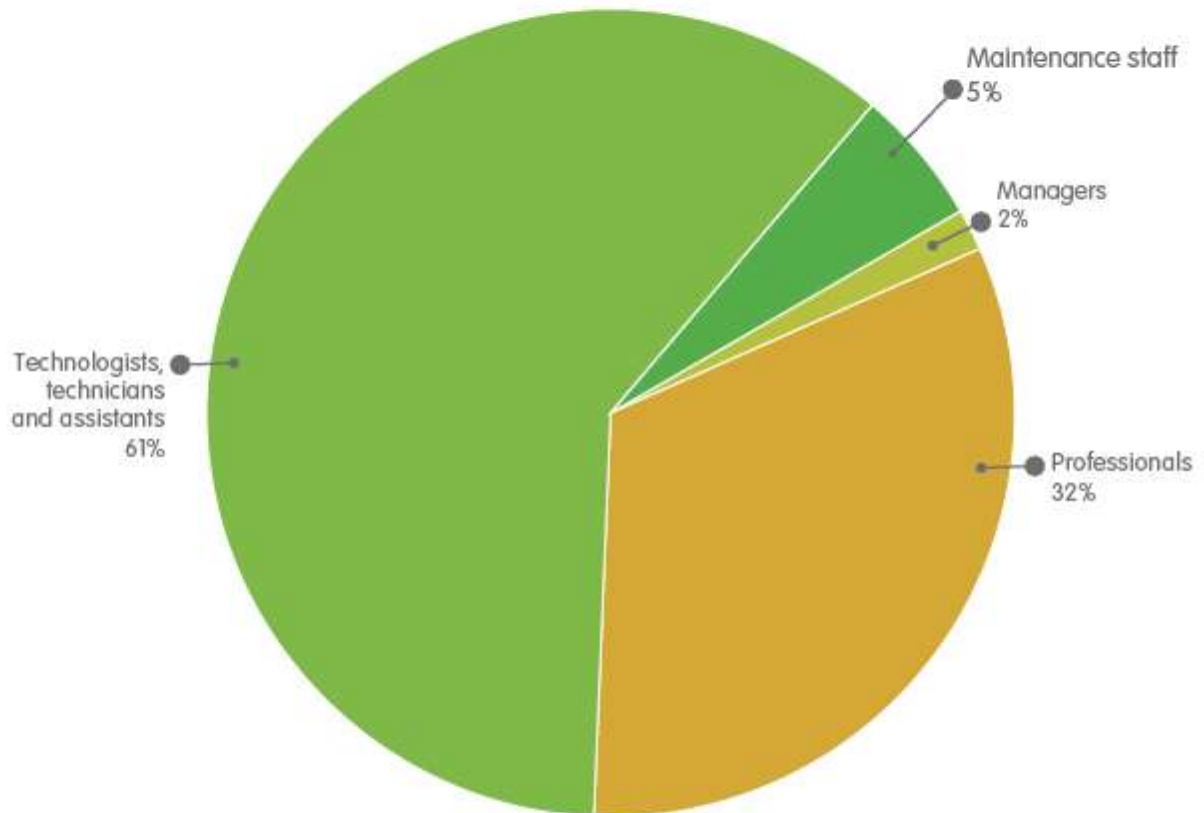
In the national electric energy subsidiaries, personnel shows a decrease compared to 2013:

Energy business subsidiaries personnel				
Curve	2012	2013	2014	Variation
Senior Managers	74	40	42	5.0%
Professionals	792	820	813	-0.9%
Technologists, technicians and assistants	1,533	1,552	1,523	-1.9%
Maintenance Personnel	146	145	137	-5.5%
Total	2,545	2,557	2,515	-1.6%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



Personnel (2014) Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



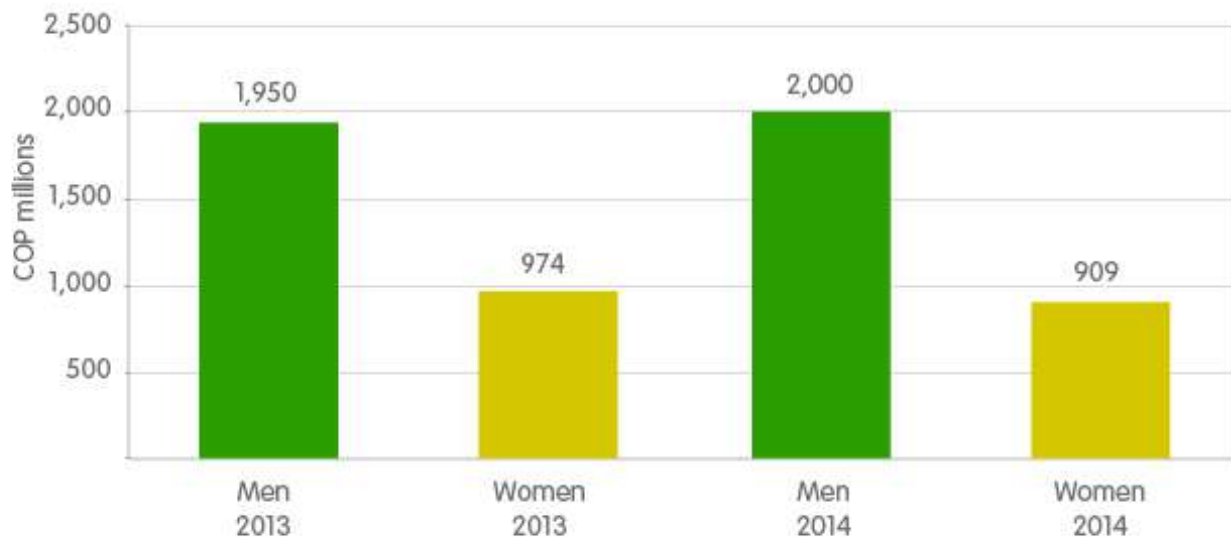
As for personnel composition regarding job position and gender, most technologists, technicians, and assistants are men:

Composition of the job positions by gender - Energy business subsidiaries						
Curve	2013			2014		
	Total	Men	Women	Total	Men	Women
Senior Managers	59	43	16	42	25	17
Professionals	820	495	325	814	494	320
Technologists, technicians and assistants	1,552	1,199	353	1,522	1,179	343
Maintenance Staff	145	73	72	170	136	34
Professionals in training	-	-	-	-	-	-
Subtotal	2,576	1,810	766	2,548	1,834	714
Apprentices	207	78	129	239	107	132
Interns	141	62	79	122	59	63
Subtotal	348	140	208	361	166	195
Total	2,924	1,950	974	2,909	2,000	909

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries

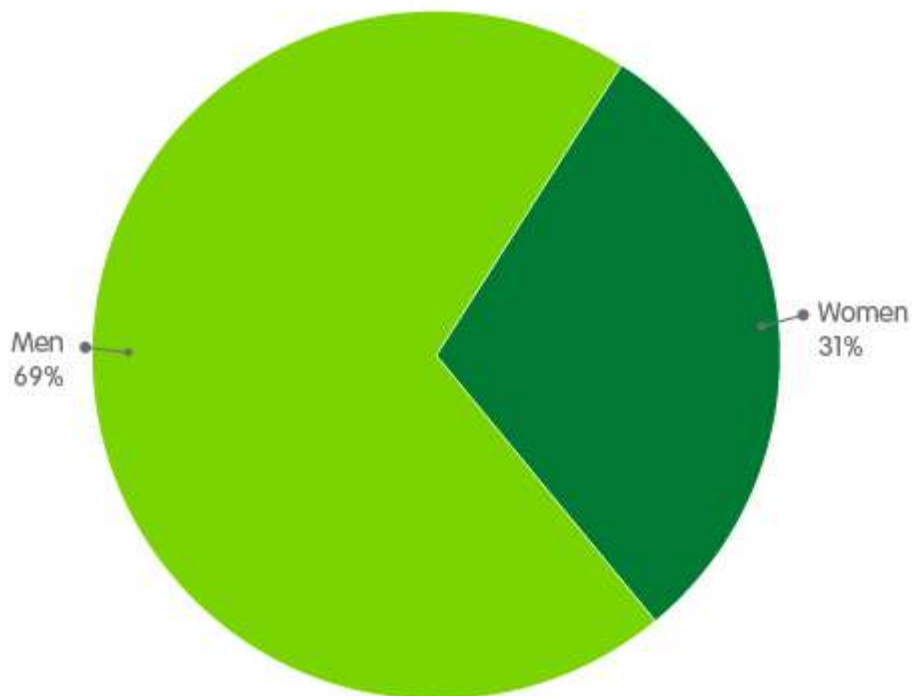


Composition of the staff by gender Energy subsidiaries

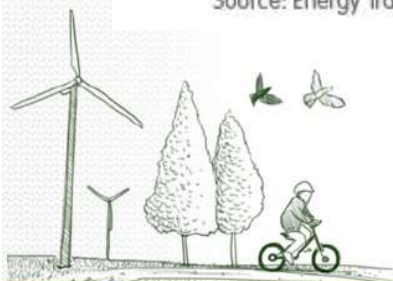


Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries

Composition of the staff by gender (2014) Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



In CHEC subsidiary, personnel behavior has been steady. Variation is mainly due to voluntary resignations. As for CENS, the average age of hired staff is 45.

In general, the average age in the national electric energy subsidiaries is 43.

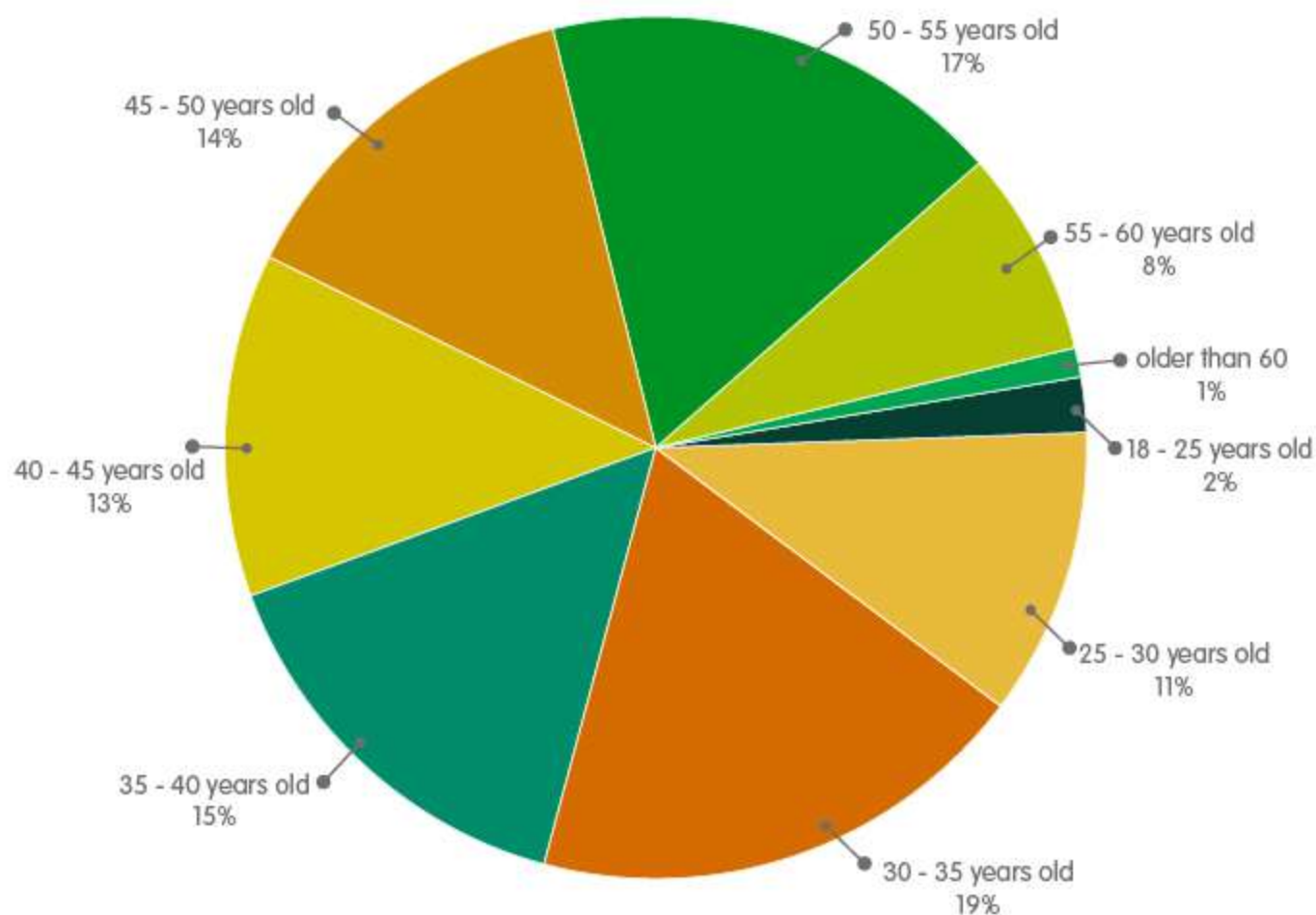
Personnel details according to age - Energy business subsidiaries

Age range	2012	2013	2014	Variation
18-25 years old	94	71	56	-21.1%
25-30 years old	289	320	272	-15.0%
30-35 years old	480	493	476	-3.4%
35-40 years old	372	378	386	2.1%
40-45 years old	314	314	323	2.9%
45-50 years old	375	366	347	-5.2%
50-55 years old	406	425	437	2.8%
55-60 years old	178	180	195	8.3%
older than 60	37	29	23	-20.7%
Total personnel as of December 31	2,545	2,576	2,515	-2.4%
Personnel average age (years)	42	42	43	1.2%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



Staff distribution according to age (2014) Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



In CENS subsidiary, the personnel's average service length is 11 years.

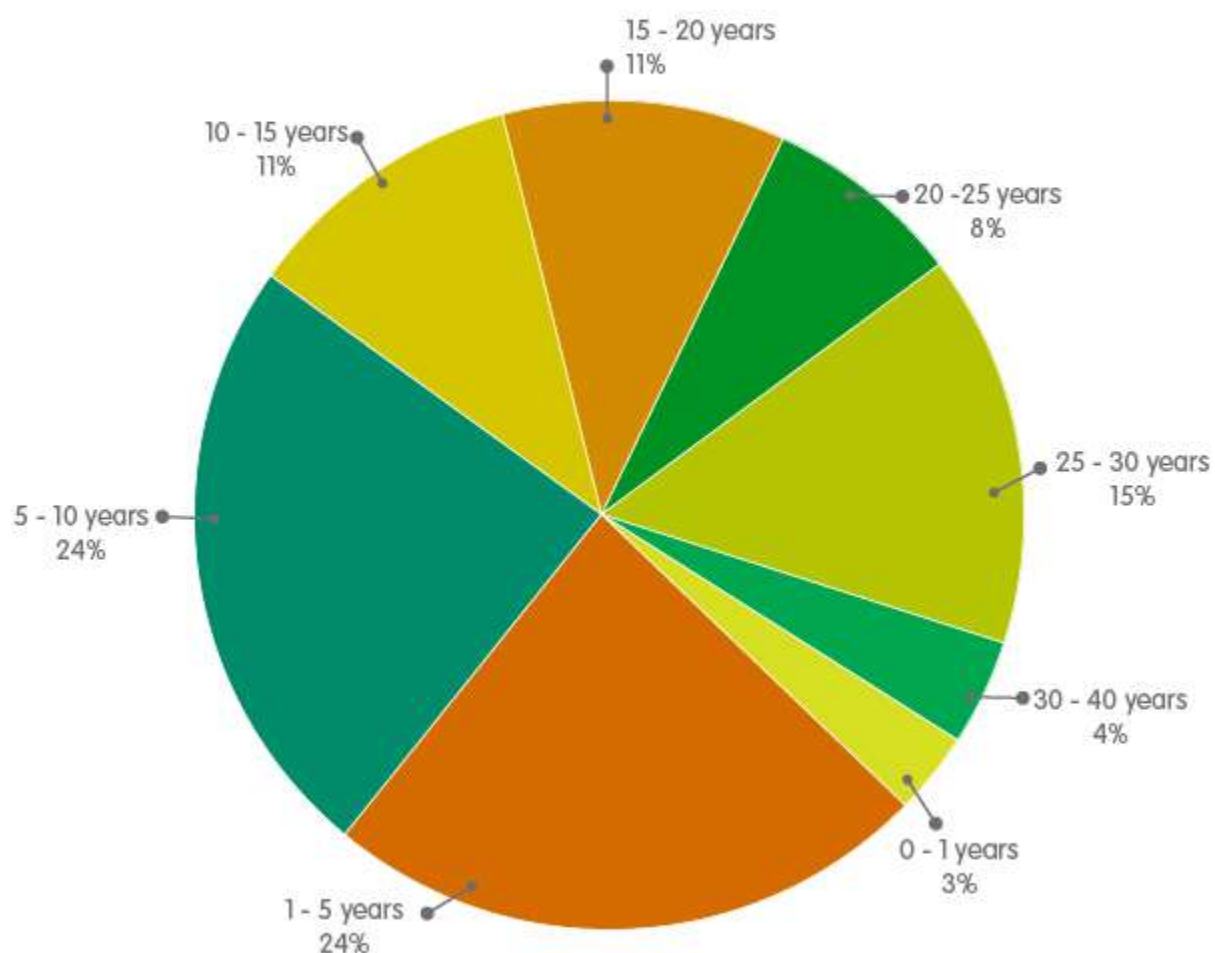
National electric energy business subsidiaries show a grater job tenure, which is between 5-10 years:

Staff distribution according to tenure - Energy subsidiaries				
Range	2012	2013	2014	Variation
0-1 years	305	204	76	-62.7%
1-5 years	527	608	595	-2.1%
5-10 years	638	650	607	-6.6%
10-15 years	152	166	280	68.7%
15-20 years	255	281	277	-1.4%
20-25 years	422	349	196	-43.8%
25-30 years	192	230	377	63.9%
30-40 years	54	88	106	20.5%
More than 40 years	-	-	1	
Total staff as of December 31	2,545	2,576	2,515	-2.4%
Average tenure of the staff - years	11.6	11.7	12.3	4.5%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



2014 staff distribution according to tenure Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



Most withdrawals in CHEC are voluntary resignations mostly due to other job offers.

In general, most withdrawals are employees' voluntary resignations:

Employee withdrawal indicators in the energy business subsidiaries

Cause of withdrawal (people)	2012	2013	2014	Variation
Resignation due to age pension	7	18	5	-72.2%
Contract termination due to just cause - pension	2	7	12	71.4%
Voluntary resignation	40	53	49	-7.5%
Official disability dismissal	3	2	1	-50.0%
Death	1	2	1	-50.0%
Fixed-term contract completion	21	10	23	130.0%
Trial period	-	-	1	
Indemnification	2	-	2	
Just cause, Law 734/2002	-	-	-	
Disqualification	4	-	-	
Contract termination due to just cause	9	3	5	66.7%
Total	89	95	99	4.2%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Business Subsidiaries



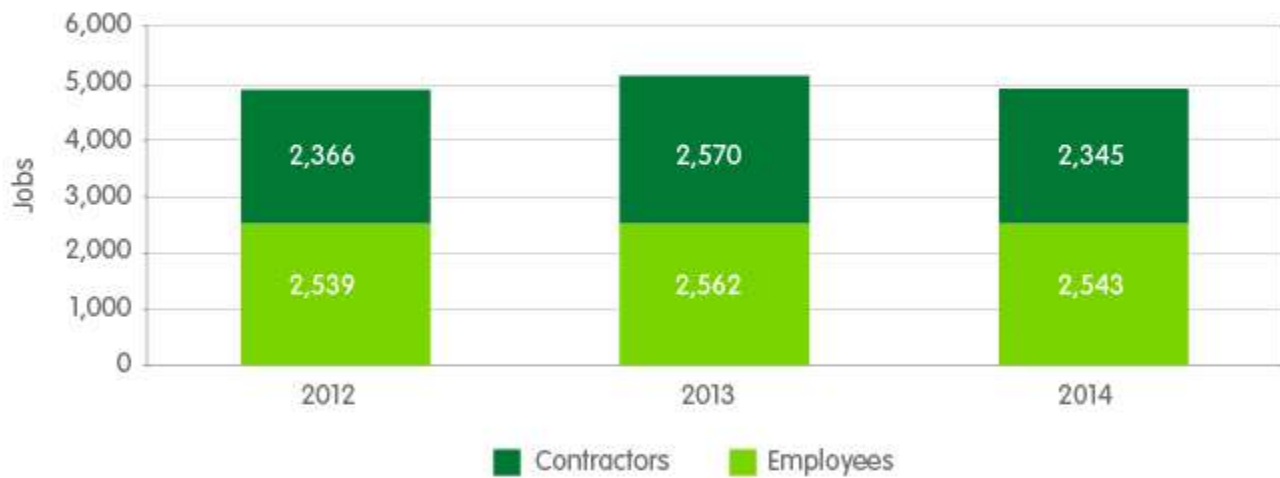
As for the average number of jobs generated, including contractors, there was a total of 4,888:

Monthly average employment - Energy business subsidiaries

Monthly average employment	2012	2013	2014	Variation
Employees	2,539	2,562	2,543	-0.7%
Contractors	2,366	2,570	2,345	-8.8%
Total jobs generated, monthly average	4,905	5,132	4,888	-4.8%

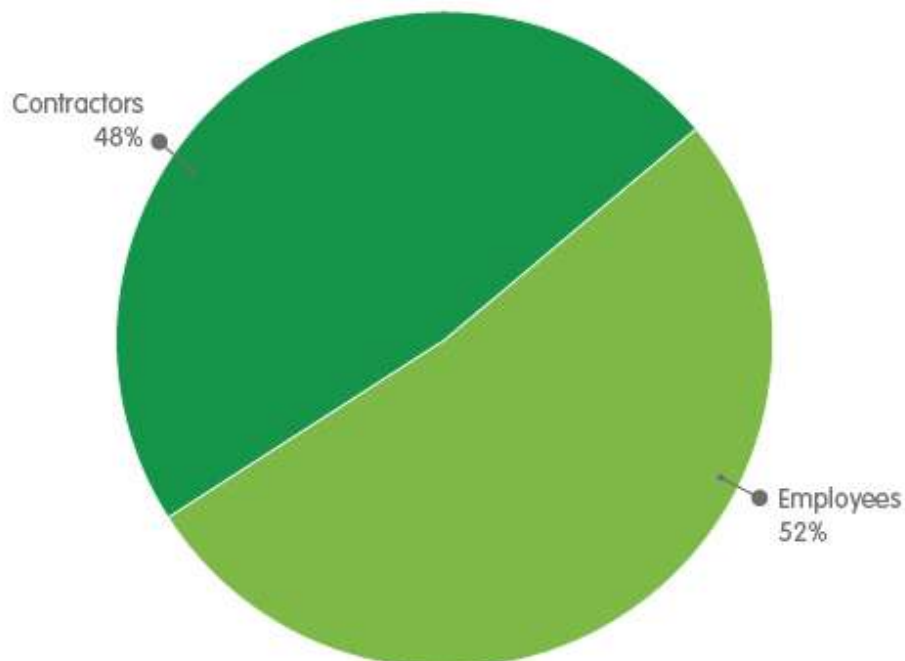


Jobs created, monthly average Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries

Jobs created, monthly average (2014) Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



Benefit program

For the EPM Group, the objective of the benefit program is to plan, coordinate, manage and deliver conventional and unconventional benefits, in order to contribute to the well-being and comprehensive development of the quality of life of EPM people and their families. Thus, the goal is to motivate and loyalize the human talent, to encourage harmony, to consolidate the sense of belonging, and strengthen the entrepreneurial culture. These elements are essential for the promotion and definition of values and social and personal principles that have a positive impact on the work environment and the fulfillment of the group's strategic vision.

The Decree 2041 of December 3, 2014 offered the possibility of signing for national or international training courses. It expanded the range of training courses, adding 11 programs and 101 new entities, and provided the EPM Group people with more opportunities to use their benefits. Thanks to administrative procedures, it was possible to decrease the amount of time required for the legalization of housing loans, from 50 to 25 days.

EPM Management

In 2014, the use of benefits was 3.05% higher than the 93% trend observed during the previous three years, thanks to a large and direct communication strategy, the annual increase in the amounts, the expansion of the portfolio of courses and the registration of new entities. The decrease of 6.6% (403 servers) in the staffing for 2014 caused a decrease in the number of benefits delivered in relation to the previous year 2013. As of December 31, 2014:

40,799 benefits were delivered representing an EPM contribution of COP 17,392 million and COP 903 million in loans were requested during this year. In total, 5,405 employees accessed the benefits or loans, from a total staff of 5,627. This means 96.05% of the employees received, at least, one benefit.



Beneficios entregados en EPM

Indicadores	2012	2013	2014	Variación
Número de beneficios	41,410	42,002	40,799	-2.9%
Valor (COP millones)	15,781	16,937	17,393	2.7%
% de empleados que utiliza beneficios	93%	93%	96%	3.3%

Source: Human Development & Organizational Capabilities Vice-President's Office

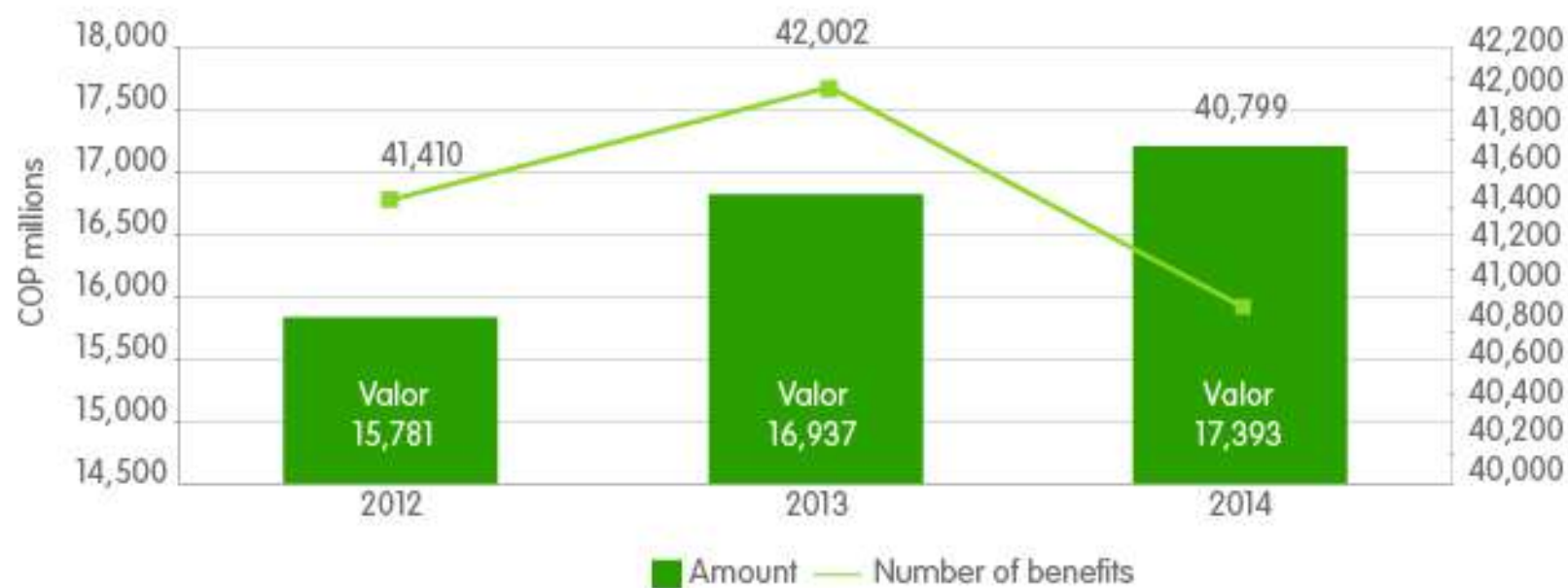


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Benefits delivered in EPM



Source: Human Development & Organizational Capabilities Vice-President's Office



• Regarding housing loans, in Sintra 301 loans were approved, amounting to COP 24,301 million and Sinpro, 185 loans amounting to COP 15,039 million. Sintra completed 113 disbursements for an amount of COP 8,062 million, while Sinpro made 127 disbursements for COP 10,136 million.

• 2,608 loan disbursements were made for a total value of COP 904 million.

Préstamos desembolsados EPM				
Indicadores	2012	2013	2014	Variación
Número de préstamos de vivienda	215	261	240	-8.0%
Número de préstamos por otros conceptos	4,452	3,444	2,608	-24.3%
Total préstamos desembolsados	4,667	3,705	2,848	-23.1%
Valor préstamos (COP millones)	15,267	19,074	19,103	0.2%

Source: Human Development & Organizational Capabilities Vice-President's Office

The company has a supermarket for the EPM People and their beneficiaries, called "La Proveeduría," with facilities in Medellín, Guatapé and Guadalupe. It offer products at non-profit prices as its purpose is not profit generation but just covering administration costs. In 2014 it reported a total of COP 52,691 million in net sales, distributed as follows: Proveeduría Medellín COP 50,380 million, Guadalupe COP 1,306 million and Guatapé COP 1,005 million. From a total of 29,851 authorized users, 13,757 used the service. Factors such as the reduction of staff by 6.6% (403 employees), have an impact on these services. There was a decrease in use by 4% when compared to 2013



Proveeduría EPM

	2012	2013	2014	Variación
Beneficiarios que utilizan el servicio (%)	51%	50%	46%	-8.5%
Ventas (COP millones)	55,670	53,324	52,691	-99.9%
Ahorro para los usuarios (COP millones)	9,463	9,065	10,011	-99.9%

Source: Proveeduría Department



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Ahorro para los usuarios autorizados de la Proveeduría EPM

PRECIO	\$561,833	\$651,879	\$670,313	\$657,061	\$691,904
% Diferencia	-	16.0%	19.3%	16.9%	23.2%
Categorías	Proveeduría	Almacén 1	Almacén 2	Almacén 3	Almacén 4
Alimentos	\$261,261	\$295,577	\$301,680	\$301,723	\$315,703
Aseo hogar	\$78,010	\$94,670	\$99,690	\$94,256	\$106,675
Aseo personal	\$146,962	\$169,412	\$183,675	\$171,400	\$179,633
Carnes	\$42,725	\$45,600	\$49,570	\$45,834	\$53,700
Frutas y verduras	\$32,875	\$46,620	\$35,698	\$43,847	\$36,193
TOTAL	\$561,833	\$651,879	\$670,313	\$657,061	\$691,904

Source: Proveeduría Department

The analysis below shows the savings for beneficiaries of the Proveeduría EPM:

During 2014, the Aguas de Malambo subsidiary established educational aid, premiums and extra legal holiday bonus as new benefits. The Board of Directors of the Emvarias subsidiary approved a decrease in interest rates for housing loans and incentives to workers nominated as best employees in 2014 were granted.

In the Energy business subsidiaries, in EDEQ, the Social Welfare and Training Fund was regulated, and in CENS, the coverage for special programs was expanded.



EPM Group Subsidiaries in Colombia Management

During 2014, the national business subsidiaries in water and sanitation, Aguas de Occidente, Aguas de Urabá, Aguas de Malambo y Emvarias, granted benefits according to the current collective agreements. The benefits amounted to COP 185 million.

Beneficios entregados - filiales aguas				
Descripción	2012	2013	2014	Variación
Número de beneficios	176	234	478	104.3%
Valor (COP millones)	63	72	185	155.8%
% de empleados que utiliza beneficios	8%	16%	54%	227.6%

Source: Water & Sanitation Business Vice-President's Office – Water Subsidiaries

Emvarias granted 38 frames and lenses aid packages, worth COP 20 million, and 94 health aid packages for COP 48 million.



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Beneficios entregados - Emvarias				
Descripción	2012	2013	2014	Variación
Número de beneficios	133	162	132	-18.5%
Valor (COP millones)	56	58	68	17.2%

Source: Water & Sanitation Business Vice-President's Office – Water Subsidiaries

Emvarias made house and other loan disbursements for a total value of COP 572 million.

Préstamos desembolsados Emvarias				
Descripción	2012	2013	2014	Variación
Número de préstamos de vivienda	4	2	8	300.0%
Número de préstamos por otros conceptos	55	63	60	-4.8%
Total préstamos desembolsados	59	65	68	4.6%
Valor préstamos (COP millones)	470	226	572	153.3%

Source: Water & Sanitation Vice-President's Office – Emvarias



During 2014, the national Energy subsidiaries in general administered and managed the benefits agreed in the collective labor agreement.

Beneficios entregados - Filiales Energía				
Descripción	2012	2013	2014	Variación
Número de beneficios	2,644	2,359	2,455	4.1%
Valor (COP millones)	4,318	5,287	7,252	37.2%
% de empleados que utiliza beneficios	83%	78%	85%	8.6%

Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Subsidiaries



Benefits delivered – Energy subsidiaries



Source: Energy Transmission & Distribution Vice-President's Office - Energy Subsidiaries



granted housing and motorcycles loans valued at COP 423 million and study aid packages amounting to COP 577 million, benefiting 77% of the population.

EDEQ approved housing loans worth COP 3,800 million and made payments for home loans amounting to COP 808 million. The company housing fund has made it possible for the 84% of workers to achieve homeownership. ESSA delivered aid packages for different concepts for a total amount of COP 465 million.

ESSA granted aid packages for COP 241 million.

Préstamos desembolsados Filiales Energía

Descripción	2012	2013	2014	Variación
Número de préstamos de vivienda	203	247	208	-15.8%
Número de préstamos por otros conceptos	154	244	256	4.9%
Total préstamos desembolsados	357	491	464	-5.5%
Valor préstamos (COP millones)	6,074	7,859	6,844	-12.9%



Occupational safety and health

Occupational safety is understood as health and safety at work. It is the protection and promotion of workers' health by controlling occupational hazards causing injuries and illnesses. It is aimed at improving the working conditions and working environment, as well as maintaining the physical, mental and social well-being of workers in all occupations.

**Certification and retraining for work at heights was the most important training component in 2014.
No fatal accidents occurred in this period.**

Occupational safety in EPM

Indicators	2012	2013	2014	Variation
Employees represented in safety committees (%)	100%	100%	100%	0.0%
Absenteeism rate - in hours of work (%)	0.65%	0.18%	0.30%	66.7%
Safety coverage (%)	100%	100%	100%	0.0%
Total hours of risk-related education	3,348	4,265	3,324	-22.1%
Fatal accidents - Fatal victims of occupational diseases	1	-	-	

The decrease in training hours is because there were few new advanced courses on heights and instead there were retraining courses that required less hours.

Source: Human Development & Organizational Capabilities Vice-Presidents Office

EPM Management

In 2014, the main variations in occupational safety indicators were recorded in the disabling injury index, which decreased from 3.73 in 2013 to 0.40 in 2014; and the injury severity index, which decreased from 292.05 in the previous year to 95.14 this year.



Occupational safety in EPM

Indicators	2012	2013	2014	Variation
Disabling injury index (ILI)	11.49	3.73	0.4	-89.30%
Work-related injury severity index (ISAT)	759.68	292.05	95.14	-67.40%
Work-related injury frequency index (IFAT)	15.12	12.77	4.19	-67.20%
Number of occupational accidents reported	343	314	362	15.30%
Number of occupational fatalities by accident or illness	1	-	-	
Employee health coverage	100%	100%	100%	100%
Investments in occupational health (COP million)	3,728	3,829	4,388	14.60%

Accident indicators show a major change compared to 2014 because the formula for that year changed its constant $K = 250,000$, while for previous years was $K = 1,000,000$.

Source: Human Development & Organizational Capabilities Vice-President's Office



Occupational safety training indicators decreased in relation to those obtained in 2013.

The indicator of the total hours of training in risk matters went from 3,348 hours in 2012 to 4,265 hours in 2013. Certification and retraining for work at heights was the most important training component during this year. Other indicators such as the total hours/man trained, decreased from 54,717 in 2013 to 31,306 in 2014. An important factor was the decrease of new advanced courses on heights offered and an increase of retraining courses that require less hours.

Health and safety training in EPM				
Indicators	2012	2013	2014	Variation
Hour of training	3,348	4,265	3,324	-22.1%
Total hours / person trained	32,803	54,717	31,306	-42.8%
Total personnel trained	2,654	12,405	8,456	-31.8%

The increase in the table data for 2013 was because there were a lot of advanced courses on heights, in order to level off people who were previously intermediate and those who were beginners. These are five-days courses.

Source: Human Development & Organizational Capabilities Vice-President's Office



EPM Group Subsidiaries Management in Colombia

In 2014, Emvarias carried out trainings on prehospital care delivered by the Sura ARL staff. They performed a staff characterization for pawn staff, such as those in charge of sweeping, collection and cleaning. CENS and EDEQ, electric energy subsidiaries, did not report fatalities. The Week for Safety and Health at Work was carried out, which offers employees a space for integration, recreation and leisure.

Water and sanitation subsidiaries carried out the health and safety at work program with 80% execution in Aguas de Urabá and 100% in Aguas Nacionales. Aguas Nacionales established a program and a policy on occupational health, and together with EPM and Colmena ARL worked on strengthening the actions created to maintain and preserve employees' safety and health. In Emvarias, the emergency brigade for La Pradera landfill was consolidated. Safety standards were implemented for the sweeping and cleaning services..

Occupational safety in the subsidiaries of the water and sanitation business

Indicators	2012	2013	2014
Disabling injury index (<u>ILI</u>)	0.79	3.32	0.95
Work-related injury severity index (<u>ISAT</u>)	47.80	171.39	44.81
Work-related injury frequency index (<u>IFAT</u>)	7.92	7.35	5.86
Number of occupational accidents reported	94	92	101
Number of occupational fatalities by accident or illness	-	-	-
Employee health coverage	100%	100%	100%
Investments in occupational health (<u>COP</u> million)	242	323	191

Source: Water & Sanitation Business Vice-President's Office - Water Business Subsidiaries



Occupational safety in the subsidiaries of the water and sanitation business

Aguas de Malambo	2012	2013	2014
Employees represented in safety committees (%)	15%	25%	30%
Absenteeism rate - in hours of work (%)	38%	63.52%	33.47%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	15	32	60
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Aguas de Occidente	2012	2013	2014
Employees represented in safety committees (%)	10%	25%	25%
Absenteeism rate - in hours of work (%)	1%	2.20%	2.64%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	56	64	70
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Aguas de Urabá	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	0%	0%	1.87%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	32	64	236
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Aguas del Oriente Antioqueño	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	1%	3.27%	0.52%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	N/A	N/A	N/A
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Aguas Nacionales	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	0%	0.13%	0.71%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	16	-	136
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Emvarias	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	N/A	N/A	50%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	25	96	87
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in the subsidiaries of the water and sanitation business

Empresas Públicas del Oriente	2012	2013	2014
Employees represented in safety committees (%)	N/A	N/A	100%
Absenteeism rate - in hours of work (%)	N/A	N/A	10.00%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	N/A	N/A	5
Fatal accidents - Fatal victims of occupational diseases	N/A	N/A	-



Occupational safety in the subsidiaries of the water and sanitation business

Water business subsidiaries consolidated total	2012	2013	2014
Employees represented in safety committees (%)	71%	75%	79%
Absenteeism rate - in hours of work (%)	8%	13.82%	14.17%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	144	257	594
Fatal accidents - Fatal victims of occupational diseases	-	-	-

Source: Water & Sanitation Business Vice-President's Office- Water Business Subsidiaries



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Health and safety training in water and sanitation business subsidiaries

Indicators	2012	2013	2014	Variation
Hour of training	167	1,677	5,998	257.8%
Total hours / person trained	9	12	26	111.1 %
Total personnel trained	46	282	1,091	286.9%

Source: Water & Sanitation Business Vice-President's Office- Water Business Subsidiaries

Regarding the electric energy business subsidiaries, CENS had a decrease in responding to accidents in 2013. The hour indicator for risk training went from 407 to 435 hours, due to coverage increase. EDEQ began updating the Safety and Health at Work Management System in accordance with Decree 1443 of 2014, and offered a total of 31 courses on safety and health at work, benefiting 423 people.



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Occupational safety in energy business subsidiaries

Indicators	2012	2013	2014
Disabling injury index (<u>ILI</u>)	0.24	0.16	0.18
Work-related injury severity index (<u>ISAT</u>)	42.79	27.26	37.64
Work-related injury frequency index (<u>IFAT</u>)	5.18	5.49	4.93
Number of occupational accidents reported	174	203	190
Number of occupational fatalities by accident or illness	-	-	-
Employee health coverage	100%	100%	100%
Investments in occupational health (<u>COP</u> million)	3,570	3,317	3,143

Source: Water & Sanitation Business Vice-President's Office- Water Business Subsidiaries



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Occupational safety in energy business subsidiaries

CHEC	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	1%	1.64%	2.17%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	18,983	6,492	13,697
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in energy business subsidiaries

ESSA	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	3%	1.53%	2.46%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	1,430	2,500	3,472
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in energy business subsidiaries

CENS	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	3%	2.84%	4.40%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	375	407	435
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in energy business subsidiaries

EDEQ	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	N/A	N/A	3.41%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	N. A.	N. A.	30
Fatal accidents - Fatal victims of occupational diseases	-	-	-



Occupational safety in energy business subsidiaries

Energy business subsidiaries consolidated total	2012	2013	2014
Employees represented in safety committees (%)	100%	100%	100%
Absenteeism rate - in hours of work (%)	2.6%	2.00%	3.1%
Safety coverage (%)	100%	100%	100%
Total hours of risk-related education	20,788	9,399	17,634
Fatal accidents - Fatal victims of occupational diseases	-	-	-

Source: Energy Transmission & Distribution Business Vice-President's Office-Energy Business Subsidiaries



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Health and safety training in the national energy business subsidiaries

Indicators	2012	2013	2014	Variation
Hour of training	27,631	18,034	24,907	38.1%
Total hours / person trained	58	33	39	19.0%
Total personnel trained	2,052	2,468	3,103	25.7%

Source: Energy Transmission & Distribution Business Vice-President's Office-Energy Business Subsidiaries



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Recruitment process

In the EPM Group, the required activities necessary for the recruitment of staff who meet the requirements of the office and the cultural characteristics of the company. Some of the subsidiaries provide other services, such as management of professional training, trainees and interns management, admission of temporary-assignment employees, review and analysis of requirements and assessment, for purposes other than talent selection.

As part of the Human Development and Organizational Capabilities project, the Human Resource Selection process was redesigned and currently there is a guideline proposal that will apply to the entire group.

EPM Management

In 2014, 108 places were filled following the selection processes, leading to the signing of 63 new contracts and 45 contract modifications.



EPM recruitment process

Indicators	2012	2013	2014	Variation
Recruitment processes	90	134	77	-42.5%
Contract modifications	50	72	45	-37.5%
Women hired	88	150	34	-77.3%
Men hired	143	281	29	-89.7%
Total people hired	231	431	63	-85.4%
Total people selected	281	503	108	-79%

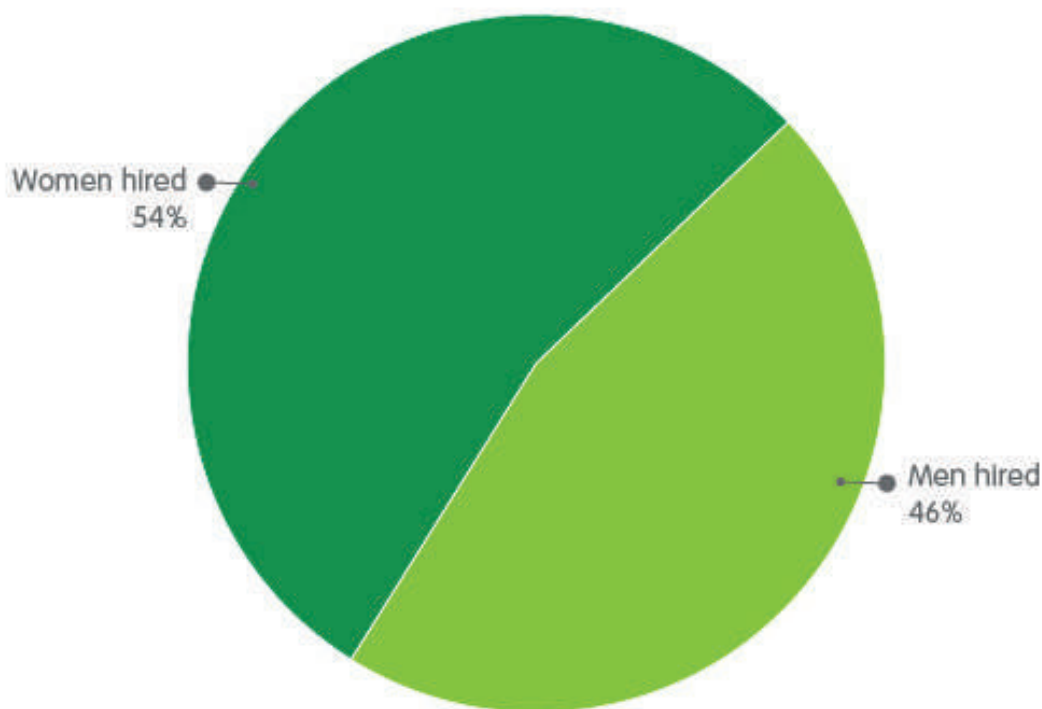
Source: Human Development & Organizational Capabilities Vice-President's Office



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Recruitment in EPM according to gender (2014)



Source: Human Development & Organizational Capabilities Vice-President's Office

In addition to filling vacancies, the Human Talent Recruitment Management Unit conducted the evaluation of 14 people for excellence grants, 40 people for telecommuting, 30 people for filling vacancies in other EMP group companies (selection and mobility processes) and 172 interviews for team managers.

Review of requirements for purposes different to the selection process was conducted. This included 100% of the staff in executive-level positions.

Reception of the management of personnel on temporary assignment contracts.



EPM Group Subsidiaries in Colombia Management

In 2014, at the CENS subsidiary there was a decrease in the number of candidates rejected by omission of information, from 91.53% to 5%, and an increase in the number of admitted candidates, about 50%. An important factor in this achievement is the personalized advice that is offered to each candidate.

During 2014, in some of the water and sanitation business subsidiaries, there were selection processes to hire qualified staff to fill the job vacancies. The processes includes transparency, opportunity, quality and trust criteria.

Recruitment process in water and sanitation business subsidiaries

Indicators	2012	2013	2014	Variation
Recruitment processes	13	18	3	-83.3%
Contract modifications	9	12	5	-58.3%
Women hired	15	17	14	-17.6%
Men hired	43	26	23	-11.5%
Total people hired	58	43	37	-14.0%
Total people selected	67	55	42	-24%

Source: Water & Sanitation Business Vice-President's Office – Water Subsidiaries

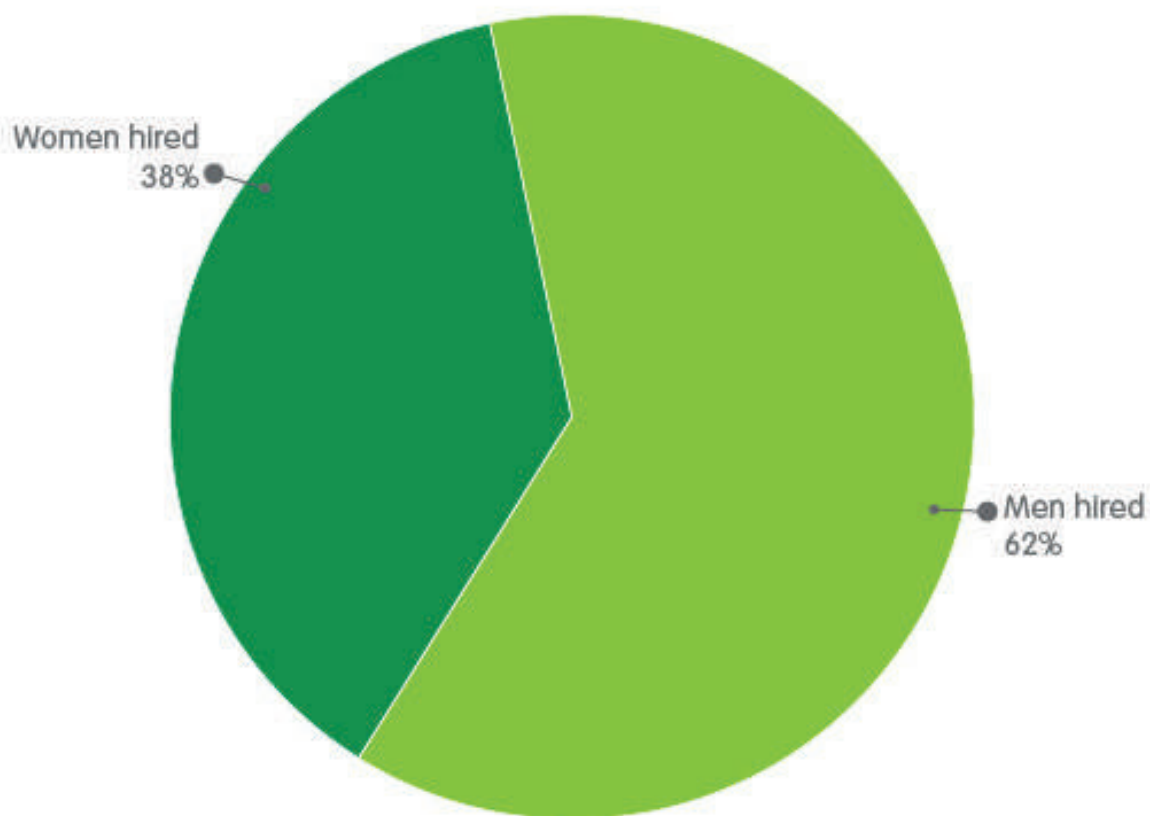


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Recruitment according to gender Water and sanitation business subsidiaries (2014)



Source: Water & Sanitation Business Vice-President's Office - Water Business Subsidiaries

En las In the national energy business subsidiaries, in 2014, CENS selected 24 candidates (3 promotions and 21 new employees), and EDEQ conducted four internal selection processes and 2 external processes, there were 67 candidates in these processes and it was possible to cover 7 vacancies.



Recruitment process in the energy business subsidiaries

Indicators	2012	2013	2014	Variation
Recruitment processes	155	31	81	161.3%
Contract modifications	431	423	414	-2.1%
Women hired	81	49	14	-71.4%
Men hired	163	66	30	-54.5%
Total people hired	244	115	44	-61.7%
Total people selected	675	538	458	-15%

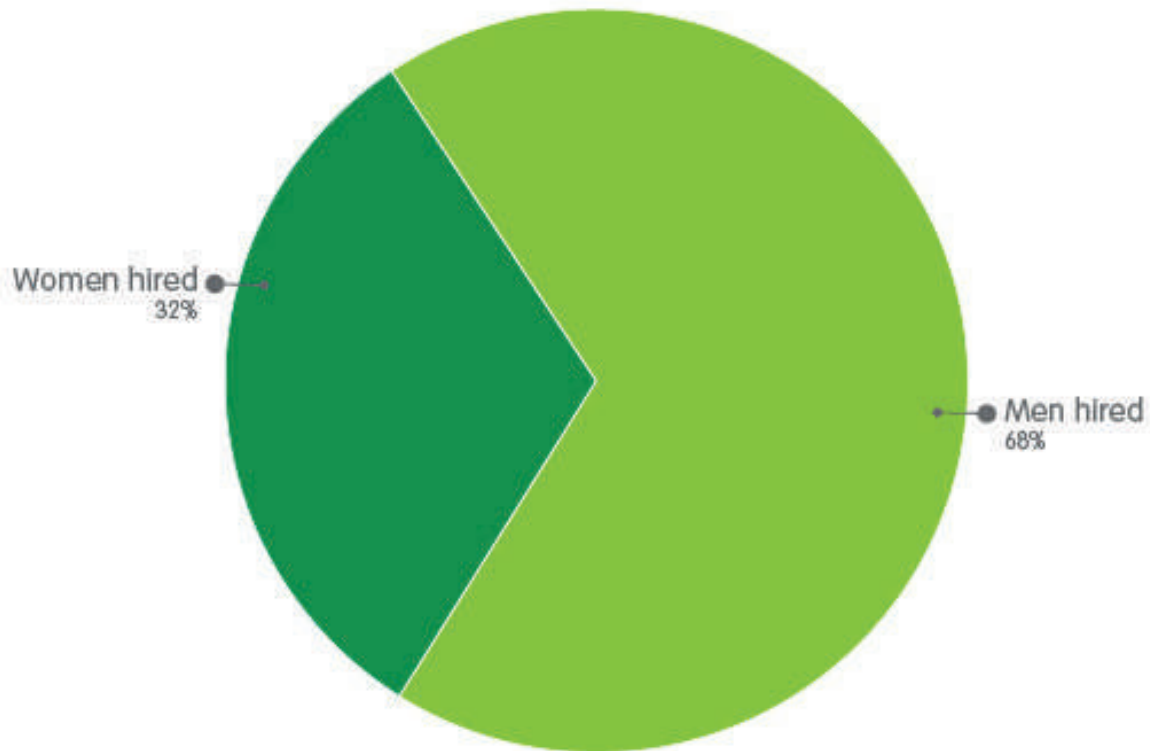
Source: Energy Transmission & Distribution Business Vice-President's Office – Energy Subsidiaries



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Recruitment according to gender Energy business subsidiaries (2014)



Source: Energy Transmission & Distribution Business Vice-President's Office - Energy Business Subsidiaries



Guild and Inter-Institutional Management

EPM believes that an active involvement with guilds and similar organizations is a unique opportunity to interact with other companies in an atmosphere of collegiality. Through the guilds, collective actions are promoted for positively impacting the public policy sector, the sustainability of all parties in the extended chain of the public utilities sector, focusing on current and potential users. Likewise, the intention is for these actions to create value for all the stakeholders and drive the country's competitiveness and development.

In order to create value for all the stakeholders, it is essential to build a relationship based on trust and mutual growth. In a sector like public utilities, in which the provision affects the general public and the country's competitiveness, it is imperative to create collective actions, based on mutual collaboration, to preserve the resources and grow in a sustainable way.

EPM Management

Out of the guild and inter-institutional management, we would like to mention, as achievements of good relationships, the stakeholder called Colleagues, represented by the main guilds (11) and public utilities associations (seven intentional and three national) of interest for EPM in particular and for EPM Group in general. From there, actions were promoted to create sustainability for all the parties in the public utilities sector. Along with Andes and Asocodis, we managed to revise the parameters, approaches, and specially the risks of the businesses. The Weighted Average Costs of Capital (WACC) were calculated.

Commercialization Advisory Committee (CAC): the most relevant action was the compliance with the tasks that the Electric Energy and Gas Regulation Commission (CREG) assigned to this Committee in compliance with what was established by the Code of Measurement.

Asocodis-CAC proposed to look over the current compensation scheme and changes to improve the incentives, as well as a comprehensive incentive scheme that additionally respects compensation for investments, which are the regulatory basis of the assets. The costs and structure of the compensation for complementary activities were revised.

The goals we set for this stakeholder in 2015 are: To continue strengthening the relationships through adjustment or implementation of Colleagues-EPM Group Action Plan, led by External Relations Management. Ensure that the compensation of the commercial, transmission, and distribution business units meets the sustainability criteria; thus enabling the permanence of the companies in the market within an environment that represents high competitiveness. This is done by using different studies on the approach proposed by the regulatory entity, with the guilds, and specifically as public utilities provider. Active participation in the studies by the guilds on the new compensation scheme for power transmission, distribution, and commercialization.

EPM Group Management

EPM Group promotes the association and the collaborative actions with colleagues in the sector and related or complementary activities to support the creation of new solutions for service provision, increasing and sharing knowledge and, fundamentally, participating in a collective and agreed way in the creation of public policies focused on the sustainability of the companies and the environment.

By means of inter-administrative agreements with various entities of the municipalities, and through relations strategies with specific state initiatives and private sector organizations, EPM carries out different actions



aimed at obtaining benefits for the regions regarding access to public utilities, infrastructure, and housing, among others.



Associations and national and international organizations

For the EPM Group, it is of great interest and importance to participate in interaction activities with colleagues, not only from the public utility services sector, but from supplementary activities. The group is a member of both local and international associations and guilds, which is something that allows it to build close relations with its colleagues. Without any exception, these entities are aligned with the group's strategic objectives and they promote the sustainability and competitiveness not only of their members, but of the environment on which they have an impact.

EPM is part of the Worldwide Business Council for Sustainable Development (WBCSD), a worldwide association of more than 200 companies that exclusively work on the business sector and the sustainable development.

EPM Management

En 2014 el Grupo EPM participó en algunas de las más relevantes asociaciones y organizaciones a nivel nacional e internacional:

International

- International Water Association (**IWA**).
- Global Water Operators' Partnerships Alliance (**GWOPA**).
- Global Water Intelligence (**GWI**).
- Business News Americas (**BNAmericas**).
- American Water Works Association (**AWWA**).
- Latin American Association of Water and Sanitation Operators (**ALOAS**).
- World Business Council for Sustainable Development (**WBCSD**).

Local

- National Association of Companies of Public Utilities and Related Matters (**Andesco**).
- Colombian Association of Energy Generators (**Acolgen**).
- Colombian Association of Electric Energy Distributors (**Asocodis**).
- Colombian Natural Gas Association (**Naturgas**).
- Colombian Institute of Technical and Certification Standards (**Icontec**).
- Global Compact Local Network in Colombia.

Management in the EPM Group's Colombian subsidiaries

The EPM Group performs guild management in the following local guilds:

- National Association of Companies of Public Utilities and Related Matters (**Andesco**).



- Colombian Association of Electric Energy Distributors (**Asocodis**).
- Global Compact Local Network in Colombia.

Joint Environmental Responsibility



EPM is committed to the sustainability of the territories where it is present and establishes synergies through agreements, inter-administrative contracts, working groups, and other strategic alliances that promote the development of actions for the protection and improvement of the environment.

The conservation and protection of 1,371 hectares of forest in Cornare region for 36 months will be financed through a monthly salary to 56 forest ranger families.

EPM Management

In 2014, different actions were developed with regional organizations, seeking to act responsibly towards the environment. We highlight:

- Involvement in BanCO2 Project, through which the conservation and protection of 1,371 hectares of forest in Cornare region for 36 months will be financed, through a monthly salary of COP \$600,000 to 56 forest ranger families. Their mission is to take care of the forest and fulfill some commitments, such as participation in training, awareness raising, and productive entrepreneurship programs. The 56 families comprising BanCO2 Project for EPM are located in the following municipalities:
 - San Carlos
 - San Rafael
 - San Luis
 - Cocorná
 - San Vicente
 - Carmen de Viboral
 - Alejandría
 - San Francisco
 - Concepción
- Participation in the development of the Master Plan for Urban Drainage for the Municipality of Medellín, led by the municipal administration along with the participation of EPM. An agreement is currently being implemented for the development of the plan and detailed design of the works in a pilot area in Medellín.
- Development of socio-environmental management programs for Environmental sanitation and Tributary basin protection, which will benefit 16 municipalities in Eastern Antioquia until 2017. The investment is for COP 15,747 million.
- Training the communities on the improvement of rural environmental quality, improvement of the standard of living, improvement of the agriculture and livestock productivity, and recovery of damaged areas in Santa Inés Páramo. The total budget for this action was COP 2,235 million.
- Round tables with environmental and municipal authorities, in order to strengthen the relations with municipal offices and environmental authorities, and to promote the positive impact on the communities who are provided with public utilities. The round tables are spaces for dialog and work on topics such as: guidelines for fishing management at the dams, agreements to promote the benefits of the natural gas service, optimization and opportunity in environmental procedures, and impact of the projects, among others. In 2014, the round tables with the following organizations stood out: Municipality of Medellín, Municipality of Envigado, Cornare, Corantioquia, and Corpourabá.



Through agreements executed between EPM Group and the environmental authorities, the dynamics of the territories, the expectations of the communities, the company, and the Government were taken care of, in order to respond to the global warnings on the need to protect the environment.

Management of subsidiaries of EPM Group in Colombia



In their territories, EPM Group subsidiaries replicate the collective actions needed to protect and preserve the environment, as a sign of the strategic importance that growing with the environment represents to the organization.

Besides the actions previously described regarding EPM, as an example of this commitment, we highlight some actions carried out by Caldas Hydroelectric Plant (CHEC):

- Implementation of the 4th Stage of the program “Guardianes de la Quebrada Cameguadua”, as a participative strategy to prevent disasters, recover and improve the environment. This program is developed along with Corpocaldas and the Municipality of Chinchiná.
- Corporate and community strengthening to set up sustainable corporate processes with an environmental and social focus on the rural areas and settlements neighboring the basins of Claro river and San Julián creek. The total investment to support this project was COP 100 million
- Maintenance and operation of the hydro-meteorological stations and early warning systems (EWS) at the basins of Claro and Chinchiná rivers, area of influence of Nevado del Ruiz volcano.
- Recovery of the ecosystem environment with the reforestation of priority areas, assistance in agroforestry systems, training on clean agricultural production practices, with a budget of COP100 millions

Sectoral development initiatives

EPM promotes sustainable and competitive territories and seeks sustainability and development of the residential public utilities industry through joint actions to generate knowledge or other projects that are promoted in the guilds or groups in which EPM participates.

The goal for 2014 was to foster, among colleagues, the creation and implementation of coordinated strategies for the sustainability of the (economic, social, and environmental) setting, promoting a responsible behavior of the sector within the framework of a collaboration relation.

The EPM Group actively participated in the construction and signing of the sustainability agreement among companies belonging to Andesco.

Management in the EPM Group's subsidiary companies in Colombia

In 2014, the EPM Group promoted and supported sectoral initiatives agreed with colleagues participating in the guilds or groups in which the Group participated.

The participation in the Sustainability Agreement signed in Andesco is highlighted. It realizes the intention of the companies in the industry to promote sustainability of natural resources impacting the industry and foster responsible use of public utilities by users.



Regulatory management

The EPM Group builds up its relationship with the State (Congress and national and local governments) based on ethical principles and in accordance with its Corporate Responsibility and Communication policies, which are guided by transparency criteria and values, and following relationship plans with every stakeholder (Congress and governments), which prioritize the general benefit.

Through the public utilities guilds of which it is a member, and in some cases acting individually due to direct concern, EPM proactively participates in the regional or national regulative and legislative activities related to important issues for the sector, in order to reach an optimal regulation that refers to global interests and value generation for all stakeholders.

EPM Management

The company permanently monitored the regulations that have an impact on the public utilities sector, classifying it according to the impact on EPM and the Group. In the cases on which a regulation required observations by EPM, they were timely made before the competent authority, always taking careful of the balance of interests among the stakeholders within the framework of our sustainability policy.

One of the major achievements of 2014 was the impact classification for both EPM and the Group, as well as the monitoring of the initiatives that were submitted to the Congress of the Republic and Medellín's Council as a resource for the regulatory management.

The challenge for 2015 is to tend towards regulatory frameworks that provide a steady operation environment under fair market conditions that allow growing in terms of users, markets, products and services, always protecting the interests of EPM and the society as a whole, with the purpose of contributing to the company-society-environment sustainability. Another part of the challenge is to supplement the aforementioned actions with an adequate follow-up and management of the regulations that have an impact on the public utilities sector to develop a regulatory proactivity in every level.

EPM Group management

Our subsidiaries performed the corresponding follow-up to the regulations that apply to them in the territorial field. Apart from the regulatory management through the participation in guilds, several subsidiaries carried out specific activities that are worth highlighting. For instance, CHEC actively participated in regional, local and nationwide guild-based environmental committees and, most importantly, in all the stages of the Chinchiná River Planning and Management Plan (abbreviated POMCA in Spanish).

ESSA stood out in 2014 by leading an internal process aimed at timely communicating the electric sector regulations and their impact on the company. The process consisted in building a repository that enables all the company's employees to access the information.

All of our subsidiaries have the challenge for 2015 to keep complying with the regulations in the light of all the authorities that regulate, monitor, control and supervise the public utility companies in order to avoid incurring sanctions due to normative or regulatory non-compliance. In the case of the energy business subsidiaries, 2015 brings the special challenge of performing regulatory follow-up and monitoring to the implementation of



the new compensation methodologies for the distribution and commercialization business.

For its part, CHEC will continue actively participating in the environmental committees of Acolgen, the Caldas branch of the ANDI, and the National PCB Working Group through the Andesco. Finally, ESSA will continue working on its internal regulatory induction program with the purpose of expanding and updating the knowledge level of its employees regarding the norms that regulate the electric power service.



Penalties for non-compliances of regulations

Engage in the provision of services under regulatory conditions and according to the terms and conditions stipulated by the norms in order to avoid penalties.

Thanks to the process of continuous improvement and the timely regulatory management, EPM reduced by 63% the value of the fines that were imposed on the company in 2014.

EPM Management

In 2014 EPM received 30 fines by the Superintendency of Residential Public Utilities (SSPD); 3 by the DIAN and 2 by the Ministry of Social Protection in favor of the SENA. The fines amounted to COP 109 408 318. 60% of this value was imposed by the SSPD and 32% by the DIAN.

It is worth noting the good performance of the company in terms of service provision, despite the sanctions imposed by the SSPD for this. The 30 sanctions are equivalent to only 0.0021% of the total of petitions, complaints and claims brought up by 2014 users.

The other fines or sanctions were caused by trade union leaves and rescue of goods.

Aguas de Malambo had a 44% reduction in the value of the sanctions that were imposed on it. The sanctions were mostly imposed by the DIAN.

In the case of the energy subsidiaries, although the amount of sanctions fell compared to 2013 (it went from 13 fines to only 6 among the four subsidiaries), the group has an important challenge to continue improving its processes since the value of sanctions was significant (COP 504 million).

Public Policy

For EPM, public policies are the set of decisions, actions, instruments, and incentives, decided by public authorities, in which individuals can participate. They are designed to prevent or solve a situation defined as problematic. Public policies change over time according to the emerging needs and political environment.

During the second half of 2014, EPM led, before the various bodies of the Colombian Government, a number of proposals to promote the development of the public utilities industry with a focus on sustainability, highlighting the importance of finding solutions tailored to the needs of users, caring for the environment, and in order to have a reliable supply and quality service with competitive prices. Proposals that, in their vast majority, found an echo in the government and that are reflected in the foundations of the National Development Plan 2014-2018.

Management in EPM

Participation of EPM in the definition of different topics in the National Development Plan: “Todos por un nuevo país” (Everyone together for a new country), in fields related to energy, gas, water supply, basic sanitation, and environmental regulations, provides an essential tool for building public policies that will be developed by the Colombian Government in the period 2014-2018.



This standard provides the strategic guidelines of the public policies formulated by the President with the cooperation of his government team. Therefore, our participation is essential to deal with relevant issues according to our reality, our expectations in the market, and the knowledge of the needs of our users.

In 2014, EPM proposals were presented to the Colombian government in order to be included in the foundations of the National Development Plan, which were published at the end of the year. During 2015, the necessary arrangements regarding the bill of this Plan will be carried out.

The highest consultative and participatory body of the POMCA (River Basin Management Plan) is the Chinchiná River Basin Council, where CHEC has been the Chair since its inception.

Management in the EPM Group's subsidiary companies in Colombia

In 2013, Corpocaldas began the process of the Chinchiná River Basin Management Plan (POMCA), where CHEC has actively participated in each of the implementation phases. Specifically, from the Chair of the Chinchiná River Basin Council we have been able to influence the decisions of the Environmental Corporation regarding the allocation of flows. We have also been able to position CHEC's generation business as one of the main activities in the basin, highlighting the work and commitment of the company in the care of the water source.



Regulatory and legal management

The regulatory and legal management aims at providing the company with stability, mitigating risks, and preserving the benefits and profitability, while the sector's regulations and entities are strengthened. This is done through the participation in the development of regulations, which can be of its own initiative or of some of the national or local government authorities, or trade associations. All the interventions seek to balance the financial, economic, social, and environmental aspects, in order to thus contribute to the sustainability company-society-environment.

Among the actions taken regarding power generation we can highlight: the contribution by EPM to the definition of the regulation for the conditions of shortage risk; the flexibility in the compliance with the power obligations, confirmed by the power generation companies with the application of the mechanism of obligation assignment; more flexibility in the operation of the thermal power plants by allowing to generate power with natural gas and back up their obligations with liquid fuel; and more flexible reporting of additional available power of hydroelectric power plants.

Regarding the integration of natural gas markets, we achieved adjustments in the criteria for comparison of economic costs with the liquefied petroleum gas, and we warned about the need to have symmetrical rules for both fuels, in order to have free competition.

Among the most relevant actions regarding basic sanitation, we highlight the fact that, after a process of several years, Decree 1287 of 2014 was enacted "establishing the criteria for the use of biosolids generated at local wastewater treatment plants." This regulation allowed for the disposal and use of biosolids generated at San Fernando wastewater treatment plant to be changed.

EPM Management



In 2014, the energy sector experienced a continuous development of regulations because the Regulation Commission for the sector had the challenge to publish the proposals to rule the new pricing methodology starting in 2015 regarding electrical energy transmission, distribution, and commercialization. On account thereof, EPM along with the trade associations promoted the development of different initiatives facing the new pricing methodology on topics such as: parameters, methodologies, and risk assessment related to the regulatory definition of the rate of return or WACC; revision of the current charging scheme for administration, operations, and maintenance (AOM) costs, and the distribution quality regime; the revision of the asset charging scheme; and finally the revision of costs and creation of buildings, proposing new special units for control centers.

Regarding power generation, we tried to have the signals of economic policy and of the regulatory agency promote free competition in the market, and that the incentives to be given for the diversification of the energy matrix of the country —incorporating non-conventional sources, promoting self-generation and implementing Act 1715 of 2014— ensure symmetry in the conditions for market share and efficiency in the use of the current grid. It was an achievement to have these entities be forced to have a grid back-up.

Regarding Natural Gas, we led the actions of the trade association to define a new indexation proposal for the natural gas supply agreement and the revision of the current scheme on charges and variations, set out in Resolution CREG 089 of 2013. For the new service fees, we expect that the Commission publishes the components of the methodology. Meanwhile, EPM has forwarded communications to the regulatory agency on the need to achieve fee comprehensiveness and ensure the financial efficiency and sufficiency. Among these communications we include the detailed analysis of the parameters to be included in the WACC formula. Finally, EPM has warned the commission about the need to review some aspects of the fee methodology that may put the companies at risk.

Regarding the water and basic sanitation services, we highlight the participation of EPM in the discussion of different regulatory projects and in the direct relation with government agencies, being specially relevant the Drinking Water and Basic Sanitation Regulation Commission, the Superintendency of Public Services, the Ministry of Housing, City and Territory, and the Ministry of Environment and Sustainable Development.

The most relevant regulation issued for the water sector in 2014 was Resolution CRA 688, that defined the fee methodology for the providers of more than 5,000 aqueduct and sewerage users, giving great importance to the quality of the service provision, including mechanisms resulting in billing discounts for those who fail to comply with the quality levels set by the Commission. We actively participated in the development of this regulation, since it was a draft in 2013, and also in the clarification and specification of its contents after being issued. Regarding this fee framework, we work to have the greatest clarity in all aspects, because this is the basis to be able to have sustainable territories and it will greatly impact on the users and providers when it comes into force in 2015.

Among the regulatory projects to be highlighted there are: the draft for Agreement 265 of 2014 by Medellín Council, regarding the provision of a vital minimum in public services; the draft bill for Act 020 by the Chamber of Representatives, establishing the human right to water; the draft of the Decree by the Ministry of Environment and Sustainable Development adopting regulations related to the use of treated wastewater; and the draft for the Decree by the Ministry of Housing, City and Territory, adopting the technical standards for sustainable construction in efficient use of water and energy.

Likewise, there was an active participation in the discussions on Resolution 0154 of 2014 by the Ministry of Housing, City and Territory regarding the guidelines for the development of the Emergency and Contingency Plans for management of disasters and emergencies related to the provision of public services such as aqueduct, sewerage, and sanitation. We also took part in the discussions on the decree that partially regulates



Act 1537 of 2012, making easier and promoting urban development and access to affordable and priority interest housing.

The legislative management also played a key role in the regulatory management of EPM. In 2014, a series of draft bills to be processed by the legislature in 2014-2015 was identified, and it was found to impact on the public services sector and the sustainability. The actions performed by EPM Group in an individual or coordinated manner with the trade associations, before the National Congress and government, intend to preserve the principles of the public services regime and the legal stability of the warranties for service operators and users.

Finally, regarding taxes, a continuous follow-up was performed on the different regulatory proposals by the national government and the inconveniences of such regulations were communicated, such as the tax reform dated December, 2014. Our position was always working to preserve the body of law and tax law, and ensuring the regulatory stability for the investors in the country.

During 2014, CHEC chaired the Chinchiná River Basin Council, which enabled us to be part of the decisions made by Corpocaldas regarding the management of the river flows.

Management of subsidiaries of EPM Group in Colombia



The subsidiaries of EPM Group actively participate in the discussions on the regulatory projects, through the interaction mechanisms defined by the regulatory management departments at EPM. This process enables us to know the impact of the regulations on the territory and to bring the regulations closer to the reality of the companies in the Group and their communities. Regarding the regional regulatory management, we highlight the participation of CHEC in the Chinchiná River Basin Council, specially during the implementation stages of the River Basin Management Plan (POMCA, by its initials in Spanish).



Requirements and audits

As a public entity, EPM is subject to the control activities conducted by the diverse assurance suppliers; that is why audits and information requests are made over the year regarding the most relevant topics of the company.

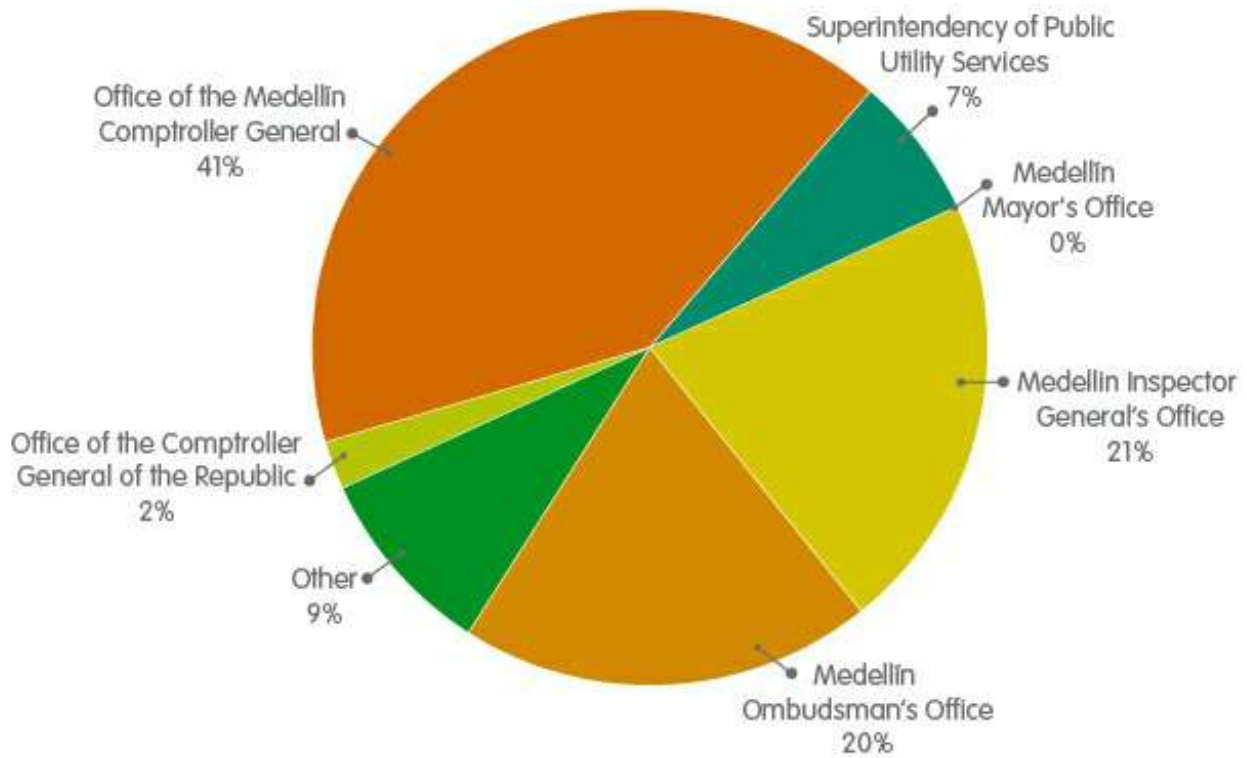
In 2014, the relation and interaction with the internal and external assurance suppliers were strengthened, timely complying with the submission of the information requested. Between 2013 and 2014, the requirements increased by 11%. The entity that made the most requirements was the Office of the Medellín Comptroller General.

EPM Management

The Office of the Medellín Comptroller General closed the account for EPM and the Group's companies in 2014, which means that the EPM Group efficiently complied with the management of public resources. Also in 2014, all the requirements made by the assurance suppliers were timely and effectively fulfilled, strengthening the control environment of both EPM and the Group's companies.



2014 requirements and audits



Summons and audits

Summoning or auditing entity	2012	2013	2014
Office of the Comptroller General of the Republic	30	18	20
Office of the Medellín Comptroller General	258	355	374
Superintendency of Public Utility Services	68	58	61
Medellín Mayor			



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Research, development and innovation

For the purpose of contributing to EPM sustainability in a long term; benefiting the improvement of business productivity; and generating interinstitutional synergies and strengthening the R&D+I system, EPM carries out research, development and innovation projects that promote new ideas and lines of businesses directed to the improvement of quality of life of people by pursuing the construction of sustainable and competitive territories.

In this way, EPM has created a platform to simultaneously achieve scientific and technologic developments as developed worldwide.

EPM seeks to innovate the service to people by creating new products and services that satisfy its clients' needs and generate aggregate value for all of our stakeholders.

EPM Management

In 2014, EPM continued with its pilot project of solar energy by giving solutions to remote communities not interconnected to the National Electric Power System, with the exploration of geothermal energy as a new generation source; the development of the pilot of smart integrated measure of water, energy and telecommunications for consumption and management of utilities demands by client; and the possible entrance into energy efficiency services that promote the rational use of energy by aligning with the corporate responsibility policies towards our stakeholders.

Moreover, EPM performed other research, development and innovation studies, which explored initiatives related to the potential of energy production in the hydroelectric plants discharges of the company; the application of ceramic coatings to optimize operating conditions and reduce costs of repairing or replacement of turbine components used for power generation; development of an anti-fraud solution for non-technical electricity losses; evaluation of the most efficient biofuel



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production in Colombia through organic matter; development of more efficient solar cells; structuring and defining the technological path for urban solid waste in Medellín and its Metropolitan Area, identifying opportunities and threats of technological changes in energy.

Goals for 2014	Achievements of 2014	Compliance
Solar kits in non-interconnected areas - Solar Energy	Inter-administrative agreements were signed with Antioquia Governor's Office and with the IPSE (Institute for Planning and Promoting Energy Solutions) for installing solar kits in non-interconnected areas. The first agreement comprises 10 schools located in indigenous reservations. 100 solutions were arranged in rural districts of San Vicente del Caguán for the IPSE.	Total
Intelligent integrated measurement pilot	The work sessions with the integrator that will provide the solutions for the pilot are being held.	Total
Environmental Park	The Center of Research and Valorization of Waste (Environmental Park) is a place where the comprehensive and differentiated management of the diverse types of waste produced in Medellín and the Aburrá Valley metropolitan area can be made in order to take advantage of the synergies that can be achieved while reusing sub-products from several processes as supplies for other processes. Furthermore, this place is set to become a reference for raising awareness and educating diverse stakeholders in terms of waste management. No actions will be carried out to materialize this project until the feasibility of a project that can be used as a foundation is identified. (*)	Partial



Goals for 2014	Achievements of 2014	Compliance
Reuse of biosolid waste	EPM developed a study with Universidad de Antioquia with the objective of formulating fertilizers from the bio-solid waste produced in the San Fernando WWTP, developing different formulations, which were tested and produced very good results. The company also worked on identifying actors from the Colombian fertilizer market in order to determine their interest in creating an alliance with EPM for analyzing and evaluating the incursion into the fertilizer market with a product containing supplies with a rich organic and mineral load at the same time. Nevertheless, the analyses and results that were jointly carried out and obtained with the possible strategic ally demonstrated that this company would not be willing to continue evaluating this alternative for the moment.	Total
Corporate Innovation Program	The program was redesigned and the most important challenges for the company's businesses were obtained. 90% of the process was carried out.	Partial
Urban solid waste management: There were no goals for 2014.	An evaluation of the suppliers was conducted for the operational lease. Possible places for its implementation and the system costs were identified. The process design, the system productivity evaluation, and the search for land property in Medellín's outskirts were carried out.	

Source: Development and Innovation at EPM.

(*) The Environmental Park Project or Center for Research and Waste Valuation takes into account the integration of different processes related to the integral management of solid waste in a shared physical space, such as a transfer station and treatment and waste valuation processes. The site on which the project was initially considered could not be made viable because significant efficiencies in collection and transportation logistics were not obtained due to its location. Additionally, other potential sites were not considered viable due to restrictions on soil use and the refusal from different stakeholders to place a project of this kind. However, EPM Group is certain that the city, its Metropolitan Area and other municipalities located in the influenced area, need this kind of spaces and infrastructure to take the provision of sanitation public utilities to the next level. Therefore, efforts to identify and analyze a site where the ET start-up and the evaluation of projects and initiatives of waste valuation are viable, will not cease.



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2015 Goals

Geothermal energy: Execution of the contract signed by USTDA, DEWHURST and EPM with the following progress: LiDAR analysis, geo-scientific model adjustment, and recommendation of the exploratory drilling points.

"Primavera" vehicle: the "Primavera 2" vehicle will be jointly developed with Universidad EAFIT with the purpose of participating the 2015 World Solar Challenge in October in Australia.

EPM Group Management



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Goals for 2014	Achievements of 2014	Compliance
CENS -Implementation of the project of Bioremediation of soils contaminated with dielectric oils.	Progress was made in the formulation of the inter-institutional research agreement with the University of Pamplona.	Partial

Source: CENS and Development and Innovation at EPM.

Goal for 2015
CENS - To develop stage 2 (activity planning) and stage 3 (implementation) of the Universidad de Pamplona/CENS Inter-Institutional Agreement for the bioremediation of soils contaminated with dielectric oils.



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Sustainable mobility

For EPM, sustainable mobility has been associated with natural gas, however, the intention of the company is that electric mobility plays an important role in the near future, boosting the demand for energy and, at the same time, bringing environmental benefits such as a reduction in the pollution caused by oils, filters, spark plugs, etc.; no noise pollution; zero gas emissions; and other benefits like operative savings.

The success of this initiative will not only depend on EPM, but also on the commitment of all the agents involved in the ecosystem, that is vehicle and charger suppliers, government institutions, other public utility companies, among other.

The “Primavera” solar vehicle, conceived in alliance with Universidad EAFIT, is one of the initiatives aimed at the electric mobility. The team that designed and developed the vehicle was awarded the National Engineering Award by the Colombian Engineers Society, and Antioquia’s Engineering Award, as it promotes the use and development of state-of-the-art technology in the field of renewable energy.

EPM Management

EPM has fostered the electric mobility topic since 2009. Therefore, the company has studied the impact electric vehicles have on the electric networks, on the reduction of emissions, on the final disposal of the batteries, and on the business models that are more suitable for approaching this topic.

One of the management actions in this topic is the search for strategic allies for every field of the electric mobility topic, with the purpose of promoting the technology and influencing decisions in the governmental sphere in order to stimulate the business in Colombia.

Thermal District

The Thermal District System is an urban distribution network that produces vapor, hot water and cold water in a central plant, and then transporting them by underground pipes to the buildings that are part of the Thermal District. The objective of the system is to provide heat, water, and air conditioning for different spaces using natural gas as the main source of energy. Thus, the individual buildings do not need their own boilers, furnaces or cooling equipment because the system supplies all the needs.

Among the advantages of the Thermal District development, it is worth highlighting the reduction in the costs of individual air conditioning or heating equipment, the reduction of the maintenance and administration expenses, the optimization of consumption processes, and the liberation of space due to the fact that there is no need to have a engine room.

EPM Management

“La Alpujarra” Thermal District, which is located downtown Medellín, is the first one of its kind in Latin America, will operate on natural gas and it will provide air conditioning services to the public buildings of the La Alpujarra



municipal administrative center.

This solution responds to the needs for heating spaces, supplying cold water and providing air conditioning. It is designed to reduce the environmental impact by avoiding the emission of cooling gases, main precursors of ozone layer depletion, and it will allow reducing the operation and maintenance costs, as well as optimizing the energy consumption. The system operates by co-generation (combined production of thermal energy and electric or mechanic power), and it produces what is known as tri-generation, which is the combination of heat, cooling and power.

The corresponding studies and tests were completed in 2014, and the construction terms were also defined in this term

Urban solid waste management



The problem posed by solid waste in Medellín and its metropolitan area requires a planned management that allows solutions adapted to the characteristics and conditions of the region and that are sustainable in health, environmental, economic and social terms.

In order to venture into the business of solid waste management and to develop optimal strategies for waste management, EPM requires a chart or roadmap for implementing the measures to be undertaken for a proper handle of the amounts of waste projected.

The management of solid waste requires a comprehensive and specific administration in order to maximize the by-products obtained in the process and to achieve an efficient management of them. The goal of these processes should be the benefit the entire community.

EPM Management

EPM is leading the creation of the Master Plan for the management of urban solid waste in Medellín and its metropolitan. Likewise, in 2014 various projects related to the use and recovery of waste aimed at achieving a better end use were evaluated.



Sustainable production and consumption

Thematic axis of the 2012-2015 Strategic Environmental Plan of the EPM Group aimed at defining, coordinating, implementing and monitoring initiatives focusing on sustainable public procurement, all types of energy efficient use and conservation, water efficient use and conservation, integral solid waste management, rational use and conservation of materials and supplies and best environmental practices.



Sustainable production and consumption

Thematic axis of the 2012-2015 Strategic Environmental Plan of the EPM Group aimed at defining, coordinating, implementing and monitoring initiatives focusing on sustainable public procurement, all types of energy efficient use and conservation, water efficient use and conservation, integral solid waste management, rational use and conservation of materials and supplies and best environmental practices.



Energy consumption

Optimization of energy consumption for different uses in the operations of the EPM Group is sought.

In order to provide drinking water in the facilities, the Energy Resources Management Program for a better energy performance is implemented. During 2014, high-efficiency motors were installed in the Pantanillo and La América pumping stations, and recommendations to optimize the system operation were developed.

Management in EPM



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Internal energy consumption

Energy source	2012 energy consumption (GJ/year)	2013 energy consumption (GJ/year)	2014 energy consumption (GJ/year)	2013-2014 variation (%)
Diesel	49,616	49,076	52,341	6.65%
Fuel oil	250,352	122,024	18,905	-84.51%
Regular gasoline	17,143	16,027	18,572	15.88%
Premium gasoline	5,923	3,977	3,573	-10.15%
Natural gas	4,861,457	2,782,431	3,102,999	11.52%
Liquefied petroleum gas	1,577	663	1,413	113.27%
Biogas	96,867	105,772	126,624	19.71%
Electric energy	419,913	492,560	539,582	9.55%
Self-provided electric energy	167,305	143,945	127,051	-11.74%
Total	5,870,153	3,716,475	3,991,061	7.39%

Source: IDSOS.

Internal energy consumption increased by 7.39% over 2013. In the order of higher consumption registers, natural gas was first (77.75%), followed by electric energy (13.52%), and the third place was for the self-provided electric energy and biogas (3.18% and 3.17%, respectively). The 99.98% of internal energy consumption of natural gas is necessary for power generation in La Sierra Thermoelectric Power Plant. Variations in the consumption by type of energy in the period 2014-2013 are explained by operational factors, as follows:



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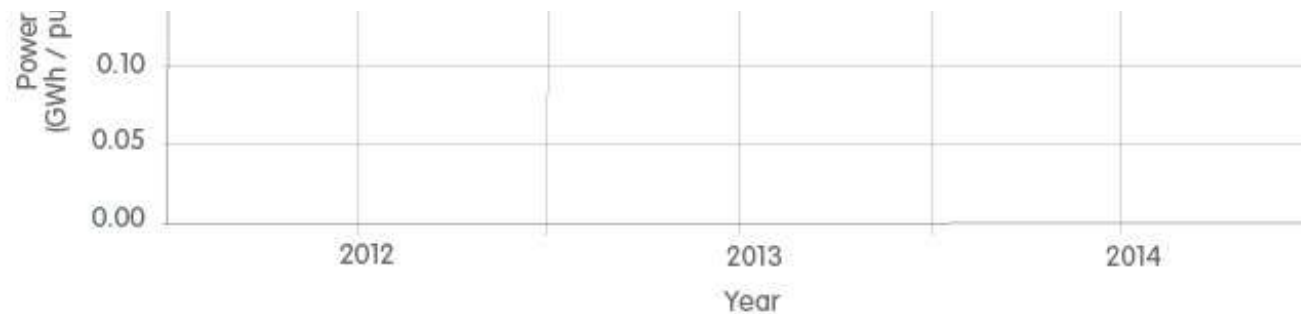
- **LPG:** Increase of 113.27% is explained by the operation of casinos for providing food service and clothes drying service to 855 employees and contractors participating in the Ituango Hydroelectric Power Station Project (average daily occupancy).
- **Fuel oil:** Decrease of 84.51% in its consumption as a result of the exclusive use of natural gas for power generation in La Sierra Thermoelectric Power Plant.
- **Biogas:** An increase of 19.71% in its generation was observed after carrying out a test for 40 days in which a single biodigester was operated, soda was added and, therefore, more hydrolysis occurred.
- **Regular gasoline:** Increase of 15.88% in its consumption due to the increased number of trips to different facilities of the company for operational activities.
- **Self-provided electric energy:** A decrease of 11.74% in its consumption was due mainly to the fact that several power stations had preventive or corrective maintenance, which prevented their normal operation, and due to the fact that the Piedras Blancas small power station was out of operation.
- **Natural gas:** Increase of 11.52% due to the use of this fuel for power generation in La Sierra Thermoelectric Power Plant. Moreover, gas consumption was reported for the first time in the restaurant of EPM headquarters.
- **Electricity :** 9.55% increased by the largest operation of the raw water pumping required to maintain reservoir levels , it caused the maintenance of some mini and micro pumps that supply , operation and



maintenance of the camp existing in the Ituango Hydroelectric Project , the opening and installation of air conditioners in new customer service offices in the department of Antioquia, the commissioning of a second compressor station gas the Tasajera and modernization work production plant cold air conditioning system in the EPM building.

Average power consumption for water purification





It comprises the power consumption of the DWTPs, tanks and bombing stations. The information reported for 2012 and 2013 in the 2013 Sustainability Report was modified due to the inclusion of the power consumption corresponding to tanks and bombing stations.

Source: IDSOS



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The increase of 15.42% in the average electric energy consumption per each million cubic meters of drinking water to 2013 is explained by the operation of on-site disinfection systems, in which a potential electric difference (energy consumption) is applied to a brine to produce sodium hypochlorite. At the same time, a decrease of 0.77% in the amount of drinking water occurred. The annual electric energy consumption in DWTPs, tanks, and pumping stations was 309.534 GJ (7.76% of total internal energy consumption compared to 270.246 GJ of the previous year.)



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Wastewater treatment energy consumption

WWTP	Energy source	GJ/year (2012)	GJ/year (2013)	GJ/year (2014)	2013-2014 variation (%)
San Fernando	Biogas	20,070	24,754	28,800	16.34%
	Electric energy	47,958	55,443	42,239	-23.82%
El Retiro	Electric energy	975	920	908	-1.39%
Totales		69,003	81,117	71,946	-11.31%

Source: IDSOS

Electric energy consumption in 2014 for the treatment of wastewater is equal to 1.80% of total internal energy consumption. With the methane produced from the anaerobic digestion of sludge, it was possible to self-provide about 40% of the electric energy required in the treatment plant, 10% more than in 2013. The demand for electric energy decreased by 23.82% due to the replacement of diffusers in aeration tanks and the implementation of an operational system with only one digester in the San Fernando WWTP.

Average electric power consumption per person at the EPM Building

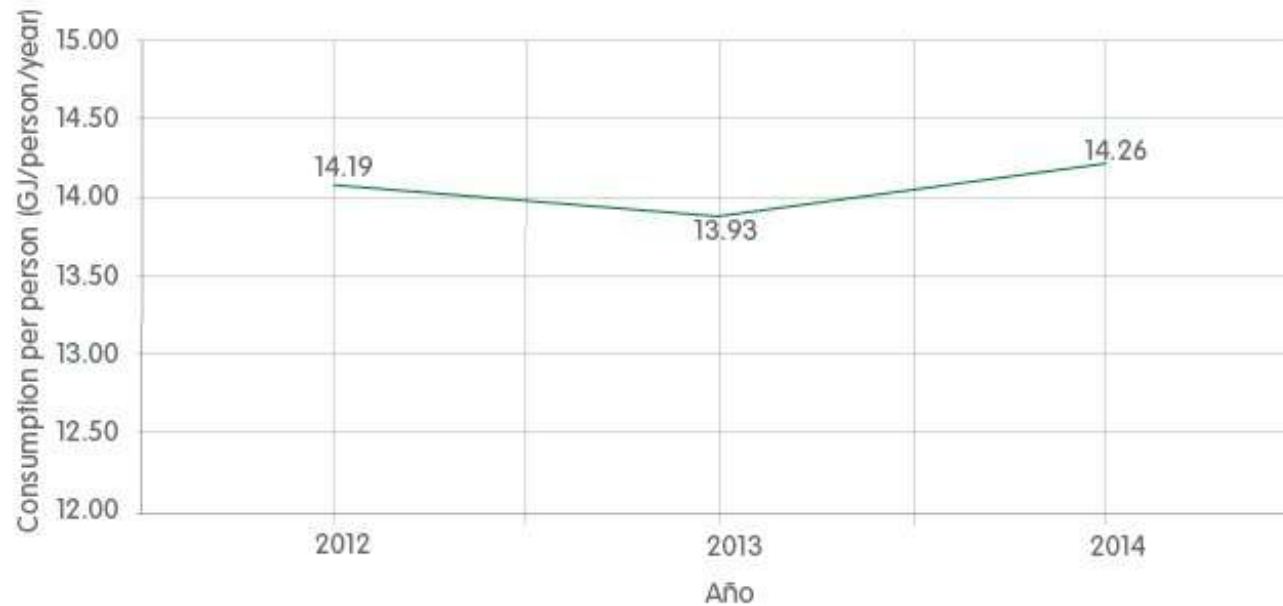


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per person at the EPM Building



The Information reported for 2012 in the 2013 Sustainability Report was modified due to refinement of the building population calculation.



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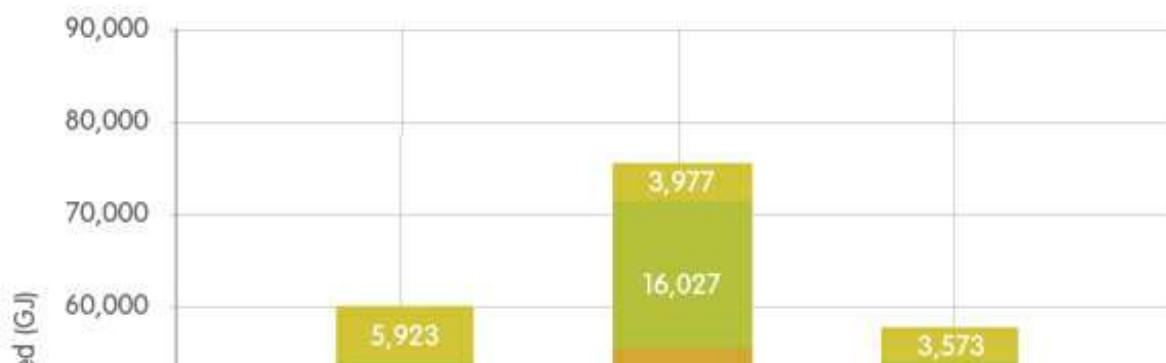
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Source: IDSOS

The total electric energy consumption in the EPM building was 62.469 GJ (1.57% of internal energy consumption), representing an increase of 3.79% over 2013. This due to the modernization works of the cooling plant of the air conditioning system, the testing for operation of new equipment, and the implementation of various activities and events held in this Headquarters. Per capita consumption also increased at 2.42%. However, it is expected to decline when the initiatives to modernize and upgrade technology systems in the Headquarters are completed. In order to optimize energy consumption in offices, various initiatives like desktop virtualization, replacement of office equipment and their replacement by new equipment with lower energy consumption, and the configuration of computers and printers were carried out.

Energy consumption of the Group's own vehicle fleet



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The fleet comprises 369 active vehicles (automobiles, pick-ups, trucks and buses) and 266 motorcycles owned by the company.

Source: IDSOS



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The total annual energy consumption by our vehicle fleet was 57.871 GJ (1.45% of internal energy demand) compared to 76.497 GJ of the previous year. It means that a decrease of 24.35% occurred. As for the fuels used, only regular gasoline consumption increased by 13.45%. Diesel fuel accounted for 59.54% of fuel consumption in our vehicle fleet, followed by regular gasoline (31.42%). The energy source with the lowest consumption in vehicles was natural gas (2.86%).



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Outsourced vehicle fleet fuel consumption

Type of fuel	GJ/year		2013-2014 variation (%)
	2013	2014	
Natural gas for vehicles	2,008	3,470	72.81%
Diesel	22,284	24,842	11.48%
Regular gasoline	3,472	3,665	5.57%
Premium gasoline	-	9	-
Total	27,764	31,986	15.21%

External energy consumption is determined from fuel consumption by the vehicle fleet hired.

Source: IDSOS

The energy consumption of 750 vehicles hired during 2014 to support the execution of fieldwork regarding the water and energy services, as well as support activities, accounts for 0.80% of internal energy consumption. 76.40% of these vehicles operate on diesel fuel. When comparing the internal energy consumption with the external one, we can find that diesel fuel consumption in the vehicle fleet hired accounts for 47.46% of consumption in our vehicles and equipment, while external consumption of regular gasoline accounts for 19.73% of internal consumption.

Management in the EPM Group's subsidiary companies in Colombia



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EPM Group's subsidiary companies are working on the design and implementation of a program on energy efficient use and saving, in order to optimize energy consumption in each of the facilities. To achieve this, a sequence of actions and projects are planned. They involve the implementation of awareness campaigns, the identification of installed meters and amount of electrical equipment and their energy demands, and the programming of equipment maintenance activities. In La Pradera sanitary landfill, biogas is captured and burned in a controlled way to prevent pollution and generation of greenhouse gases.

EPM Group's internal energy consumption

Energy source	Total energy consumption (GJ/year)	%
Natural gas	3,107,794	73.09%
Electric energy	623,314	14.66%
Fuel oil	18,905	0.44%
Liquefied petroleum gas	1,413	0.03%
Premium gasoline	3,573	0.08%



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EPM Group's internal energy consumption

Diesel	203,317	4.78%
Biogas	126,624	2.98%
Self-provided electric energy	139,161	3.27%
Regular gasoline	19,605	0.46%
Biodiesel	8,332	0.20%
Total	4,252,039	100%

Los datos de gas natural y diésel comprenden su consumo en procesos, vehículos y equipos. Incluye EPM, CHEC, EDEQ, CENS, ESSA, Emvarias, Aguas de Urabá, Aguas de Occidente, Aguas de Malambo y Aguas del Oriente. No se presentan datos comparativos para años anteriores porque la información no está soportada por el aplicativo informático oficial.

Source: IDSOS.

In the order of higher energy consumption registers in the EPM Group, natural gas is first (73.09%), followed by electric energy (14.66%), and the third place is for diesel fuel (4.78%). Self-provided electric energy satisfies 3.27% of internal energy demand. It is worth mentioning that biodiesel is only used by EDEQ. Although no data have been recorded in the IT application, some subsidiary companies reported an increase in energy consumption compared to 2013. This due to the continued operation of pumping systems for extracting gas in wastewater treatment plants, as well as the installation of air conditioners and administrative staff moving to larger facilities with higher energy demands, but with better conditions for employees.



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EPM Group's water purification energy consumption

Company	Total electric energy consumed	Total water purified	Average energy consumption per purified cubic meter
	GWh/year	Mm3/year	GWh/Mm3
EPM	86.01	283.61	0.30
Aguas de Urabá	6.07	20.98	0.29
Aguas de Occidente	0.06	4.78	0.01
Aguas de Malambo	3.93	7.80	0.50
Total	96.07	317.17	0.30

It includes 11 DWTP operated by EPM; 7, by Aguas de Urabá; 4, by Aguas de Occidente, and 2, by Aguas de Malambo, as well as electric energy consumption in tanks and pumping stations. No comparative data for previous years are presented because the information has not been recorded in the official IT application.

Source: IDSOS.

Aguas de Urabá and EPM have a similar average energy consumption, while Aguas de Occidente (0.01 GWh / Mm³ purified) and Aguas de Malambo (0.50 GWh / Mm³) differ somewhat from that factor. The annual electric energy consumption in DWTPs, tanks, and pumping stations of the EPM Group was 345.859 GJ (8.13% of total internal energy consumption.) Electric energy consumption for purification in EPM accounts for 89.53% of the total consumption in the Group and 89.42% of the water is purified, followed by Aguas de Urabá which requires 6.32% of electric energy and purifies 6.61% of the water.



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EPM Group's wastewater treatment energy consumption

Company	WWTP	Energy source	GJ/year
EPM	San Fernando	Biogas	28,800
		Electric energy	42,239
	El Retiro	Electric energy	908
Aguas de Urabá	EBAR Ciudadela Bolívar Turbo	Electric energy	238
	EBAR Jesús Mora Turbo	Electric energy	952
	Chigorodó WWTP	Electric energy	1,474
Aguas de Occidente	Santa Fe de Antioquia WWTP	Electric energy	39
Total			74,650



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Introduction – Managing Medellín

EPM maintains an explicit and public commitment to a management focused on promoting competitive and sustainable territories, with the conviction of the fact that corporate growth is deeply connected to the feasibility and competitiveness of the settings where the company operates.

That commitment is evident in the Municipality of Medellín, where two conditions converge to make it a special place: it has been EPM's natural market since it was incorporated as a company that provides public utilities, and it is the owner of the company itself, which is currently constituted as a state-owned social and commercial company.

In this vein and, moreover, bearing in mind that Medellín is the capital of Antioquia, where approximately 40% of the population of the entire state is concentrated, without including the temporary population who works, studies or customarily visits the city but resides in other municipalities, it becomes relevant to present to stakeholders CSR management indicators and other actions aimed at specific city or citizenship projects.

Customers and users

In Medellín, EPM provides its water supply, basic sanitation, electric energy and gas services to 2,841,321 users. 74% of these users belong to strata 1, 2 and 3, which is why they have access to subsidies for the fixed charge and the first 20 m3 of water and drainage system; regarding energy, the subsidy applies for basic consumptions which vary from 130 to 173 KWh; as for gas, the subsidy applies for the connection to the service.

The user defaulting rate went from 2.98% to 2.64% for the energy service, from 1.93% to 1.58% for the gas service, and from 3.75% to 3.15% for the water supply service. Different studies in the city have shown that this is a problem whose solution is not just a matter that involves EPM work, but requires a joint effort of public and private sector, because it is a structural problem whose consequences are diverse.

In 2011, EPM started a customer assistance program for users that present payment difficulties, with the purpose of facilitating their access to public utilities. The program is based on the focalization of the population, the design of comprehensive offers, and the creation of alliances. The objective for 2015 is to articulate EPM offers with the programs of public policies focused on this population.

Informal car washes

The program of informal car washes is an initiative carried out by EPM and the Mayor of Medellín in order to mitigate the technical, environmental and social impact generated by this informal economic practice that has emerged in recent times in the city as an alternative income for population vulnerable to factors such as displacement, unemployment, marginalization and exclusion.

As an informal initiative, informal car wash has generated environmental and social impacts such as loss of drinking water, the destruction of the asphalt and urban equipment, peaceful coexistence, security, mobility and inadequate management of solid waste.

So far, actions have been taken such as the correction of poor connections installed to prevent leakage of drinking water and educate on efficient use of drinking water to help reduce the indicator of water unaccounted



for (UFW). As next steps, linking the car wash to the program of formalization, which is carried out by the Ministry of Economic Development of the Municipality, is being considered as well as generating economic enterprises under the figure of associative production units (UPA).

In 2014, the identification, characterization and technical, social and environmental intervention for the mitigation of impacts was carried out as well as the training for economic entrepreneurship in the car washer group.

Access and purchasability

During 2014, thanks to the Dignifying Homes Program -which provides financing to low interest rates and ample payment periods for strata 1, 2 and 3 to foster the construction of internal and external utility networks- 5,471 households were connected to water supply, 5,628 were connected to sewerage and 8,824 were connected to energy, with a direct benefit for around 88,000 people.

Communal water meters and public electric energy dispensers are unconventional methods for providing services in sectors where, due to restrictions to extend the networks, it is not possible to render the service using individual meters. Through this program, EPM installs collective meters in order to extend the service to homes, and users are charged the average consumption according to their stratum.



During 2014, two Community meters were installed in subnormal settlements El Pomar, in Commune 1 of Medellín, and Olaya Herrera in Commune 7, and 800 people were benefited. Regarding electric energy, 297 meters were installed connected to public electric energy dispensers, which benefited 1,188 people. So far, 9,504 people have been benefited by this type of service.

The service coverage in public utilities in Medellín in relation to the LUP today is the following: 100% for electric energy, 99.5% for water supply and 76% for gas, in terms of the total population.

Community

The focus on common interests, based on the respect for the rights, an emphasis on the sustainable human development, and an adequate company-community coexistence in conditions of efficiency and equity, are the principles that drive the relations with this stakeholder. Two initiatives specially aimed at this are the Christmas lighting program and the programs for approaching the community.

See more: Christmas Lighting.

Approaching the community.

Execution of joint programs and projects

The following are the most outstanding actions by EPM and the Municipality of Medellín:

Articulated Life Units (abbreviated UVA in Spanish)

Through this program -EPM installations -tanks of water supply, electric energy substations or control-valve sites- are also used to create opportunities for enjoyment and community integration through culture related activities and recreation.

In 2014, UVA Los Sueños and La Esperanza in Versalles and Moscú neighbourhoods were delivered. Additionally, UVA Santa Inés and Santa Elena were awarded and their construction works have already started. The design for UVA Orfelinato, which was awarded through contest, has also been received. About COP 14,000 million.

Vital Minimum of Drinking Water

The Vital Minimum program contributes to increasing lowincome families' access to public utilities. It consists of a sponsorship, charged to the Municipality, of drinking water consumption for the family groups benefitting from the program, applied by EPM on the invoice.

7,151 subsidies were delivered in total, representing a variation of 154% over the previous year. The program benefited 28,566 families with an average of 157,250 people each month.

In addition to increases in the benefitted population base under the sponsorship of the vital minimum, we worked on the review and adjustment of the draft agreement presented at the Council of Medellín for the implementation of the vital minimum in basic sanitation and electric energy to the city of Medellín.



AMA Fund for Higher Education

Since 2012, the Corporation for the Promotion of Higher Education was created; an alliance of the Government of Antioquia, the Municipality of Medellin and EPM Foundation to promote higher education in the Department.

In 2014, 3,328 students enrolled in different programs of technical, technological, and professional education, through the alliance. In total, the initiative has benefited 6,056 students in Antioquia.

Participation in the Development Plan of Medellin – EPM



As a company provider of public services, EPM supports the projects in the Municipality Development Plan of Medellin. Specifically, through the implementation of the framework agreement signed with the Municipality, the organization participated in the construction of utility networks for housing and infrastructure projects. The most important projects are the following: Madre Laura bridge and road projects; Ayacucho tram and feeder cables; Metroplús and River Parks.

EPM also participated in the review and formulation of the new Land Use Plan for the Municipality of Medellin, with regard to the possibility of expanding the city limits and the reversal of some areas that had restrictions on the provision of public services, as well as consolidation areas along the Medellin River corridor.



EPM

Financial Management



Financial Statements



General balance statement

Empresas Públicas de Medellín E.S.P.

General balance

At December 31

(Amounts stated in millions of Colombian pesos)

	Note	2014	2013		Note	2014	2013
Assets				Liabilities			
Current assets				Current liabilities			
		3,183,741	2,488,896			2,607,480	1,902,283
Cash	4	274,369	301,883	Public credit transactions	14	381,278	579,568
Investments for liquidity management	5	1,773,894	757,227	Accounts payable	15	1,761,329	903,558



Accounts receivable, net	6	1,003,637	1,296,807
Inventories, net	7	107,398	104,318
Prepaid expenses	8	24,436	28,661
Other assets, net	12	7	0
Non-current assets		30,552,847	29,396,198
Investments for liquidity management	5	5,833	47

Taxes payable	16	237,804	233,112
Labor obligations	17	86,407	61,273
Pension obligations and pension commutation	18	44,830	46,303
Estimated liabilities	19	80,342	66,264
Other liabilities	20	78,565	58,713
Non-current liabilities		9,782,540	7,723,480
Public credit transactions	14	7,980,971	6,003,894



Investments, net	9	6,539,904	5,116,796		Accounts payable	15	36,525	41,195
Accounts receivable, net	6	1,443,993	1,095,060		Labor obligations	17	27,059	53,338
Property, plant and equipment, net	10	11,807,794	10,535,042		Pension obligations and pension commutation	18	762,016	776,459
Actuarial financial reserve	11	618,546	549,736		Estimated liabilities	19	111,297	81,307
Prepaid expenses	8	120,804	33,617		Other liabilities	20	864,672	767,287
Other assets, net	12	1,326,485	1,178,480					
Revaluation off assets	13	8,689,488	10,887,420					
					Total liabilities		12,390,020	9,625,763
					Minority interest		21,346,568	22,259,331
Total assets		33,736,588	31,885,094		Total liabilities and equity		33,736,588	31,885,094
Debit memorandum accounts	22	7,494,853	5,499,381		Credit memorandum accounts	22	21,320,990	20,286,382
The accompanying notes are an integral part of the financial statements								

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Financial, economic, social and environmental activity statement

Empresas Públicas de Medellín E.S.P.

Statement of financial, Economic, Social and Environmental Activity

For the period comprised between January 1 and December 31,

(Amounts stated in millions of Colombian pesos)

	Note	2014	2013
Net income	23	5,845,331	5,533,100
Service rendering costs	24	(2,713,897)	(2,605,677)
Depreciation, provision and amortization	25	(341,105)	(325,385)
Gross surplus		2,790,329	2,602,038
Administrative expenses	26	(569,359)	(604,344)
Depreciation, provision and amortization	25	(84,409)	(111,068)
Operating surplus		2,136,561	1,886,626

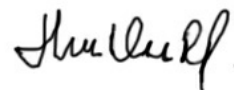


Non-operating income, net	27	701,050	777,347
Non-operating expenses, net	28	(578,852)	(627,083)
Non-operating surplus		122,198	150,264
Surplus from the period before taxes		2,258,759	2,036,890
Income tax provision and income tax for equity- CREE, net	16	(456,688)	(382,766)
Net surplus		1,802,071	1,654,124

The accompanying notes are an integral part of the financial statements



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Cash flow statement

Empresas Públicas de Medellín E.S.P.

Consolidated statement of cash flows

For the period comprised between January 1 and December 31,

(Amounts stated in millions of Colombian pesos)

	2014	2013
Cash flows from operating activities		
Period surplus	1,802,071	1,654,124
Movement of items not involving cash		
Deferred Income tax	(22,765)	39,232
Depreciation, provision and amortization	378,717	377,697
Actuarial computation	46,798	56,505
Participation Method Subsidiaries	(411,418)	(478,258)
Other non-cash items of income and expenditure	467,263	160,933
Cash generated in the operation	2,260,666	1,810,233



Changes from operation activities		
Accounts receivable	114,600	(793,261)
Inventories	(3,081)	8,128
Other assets	(69,904)	(29,772)
Accounts payable	11,750	131,532
Third parties collections and other liabilities	(17,447)	(23,186)
Labor obligations	(63,860)	(41,682)
Net cash provided by operating activities	2,232,724	1,061,992
Cash flow from investments activities		
Assets and infrastructure investments	(1,707,734)	(2,046,592)
Investment in subsidiaries and associates	(197,380)	(390,742)
Restitution and sale of investments	171,080	929,128
Dividends caused controlled subsidiaries	327,295	767,192
Other assets	(68,809)	6,589
Net cash used in investments activities	(1,475,548)	(734,425)
Cash flows from financing activities		
Public credit and treasury disbursements	1,834,631	736,119
Capital amortizations	(591,822)	(175,753)
Surplus paid to the Municipity of Medellin	(1,010,832)	(1,183,493)
Net cash used in financing activities	231,977	(623,127)
Net cash (decrease) increase and cash equivalents	989,153	(295,560)
Cash and cash equivalent at beginning of period	1,059,110	1,354,670
Cash and cash equivalents at end of period	2,048,263	1,059,110

The accompanying notes are an integral part of the financial statements



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Equity change statement

Empresas Públicas de Medellín E.S.P.

Statement of changes in Equity

For the period comprised between January 1 and December 31,

(Amounts stated in millions of Colombian pesos)

	Tax capital	Surplus on donation	Surplus equity method (note 9)	Reserves	Endowments	Total reserves (Note 21)	Accumulated results (Note 21)	Surplus on revaluation of assets	Revaluation surplus (Note 13)	Total equity
Balances as of December 31, 2012	67	91,779	704,383	2,879,070	7,591	2,886,661	5,189,997	1,985,923	10,402,033	21,260,843
Increase by applying equity method	-	-	93,534	-	-	-	-	-	-	93,534
Ordinary and extraordinary surplus	-	-	-	-	-	-	(1,234,557)	-	-	(1,234,557)
Appropriation Reserves	-	-	-	259,530	-	259,530	(259,530)	-	-	-
Movements for the year	-	-	-	-	-	-	-	-	485,387	485,387
Net surplus for 2013	-	-	-	-	-	-	1,654,124	-	-	1,654,124
Balances as of December 31, 2013	67	91,779	797,917	3,138,600	7,591	3,146,191	5,350,034	1,985,923	10,887,420	22,259,331
Increase by applying equity method	-	-	1,327,866	-	-	-	-	-	-	1,327,866



Ordinary and extraordinary surplus	-	-	-	-	-	-	(1,844,768)	-	-	(1,844,768)
Appropriation Reserves	-	-	-	(52,834)	-	(52,834)	52,834	-	-	-
Movements for the year	-	-	-	-	-	-	-	-	(2,197,932)	(2,197,932)
Net surplus for 2014	-	-	-	-	-	-	1,802,071	-	-	1,802,071
Balances as of December 31, 2014	67	91,779	2,125,783	3,085,766	7,591	3,093,357	5,360,171	1,985,923	8,689,488	21,346,568

The accompanying notes are an integral part of the financial statements



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Statement of changes in financial position

Empresas Públicas de Medellín E.S.P.

Statement of changes in financial position

For the period comprised between January 1 and December 31,

(Amounts stated in millions of Colombian pesos)

	2014	2013
Sources		
Surplus of the period	1,802,071	1,654,124
Movement of items not involving cash		
Deferred income tax	(22,765)	39,232
Depreciation, provisions and amortization	370,780	350,331
Actuarial computation	46,798	56,505
Participation subsidiaries Method	(411,418)	(478,258)
Other non-cash items of income and expenditure	633,456	209,968
Working capital provided by the operation	2,418,922	1,831,902
Investments		



Received Dividends	327,295	767,192
Restitution and sale of investments	171,080	929,128
Debt		
Increase in long term listed debt	1,834,631	736,119
Other sources		
Decrease in other assets	1,071	-
Decrease in other receivables	-	41,201
Total sources	4,752,999	4,305,542
Applications		
Investments		
Increased capitalization in subsidiaries and associates	(197,380)	(390,742)
Property, plant and equipment		
Increased construction in progress , Prop. , Plant and equipment	(1,707,734)	(2,046,592)
Other applications		
Increase in long-term debtors	(107,367)	(42,134)
Increased loans to subsidiaries	(241,567)	(468,651)
Other assets increase	(144,002)	(27,028)
Decrease in long-term liabilities	(520,533)	(731,043)
Surplus caused Municipality Medellin	(1,844,768)	(1,234,557)
Total other applications	(2,858,237)	(2,503,413)
Total applications	(4,763,351)	(4,940,747)
Net decrease in working capital	(10,352)	(635,205)

The accompanying notes are an integral part of the financial statements



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General Notes



Note 1 – Operations and Summary of Significant Accounting Policies

1.1. Legal nature

Empresas Públicas de Medellín E.S.P. (hereinafter “EPM” or the “Company”) is the Parent Company of a business group that, consisting of 48 companies, is present in Colombia, Chile, El Salvador, Guatemala, Mexico, Panamá and Costa Rica.

EPM is a municipal decentralized entity created in Colombia by means of Agreement 58 of August 6, 1955 issued by the City Council of Medellín as an autonomous public Establishment. It was transformed into a Government-owned industrial and commercial company through Agreement 069 of December 10, 1997, issued by the City Council of Medellín. As a result of its legal nature, EPM has administrative and financial autonomy and its own equity, in accordance with Article 85, Law 489 of 1998. All the capital of its incorporation and its current operation, as well as its equity, is public, its sole owner being the Municipality of Medellín. Its main offices are located at Carrera 58 No. 42-125, Medellín, Colombia. No duration term has been established for the company.



EPM Building



1.2. Corporate object

EPM provides domiciliary public utilities of water, sewage, power and fuel gas distribution. It may also provide garbage removal, treatment and use services, as well as the complementary activities appropriate for each of these public utilities.

It participates in the telecommunications business, segment which, as of August 2014, it has significant influence according to the accounting practices established by the General Accounting Office of the Nation, through UNE Telecommunications and its affiliates: Edatel, Telefónica de Pereira, Orbitel Servicios Internacionales, Cinco Telecom Corp., Orbitel Comunicaciones Latinoamericanas, Inversiones Telco S.A.S. and Colombia Móvil. It provides voice, data, internet, professional, and data center services, among others.

1.3. Legal and regulatory framework

The most significant applicable regulatory aspects are the following:

1.3.1. Regulations for Colombia

The activity of rendering public utility services that EPM carries out, is regulated in Colombia mainly by Law 142, Public Utilities Law, and Law 143 of 1994, Electric Law.

The General Accountant of the Nation has the duty to establish the accounting regulations of the country for the public sector, as provided by Article 354 of the Political Constitution of Colombia of 1991, regulated by means of Law 298 of 1996.

In note 1.6 the accounting policies and practices applied in the company for the preparation and presentation of the financial statements in accordance with the Public Accounting Regime (RCP) are listed, established by General Accounting Office of the Nation (CGN), as regulating entity on the subject.

The Superintendency of Domiciliary Public Utilities (SSPD) performs the functions of control, inspection and monitoring of the entities that provide domiciliary public utilities.

Because it is a decentralized entity of the municipal level, EPM is subject to the political control of the Council of Medellin, to the fiscal control of the General Controller's Office of Medellin and to the disciplinary control of the Public Ministry.

1.3.2. Regulations commission

Decree 1524 of 1994 delegates on the regulation commission the presidential function of indicating the general administration and efficiency control policies in domiciliary public utilities.

These entities are the following:

- Energy and Gas Regulation Commission (CREG) technical entity attached to the Ministry of Mines and Energy (MME) that regulates the energy sale rates and aspects related to the operation of the Wholesale Energy Market and the rendering of the electric power and gas services.



- The Drinking Water and Basic Sanitation Commission (CRA), technical entity that is an instrumentality of the Ministry of Housing, City and Territory, regulates the water and sewage and cleaning and sanitation rates.

1.3.3. Regulation per sector

1.3.3.1. Drinking water and basic sanitation sector

Law 142, the Public Utilities Law, defined the services of water, sewage and cleaning and sanitation:

Water: also called domiciliary public utility of drinking water. Activity that consists in the municipal distribution of water fit for human consumption, including its connection and measurement. It involves the complementary activities, such as abstraction, its processing, treatment, storage, conduction and transportation.

Sewage: this activity involves the municipal collection of waste, mainly liquid waste, through pipes and ducts. It includes complementary transportation activities, treatment and final disposal of such waste.

Cleaning and Sanitation: activity includes the collection of municipal waste, mainly solid. It includes complementary activities of transportation, treatment, usage and disposal of that waste.

1.3.3.2. Electric power sector

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which may be carried out by independent companies. The legal framework's purpose is to supply the demand of electricity under economic and financial viability criteria and move towards an efficient, secure and reliable operation of the sector.

Generation: Consists of the production of electric power based on different sources (conventional or non-conventional), whether this activity is performed exclusively or combined with another or other activities of the electricity sector, regardless of which of them is the main activity.

Transmission: The national transmission activity is the transportation of electric power in the National Transmission System (STN, for its initials in Spanish). It is made up by the set of lines, together with their corresponding connection equipment, that operate at voltages equal to or higher than 220 kV. The National Transmitter is the legal person that operates and transporting electric power in the STN or has incorporated a company which object is the performance of said activity.

Distribution: Consists in transporting electric power through a set of lines and substations, with their associated equipment, that operate at voltages lower than 220 kV.

Commercialization: Activity consisting in the purchase of electric power in the wholesale market and its sale to other market agents or end subscribers, regulated or not regulated, whether this activity is performed exclusively or combined with other activities of the electric power sector, regardless of which of them is the main activity.

Law 143 of 1994 prohibits the integral integration between generators and distributors, but permits that both agents may perform the commercialization activity. The law defined that the companies that perform the transmission must have this activity as their exclusive purpose. However, companies that as of the date of passing of Law 143 of 1994 were vertically integrated could continue being so, provided they have separate accounts for the different activities.





1.3.3.3. Natural gas sector

Law 142 of 1994 defined the legal framework for the rendering of domiciliary public utilities; the environment in which natural gas is defined as a public utility

Gas: this is the set of activities intended for the distribution of fuel gas, through pipes or other means, from a place of accumulation of large volumes or from a central gas pipeline up to the facilities of a final consumer, including its connection and measurement. This Law is also applied to the complementary activities of commercialization from the production and transportation of gas through a main gas pipeline, or other means, from the generation site to that where it is connected to a secondary network.



1.4. Statutory audit

Empresas Públicas de Medellín E.S.P. has no obligation to have a statutory auditor, since it is an industrial and commercial company of the State, and since all the capital for its incorporation and operation is of a public nature. For the same reason, the entity is subject to full fiscal control by the Contraloría General de Medellín.

1.5. External audit



According to provisions of the Good Corporate Governance Code, the external audit is established as a control mechanism, whose purpose is the examination of the accounting information in general and of the financial statements, as well as the issuing of an independent opinion in respect to the reasonableness of the financial statements to indicate the financial condition of the company at the closing of each fiscal period. The Audit Committee of the Board of Directors previously reviews the External Audit Plan and follows up the auditors performance.

1.6. Accounting practices

For the preparation and presentation of the financial statements, the company, as a public entity, complies with the Public Accounting Regime (RCP, for its initials in Spanish), established by the Nation's General Accounting Office (CGN, for its initials in Spanish), a public entity of the Republic of Colombia. The RCP is harmonized with rules and practices accepted internationally for the public sector. Local regulations contain international elements applicable to the local context and strategic for the interaction of the public sector in a globalized environment.

The regulations of the CGN that rule accounting matters are:

- Resolution 354 of 2007: adopted the RCP, established its structure and defined the scope of application.
- Resolution 355 of 2007: adopted the General Public Accounting Plan (PGCP, for its initials in Spanish), which contains the general public accounting regulations and the grounds to recognize and disclose the transactions, events and operations carried out.
- Resolution 356 of 2007: adopted the procedures manual of the public accounting regime consisting of the general catalogue of accounts, the accounting procedures and the accounting instructions manual.
- Resolution 357 of 2008: establishes the internal accounting control procedure and the remittance of the annual internal control evaluation report that must be sent to the CGN.

Also applicable are the regulations of the Superintendence of Domiciliary Public Utilities (SSPD, for its initials in Spanish). The unified system of costs and expenses by activities of EPM is ruled by Resolution 20051300033635 of December 28, 2005, issued by the SSPD, updated with Resolution 20101300021335 of 2010, which was replaced by Resolution 20131300001025 of 2013.

Pursuant to Article 4 of its bylaws, EPM has the obligation to maintain a separation in the account of its income, costs and expenses associated to each one of the public utilities it provides, and guarantee the specific destination of the funds proceeding from the loans.

According to the regulations in effect, EPM adopts the accounting practices that are detailed below:

Practices of a general nature

1.6.1. Consolidation process of accounting information:

EPM consolidates its financial information with the companies in which it has an equity interest equal to or in excess of 50%, either directly or indirectly, or it has the administrative control.

The consolidated financial statements are issued quarterly and are presented to the Board of Directors. Once approved by the board, they are published in the official page of EPM together with their respective notes.



1.6.2. Functional currency

The functional currency of Colombia is the Colombian peso. Consequently, the operations carried out by EPM and his domestic subsidiaries in other currencies are considered denominated in a "currency different from the peso" and are recorded according to the exchange tariffs in effect on the dates of the operations. Colombia's economy is not hyperinflationary.

1.6.3. Exchange difference

During the period, differences between the historic exchange rate accounted for and the exchange rate in effect as of the date of collection or payment are recorded as exchange gain or loss and are presented in the "non operating result" of the income statement. Excluded from this practice are investments made abroad in controlled companies, which are recorded in equity through the equity method.

Balances in cash, banks, accounts receivable, investments, suppliers and financial obligations in foreign currency are expressed in Colombian pesos based on the Market's Representative Exchange Rate (MRER) certified by the Financial Superintendency of Colombia.

1.6.4. Accounting period

EPM has determined through by its bylaws to make a closing of its accounts, are prepare and disclose general-purpose financial statements, at least once a year, as of December 31.

1.6.5. Accounting estimates and judgments

In the preparation of the financial statements estimates are used to quantify some of the assets, liabilities, income, expenses and commitments that are recorded in the accounting. Basically estimates refer to:

- Valuation of assets to determine the existence of losses by their impairment.
- Useful life of properties, plant and equipment and intangibles.
- Realization value to determine the inventories provision.
- Recoverability of accounts receivable to determine the receivables provision.
- Hypothesis used to calculate the reasonable value of properties, plant and equipment.
- Public utilities supplied to customers, corresponding to billing cycles with consumptions of December, but the invoices for which are issued in January of the following year. The records are made globally and at the respective tariffs of the specific income in consideration that the right to said income already exists.
- Some macroeconomic variables, particularly costs of the electric sector.
- Hypothesis used in the actuarial calculation of the retirement pension and seniority bonus calculations.
- Amount of liabilities associated to possible contingencies, which gives rise to recognition of provisions.
- Determination of reasonable value of investments that are not quoted in the public exchange market.

These estimates are made as a function of providing reasonable information that reflects the economic reality of the company as of the closing date. The end result of the operations referred to by those estimates may be different from the final values and future modifications may occur.



1.6.6. Policy for disclosure

As policy for disclosure of the items that make up the financial statements for the purposes of determining the materiality of the figures, EPM has based itself on the relative importance that each subaccount represents in respect to the group of account to which it corresponds. Thus, it discloses those items of the balance sheet as of December 31, 2014 that are equivalent to more than 5% of the current assets, other assets, current and noncurrent liabilities and equity.

1.6.7. Materiality

The recognition and disclosure of the economic events is made according to their relative importance. An economic event is material when because of its nature or amount, the knowledge or lack of knowledge of its occurrence, taking into account the circumstances, may significantly alter the economic decisions for users of information. When preparing the financial statements, the relative importance for disclosure purposes was determined on 5% basis applied to each group of accounts.

1.6.8. Classification of assets and liabilities

Assets and liabilities are classified according to the use for which they are intended or according their degree of realization, enforceability or assessment in terms of times and values. The values realizable or payable within a term not exceeding one year are considered current assets and liabilities.

Practices of a specific nature

1.6.9. Cash

Money in cash and in banks is considered cash. Funds that because of contractual or conventional reasons have a restricted availability are recorded separately.

1.6.10. Investments for liquidity management

These are to the investments made to optimize the excess liquidity surpluses, that is, all funds that are not immediately intended to the performance of activities that constitute the company's corporate object. Investment of excess liquidity is made under the criteria of transparency, security, liquidity, profitability, under the guidelines of an adequate control and at market conditions with no speculative purposes in accordance with Decree from the General Management 1651 of 2007.

Considering the stipulations of Decree 1525 of 2008 from the Ministry of Finance and Public Credit, modified by Decrees 2805 and 4471 of 2009, 4686 of 2010, 1468 of 2012 and 600 and 1117 of 2013, transitory investments in EPM may be created in treasury securities (TES), Class B, fixed Rate or indexed to the UVR (Real Value Unit) and in term deposit certificates (CDT, for its initials in Spanish), in checking or savings account or in term deposits with banking institutions monitored by the Financial Superintendence of Colombia or in entities with special regimes, contemplated in section ten of the financial system organizational structure and in collective investment portfolio of the monetary or open market, without pact of permanence, in entities with the second best rating in effect on strength or quality in the administration of portfolios and that comply with the investment regime provided for EPM.



The bank establishment subject to investment of excesses must have a rating in effect corresponding to the maximum category for short term, in accordance with the scales currently used by the rating agencies BRC Investor Services S.A. (BRC 1+), Value and Risk Ratings S. A. (VrR 1+) and Fitch Ratings (F 1+) and receive as minimum the third best rating in effect for the long term (AA) used by the respective corporations.

Foreign currency excesses may be investment in international governments or financial institutions with a minimum rate of A+ for the long term and A-1+ for the short term, the same that in branches abroad of banking establishments monitored by the Financial Superintendence of Colombia, that have the maximum rating in effect for the long and short term according to the scale used by rating agencies that rate the Nation's foreign debt.

The portfolio of liquidity investments is valued daily at market prices, according to the provisions of the regulations in effect. Prices and benchmark rates used for the different categories of securities are: for local currency those published by the Stock Exchange of Colombia in its information for valuation page (Infovalmer), and for foreign currency those published in Bloomberg.

The purchase of investments, administration of fixed income liquidity, is recorded at purchase cost, which is the same reasonable value. The costs of these transactions are recognized as expenses when incurred. Subsequently to their initial recognition, they are valued at reasonable value taking into consideration the market value established in the stock exchange where said security is traded. Differences that arise between each valuation increase or decrease their cost, with debit or credit to the results accounts of financial income or expenses, according to the case.

1.6.11. Equity investments

Consists of investment in controlled and uncontrolled entities.

- Investments in controlled entities: equity investments in controlled entities consist of investments made with the intention of exercising control or have the joint control. They are recognized at their historic cost and the equity investments in which EPM exercises major influence are included.

The historic cost is made up by the acquisition price or original amount, plus all the disbursements necessary made by EPM for the acquisition of the investment. These investments are not subject to exchange difference adjustment, since the equity method incorporates it, but are subject to adjustment to intrinsic value in order to recognize at the time of the purchase the difference between the acquisition price and the intrinsic value of the shares, quotas or part of corporate interest. If as a result of the comparison the investment value is lower than the intrinsic value, the difference is recorded as appreciation. If, to the contrary, as a result of the comparison the value of the investment is higher than the intrinsic value, the difference is recorded as provision, affecting results. The adjustment to the intrinsic value is modified by new acquisitions.

- Equity investments in uncontrolled entities: they consist of the participative securities classified as of low or minimum tradability or without any trading, which do not permit EPM to control, share the control or exercise any major influence on the issuing entity. These investments have the characteristic of not being available for sale. They are updated by the cost method quarterly, based on the value in the stock exchange or their intrinsic value. If the intrinsic value or stock exchange trading value is higher than the adjusted cost, the difference is recognized as appreciation, affecting the equity as surplus. If the intrinsic value or stock exchange trading value is lower than the adjusted cost, the appreciation created is reduced until it is extinguished, and beyond that value provisions are recognized against results for the period as other non-operating expenses.

1.6.12. Debtors



It constitutes the value of the rights in favor of EPM originated in the rendering of the public utilities services. One of the following conditions must be met for their recognition:

- That the service or good has been satisfactorily delivered.
- That there is a right on which the transfer of money or its compensation in kind may be legally demanded.
- The existence of a collection document, agreement, court ruling or other document legally issued that supports the right.

1.6.13. Doubtful accounts

As doubtful accounts are considered those that are over six month past due or when they are sent to legal collection, this event originates the reclassification of the respective amount from current account receivables to doubtful accounts. From this reclassification the debtors that are classified as official entities are exempted.

1.6.13.1. Provision for debtors

An administration provision is established for the protection of receivables, charged to the expense account of provision for debtors. When risks for the recovery of debtor balances are evidenced, the calculation of this provision corresponds to a technical evaluation that permits the determination of the loss contingency or risks for eventual debtor's insolvency. Each month the collectability status is assessed using the cascade model; which requires a historic base of minimum 12 months to determine the non-collectability percentages.

When there are rights where recovery is not possible through legal process, coercive jurisdiction, or ordinary channels, the write-off of will apply to recognize the reduction of the account receivable in favor of EPM.

The account receivable write-off does not release EPM of the responsibility to continue with the collection efforts that will be relevant. The practice for the recognition of the receivable write-off, results in a charge to the account of debtors provision and a credit to the account receivable from the customer or to doubtful accounts, respectively.

The value of the account receivable to be cancelled against the provision is recorded in memorandum accounts. In an eventual recovery, the balance of the memorandum account is reduced and an income for recovery is recorded.

1.6.14. Inventories

As inventories are classified the goods acquired with the intention to sell them or consume them in the process of rendering public utility services. They include goods in stock that do not require transformation such as power, gas and water meters, supplies, materials such as parts and accessories for rendering services and goods in transit and held by third parties.

The goods acquired will be incorporated to inventories at the time of their receipt for their acquisition cost, added with all costs and expenses necessary to put them in a usable or saleable condition. The weighted average method is used for their valuation. The consumption of materials and spares is recorded with credit to the account of inventory of materials for rendering of services, for the average cost, with charge to the respective expense, cost or investment account.



In order to reflect the value of the inventory in accordance with its economic reality, in EPM the inventories will be updated at their realization value, provided that this value is lower than the book value. In this case the provisions will be recognized for the difference; otherwise, provisions will be recovered when they exist, not exceeding the value created for this item. For the case of physical reductions, such as decreases, deterioration or obsolescence the inventory retirement will be made directly against expense.

Physical inventory counts are made on a rotating basis throughout the year, in order to cover all articles catalogued in the inventories.

Inventories keep their inventory nature, regardless of the fact that because of exogenous factors proper of the economy or by natural situations inherent to the business conditions they have a slow turnover. Although they continue as inventories, this low turnover gives them an “immobilized good” characteristic in EPM.



1.6.15. Properties, plant and equipment:

This balance represents the tangible goods acquired, constructed or in process of construction, with the intention of using them permanently in operating activities for the production and rendering of services, to lease them or to use them as administrative support of the organization, that are not intended for sale in the normal course of business and which useful life exceeds one year.

The historic value of these assets includes all disbursements and charges necessary to put them in usable conditions. All disbursements made by the company to increase the useful life of these assets, extend their productive capacity and operating efficiency, improve the quality of products and services, or allow a significant reduction of operating costs are capitalized as higher value of the asset.

Pursuant to the provisions of Resolution 356 of September 2007, issued by the CGN, the company updates the value of properties, plant and equipment by means of technical appraisals with the application of methodologies of recognized technical value, which consider among other criteria, their useful life, economic life and remaining life, the location, condition, productive capacity, market situation, degree of tradability, obsolescence and deterioration suffered by goods.

The update of properties, plant and equipment is made every three years and the recording is made in the respective accounting period. However, if prior to the completion of this term the value in books of properties, plant and equipment experiences significant changes in respect to the replacement cost, or the realization value, a new update is made, recording its effect in the respective accounting period.

Useful lives of fixed assets in EPM are defined taking into account technical criteria, in accordance with the characteristics proper of the asset, considering future economic benefits, the potential of the asset service, the capacity or physical performance expected of it, as well as the physical and environmental conditions.

They shall be defined taking into account technical criteria and in the terms that it is expected that they will bring economic benefits to the company, taking into account the following factors to determine them:

- The use of the asset or its physical wear and tear, which is estimated by reference to the capacity or physical yield expected of it.
- The expected natural deterioration caused by reasons other than its use that depends on operating aspects such as: number of work shifts in which the asset will be used, the repairs and maintenance program, among others.
- The geographic location of the asset.
- The legal limits or similar restrictions on the use of the asset.

If there are no other technical criteria to be considered, the useful lives established by the CGN may be taken as reference. These are as follows :



The average of general useful life by type of asset used in EPM head office

Type of assets	2014	2013
Constructions		
Dams, repeating stations	48	49
Buildings, houses, offices, stores, booths, camps, parking, garages, warehouses, sports facilities	33	30
Storage tanks	33	30
Plants, ducts and tunnels		
Generation plants	37	43
Treatment plants	41	48
Conduction plants	52	45
Substations and regulation stations	31	24
Water works and channeling	30	30
Pumping stations	31	27



Networks, lines and cables		
Distribution and air networks	30	22
Wastewater collection networks	35	35
Transmission lines and cables	35	33
Gas supply networks	28	
Machinery and equipment		
Construction equipment, industrial machinery	7	7
Tools and accessories	6	7
Equipment for pumping stations	5	7
Control center equipment		13
Dredging machinery and equipment, cleaning equipment, other machinery and equipment	7	7



Medical and scientific equipment		
Research equipment	7	6
Laboratory, medical and scientific equipment	11	11
Furniture, fixtures and office equipment	6	7
Communications and computer equipment	5	5
Transportation traction and lifting equipment	6	5
Dining, kitchen, pantry and hotel equipment	8	7



The following are among the classifications:

- **Constructions in progress:** represents all disbursements made by the company in the process of construction, expansion, modernization, rehabilitation or replacement of networks, plants and equipment, among others, until they are in conditions to be used in performance of the operation to guarantee the expansion and sustainability of the infrastructure to provide the services offered through construction. The value for which the constructions in progress are recognized is given by the total disbursements necessary and indispensable that are directly associated to the acquisition or construction of the good from the date of initiation of the performance until the date when the asset is ready for its use or operation. Commissions, financial costs, interest and exchange difference of interest originated in loans obtained for financing of works under construction, are capitalized up to the time when they are in operating conditions. Disbursements made to carry out the pre-feasibility and feasibility phases in projects shall not be capitalized, that is, they must be recorded in expense accounts. If during these phases fixed assets or intangibles are acquired, they shall be recorded in the corresponding accounts of property, plant and equipment or intangibles. In the power generation business investments are made, mainly for the construction, rehabilitation or modernization of power generation plants as well as for the repowering and replacement of their equipment.

Investments in infrastructure for the expansion and replacement of transmission and distribution networks in different voltage levels are intended for the construction of general use networks in order to cover the needs arising from the growth of power demand to take care of the works aimed at the system's reliability. Additionally, to cover regulatory requirements, improvement of service quality level, shielding of networks to reduce fraudulent connections and the change of elements that show a high degree of deterioration.

In the gas distribution business, in turn, investments are made to address the non-residential market and the expansion beyond the Valle de Aburra through Compressed Natural Gas system in the municipalities where access with conventional gas pipelines is not yet possible.

In the Strategic Business Group of Water, investments are made intended to the modernization and replacement of waterworks and wastewater networks in the different circuits, expansion of conductions and acquisition of equipment for water treatment plants and pumping stations. In addition, replacement of equipment in waste water treatment plants, as well as the construction, replacement, optimization and expansion of secondary networks and collectors as part of the "Sanitation Program of the Medellin River and its affluent streams".

- **Movable goods in storage:** correspond to the movable goods acquired in any modality, which are characterized as permanent because they will be used in the future in production or administration activities in EPM. While they maintain this condition they are not subject to depreciation, as provided in paragraph 171 of the General Public Accounting Plan.

Properties, plant and equipment not exploited: include assets that because of obsolescence, are not required for the operation of the business and those that are temporarily out of service, in rehabilitation process or waiting for a technical decision to be rehabilitated or retired. Movable good assets that are retired by obsolescence or because they are no longer required by the company, are taken to the reuse warehouse where they are offered through public auctions (by internal regulations). This are retired at the time they are reintegrated, exception made of vehicles that are retired in the accounting when sold.

Buildings: represents the value of buildings and houses, offices, booths, parking, garages, warehouses, sports and recreational facilities, dams and storage tanks among others, acquired by the company for the performance of its functions and the referring of public utilities.



- Plants, ducts and tunnels: represents the value of plants, ducts and tunnels acquired by the company for the generation, transmission and distribution of energy, distribution of gas, provision of water and sanitation.

In the operating infrastructure used by EPM in the power generation, transmission and distribution of power, natural gas, water supply and sanitation are, among others, the civil works and equipment of the generation, treatment, conduction plants, gas pipelines, power substations, channeling and pumping stations.

- Networks, lines and cables: represents the value of the distribution networks of energy, waterworks, collection of wastewater, gas supply networks and power transmission and distribution lines used in the business operation.
- Depreciation: It is calculated on the historic cost under the straight-line method. The base used is the useful life determined according to technical criteria, such as additions or improvements, technological advances, maintenance and repairs policies, obsolescence, physical exposure of the goods and other factors.

1.6.16. Actuarial financial reserve:

This is the set of assets that have been intended by the public accounting entity according to legal provisions in effect or by its own initiative to take care of pension obligations. These assets are recorded in accounts associated to funds and the payments of retirement pension and pension bonds are paid against them.



1.6.17. Expenses paid in advance

These are disbursements that are paid before receiving the good or service required. They are deferred during the period in which the services are received or the costs or expenses are accrued. Expenses paid in advance are measured for their original cost, as provided in the contractual agreements or the prices set and agreed with third parties.

1.6.18. Deferred charges

Are disbursements corresponding to the supply of goods or rendering of services received that, with reasonable certainty, will generate future benefits. The amortization is recognized during the periods in which it is expected to receive the benefits of the costs and expenses incurred, according to the feasibility studies for their recovery, the estimated periods of consumption of goods or services or the effective periods of the respective agreement.

The balances of deferred assets must be appraised at their net recovery value. At the end of each year, it must be determined if the deferred charges will generate future benefits; otherwise, their value will be fully amortized.

1.6.19. Intangibles

Are those disbursements made for the acquisition or development of the set of incorporeal goods, or without physical appearance, such as rights, licenses and software, from which future benefits may be obtained. As intangibles will be recognized in the balance sheet accounts, among others, those goods that are intended to the performance of primary activities of the value chain, on which it is expected to obtain future economic benefits. These goods are recognized if they are:

- Identifiable: their value can be established.
- Controllable: they can be transferred or their access can be restricted.
- Generate future economic benefits or a service potential.
- Their monetary measurement is reliable.

Intangibles are:

- Goodwill: Corresponds to the additional amount that is paid in the purchase of shares or quotas of corporate interest, above their equity value, as recognition of attributes such as good name, qualified personnel, good credit reputation or the control of the economic entity.

In order to reflect the economic reality of the operation and its direct association with the economic benefits that are expected to be obtained from the investment, the goodwill must be amortized based on methodologies of recognized technical value, during the term in which, according to the technical study made for the acquisition, the investment is expected to be recovered. Nevertheless, the goodwill with indefinite useful life is not subject to amortization.

At the closing of each accounting period, the Group Companies assesses the goodwill in order to verify if the conditions of generation of future economic benefits are maintained, taking into account the financial projects of each company.

- Licenses and software: Are those right acquired by a company to exploit a determined invention, knowledge, trademark or technology that has their corresponding intellectual property.

The updates of licenses, that form a part of the support and maintenance agreement entered into, are accounted for as a maintenance cost.



Software is understood as the set of computer programs, procedures, rules, documentation and associated data that form part of the operations of a computer system.

- Intangibles generated internally: For their recognition it is necessary to identify and separate the research phase and the development phase, where the disbursements made in the research phase are recorded as cost or expense in the income statement in the period in which they are made, and disbursements made in the development phase may be, may be capitalized provided that each and all the characteristics for their recognition are evidenced.

The research phase includes all original and planned study performed to obtain new scientific or technical knowledge. The development phase involves the application of research results, or any other type of scientific knowledge to a plan or design for the production of materials, products, methods, processes or systems new or substantially improved before its production or commercial use.

- Easements created: they are amortized in accordance with the provisions of the act that originated them; that is, if the contract is in perpetuity, they will not be amortized; if, to the contrary, is for a definite term, it will be amortized upon expiration of the term agreed in the contract.

1.6.20. Appreciations

It corresponds to the excess of the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM calculates and records appreciations for investments, properties, plant and equipment, and other assets, as follows:

- Investments: corresponds to the valuation of investments in entities controlled and not controlled, as follows:
 - Investments in controlled entities: these are subject to adjustment to their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of shares, quotas or part of corporate interest, at the time of purchase.
 - Equity investments in not controlled entities: they are updated quarterly by the cost method, based on the intrinsic value or stock market value of the entity.
- Properties, plant and equipment: corresponds to the excess between the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM calculates and records provisions and appreciations for investments, properties, plant and equipment, and other assets.

1.6.21. Financial Obligations

This balance corresponds to the acts or contracts that, in accordance with legal provisions on public credit, are intended to provide EPM the resources for the acquisition of goods or services with a term for their payment such as loans, issue and placement of bonds and public debt securities. They are recognized for the value disbursed. Bonds and securities must be recognized for their face value. Guarantees granted to secure the payment of the debt are recognized for the value of the payments corresponding to capital that could be made, which are recorded in memorandum accounts.

Public credit operations are classified as:

- According to the place where they are agreed:
 - Internal: operations in the national territory
 - External: operations outside of the national territory



- According to the expiration:
 - Short term: the obligation expires in a term of one year.
 - Long term: its expiration is over one year.

Public credit operations agreed in foreign currencies must be recognized at the Market's Representative exchange rate (TRM, for its initials in Spanish) on the date of the transaction. This value must be re-expressed monthly applying the TRM of the end of the month. In the case of operations made in different units of value or specific indexes, they must be recognized for the price of the unit on the date of the obligation and be re-expressed periodically, applying the price of the unit or the index of the date of the update. The higher or lower value obtained as a result of the re-expression is recognized in the period in profit and loss accounts.

1.6.22. Hedging operations

They represent the value of financial operations that are entered into in order to cover the risk of liabilities and may be carried out to purchase or sell assets, such as foreign currency, securities or financial futures on exchange rates, interest rates, stock exchange indexes or any other underlying asset agreed, which will be calculated on a future date agreed.

They are recognized for the value agreed in the agreement. If made in currencies other than the Colombian peso, they are recognized at the TRM of the date of the transaction. Monthly they are re-expressed with the TRM certified by the Financial Superintendence of Colombia at the end of the month. The higher or lower value obtained as result of the re-expression is recognized in the period of in the profit and loss accounts. International subsidiaries re-express figures in accordance with the official rates of their respective countries.

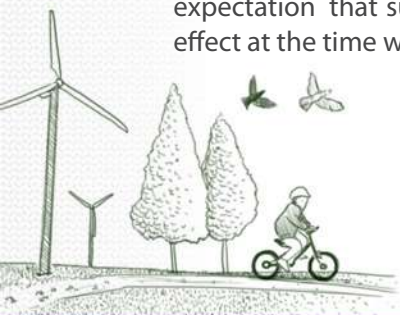
1.6.23. Accounts payable

This balance includes the payment obligations in favor of third parties originated in services received or goods purchased, use of assets owned by third parties and other obligations incurred in favor of third parties. These obligations are recognized at the time that the service or good has been satisfactorily received and in accordance with the value agreed, complying with these conditions:

- That the good or service has been satisfactorily received and that its risks and benefits have been received.
- That it is probable that from the payment of that obligation a disbursement of funds will derive that incorporate future benefits.
- That the value may be determined in a reliable manner.

1.6.24. Taxes , levies and duties

- Ordinary income tax: The Companies in Colombia are a taxpayer of the ordinary income tax regime, at the general rate of 25%. The income tax is recognized as a current expense in accordance with calculation adjustment made between the income for tax purposes and the accounting profit or loss, affecting the item 'income tax' as an offsetting entry in the accounts payable called 'taxes payable'. In intermediate periods a current income tax estimate is recognized based on the forecast of fiscal results for the year, and thus during the year the provision account is used. The deferred tax is recognized separately from the income tax as expense or recovery.
- Deferred tax: it arises from the application of the income tax to the temporary differences between the tax income and the accounting profit or loss. This tax is recognized to the extent that there is a reasonable expectation that such differences will be reversed in the future. The income tax rate applicable is that in effect at the time when the mentioned differences will be reversed.



If the temporary difference entails a higher payment of income tax in the future, it is recognized as a deferred liability in the account of other liabilities, deferred taxes and its offsetting entry will be a lower value of the income tax expense of the current year; this entry is presented separately from the current tax.

If the temporary difference entails a lower payment of income tax in the future, it is recognized as an asset in the account of other assets and its offsetting entry will be a higher value of the income tax expense of the current year and will be presented separately from the current tax.

- Wealth tax: with the passing of Law 1739 of 2014 the wealth tax was created for tax years 2015, 2016 and 2017. This tax will be eliminated as of 2018 for legal entities. The wealth is equivalent to the taxpayer's total gross equity owned as of January 1st of each year, less the debts owed by him outstanding as of that date. The taxable base on which it is calculated, corresponds to the net equity of the taxpayer owned as of January 1, 2015, 2016 and 2017, less some exceptions specifically indicated in the tax regulation. It will be recognized as expense, affecting the item 'taxes, contributions and rates' as an offsetting entry in accounts payable, denominated 'taxes payable', in January of each of the years indicated.

Its marginal rate corresponds to the following :

Marginal rate wealth tax			
Taxable base ranges	2015	2016	2017
From \$ 0 to \$2,000,000	0.20 %	0.15 %	0.05 %
From \$2,000,000 to \$3,000,000	0.35 %	0.25 %	0.10 %
From \$3,000,000 to \$5,000,000	0.75 %	0.50 %	0.20 %
Over \$5,000,000	1.15 %	1.00 %	0.40 %



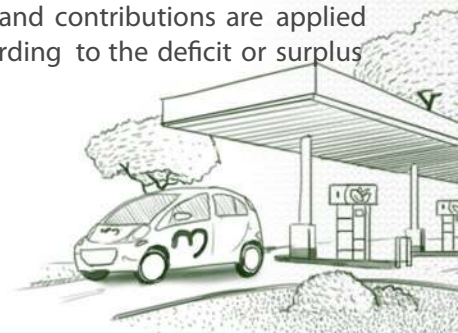
- Other provisions: Law 1739 of 2014 establishes the mechanisms for reconciliation, settlement and special payment conditions to end the processes or discussions that taxpayers may have with the authorities, related to tax matters, contributions to the social security system and customs and exchange matters.
- Sales tax: The domestic Companies of EPM Group are a taxpayer of the common regime. This tax is generated by the sale of goods and services taxed, as well as by the exempt income derived from the exports of services. The utilities of energy, waterworks, sewage and domiciliary gas are excluded from the tax.

The sale tax that is not discountable is a higher value of the asset, cost or expense and is recognized at the time that the payment is made or the respective invoice is accrued.

- Transfers of Law 99 of 1993: companies that generate hydroelectric energy, which a total rated capacity installed exceeds 10,000 kilowatts, will transfer to the regional autonomous corporations (CAR) and to the municipalities and districts where the reservoir or hydrographic basin is located, 6% of gross sales of energy by own generation, in accordance with the rate that for sales in block is indicated by the CREG. In the case of the thermal plants the transfer is of 4%.

For the settlement of transfers, Resolution CREG 135 of 1996 established the rate for sale of electric power in block at \$62.88/kWh (set in Resolution CREG 060 of 1995 and its modifications), which is increased annually as of January 1, 1997, with an index equivalent to the inflation goal provided by the competent authority for each period.

- FAZNI Contribution (Financial Support Fund for Energizing of not Interconnected Zones): created according to Article 81 of Law 633 of 2000: for every kWh dispatched in the Wholesale Power Pool, ASIC (Administrator of Commercial Interchanges) charges one peso to the power generation agents. The CREG, in Resolution 102 of December 2006, made adjustments in compliance with Article 1 of Law 1099 of 2006, which extended the term of this contribution up to December 31, 2014, updating the peso again as of January 1, 2007 with the Producer Price Index (PPI), calculated by the Central Bank.
- FAER Contribution (Financial Support Fund for Energizing of Interconnected Rural Zones): created according to Article 105 of Law 788 of 2002 and regulated by Decree 3652 of December 17, 2003 as owner of assets of the National Transmission System, EPM must contribute one peso, legal tender, for every kilowatt/hour dispatched in the Wholesale Power Pool. These recourses will be managed by the Ministry of Mines and Energy and will be used in projects for construction and installation of new rural electric infrastructure.
- PRONE Contribution (Program of Standardization of Electric Networks in Subnormal Neighborhoods): created by means of laws 812 of 2003, 1112 of 2006 and 1151 of 2007: the MME manages the fund, having as taxpayers the users of the energy transportation; the taxable event is the transportation of energy, the taxable base is the kWh, at a rate of one peso per kW/hour transported. With the funds from this program the Colombian Government has as objective the legalization of users, the optimization of the service and the reduction of non-technical losses through the installation or adaptation of the distribution networks, the connection to the user's home and installation of power meter.
- Social Energy Fund (FOES): created by Article 118 of Law 812 of 2003 as a national special fund, financed with the funds from the congestion revenues calculated by the ASIC, as a result of exports of electric power to neighboring countries within covenants of the Andean Community of Nations (CAN).
Subsidies and contributions: At the time of billing, subsidies are recorded as an account receivable and contributions as an account payable; at the end of the period subsidies and contributions are applied for each service and an account receivable or payable is recorded according to the deficit or surplus that has been generated.



1.6.25. Labor and social security obligations

These are the commitments that EPM has established with its workers for the services rendered through an employment relationship established in accordance with the legislation, pact or collective agreement.

Labor obligations are adjusted at the end of each period based on the provisions and legal agreements in effect.

1.6.26. Estimated liabilities

These are recognized when the following conditions are met:

- The EPM Group Companies has obtained a benefit from the good or service, but the supporting document has not been received from the supplier to be recognized as real.
- The EPM Group Companies has the obligation, according to the provisions of the law, to make payments or to give up resources in the future to take care of credits, on a date established by the parties.

The value of the resources to be delivered or the payment may be reasonably estimated and very close

- to their actual value.

A continuación se relacionan los principales pasivos estimados:

Contingencies: for the recognition of the contingencies associated to legal processes it follows the procedure established by the CGN in chapter V for "the recognition and disclosure of legal processes, arbitration awards, out of court conciliations and attachments decreed and executed on bank accounts" is followed. It is established therein that the processes with a rating of probable must be recorded as provision, while the processes with lower probability of loss must be recorded in memorandum account as potential obligations.

The situation or set of circumstances that generate uncertainty on possible losses and which final result will only become known when one or more events occur or cease to occur and that are not classified within the described procedure, are recognized taking into account the principle of prudence for the recording of expenses.

Pension obligations: pension obligations have two components, pension bonds and pensions, which in turn include the pension quota shares. Their calculation has its legal base on legal regulations in effect on pensions. For the purposes of the actuarial evaluation, the parameters established in Decree 2783 of 2001 of the National Government were followed.

The pension adjustment rate as of December 31, 2014 was of 2.41% (as of December 31, 2013 it was 2.99%). Pension bonds were updated at an interest rate of 4%, from the closing date to the date of update, and in 2009 they formed part of type B bonds, corresponding to the defined benefit plan and that were valued at a rate of 3%. The values already known of the bonds as of the closing date, after deducting those paid during the year were taken as basis.

The pension liability is 100% amortized for EPM as Head office, in compliance with Resolution 356 of 2007; since 2009 pension payments are recorded affecting the liability account.

Pension Commutation: according to Minutes 1466 of December 4, 2006, EPM assumed the pension liabilities of Empresa Antioqueña de Energía E.S.P. (EADE) in 2007, liquidated.

The methodology used for the actuarial calculation of pensions and pension bonds of EADE follows the parameters and technical bases established by the competent authority and are the same ones used for measuring pension liabilities in EPM. These pension liabilities are amortized 100%.



Pursuant to the provisions of Decree 941 of 2002, which regulates Law 100, the respective trust funds were created to guarantee the payment of pension obligations derived from pension funds and pension quota shares that correspond to EPM, as well as the payment of pensions and from the pension commutation. The fund is forecasted in such a way that it will extinguish at the time of payment of the last pension payable by EPM (year 2065). With the creation of these funds the availability of resources to take care of the payment of the pension liabilities and pension bonds of the companies is guaranteed, at the same time that their financial management is independent.

1.6.27. Equity

Is made up by the accounts that represent the tax capital, reserves, and profits from previous periods, results for the period, surplus and equity appreciation.

- Reserves: In compliance with tax provisions contained in Articles 130 (70% reserve for excess tax depreciation over accounting) and 211 of the Colombian Tax Code, EPM has been required to register to enjoy special tax treatment and obtain a rationalization in the payment of income tax and complementary.

In compliance with Decree 2336 of 1995, Article 1, a reserve was created by the application of the equity participation method. The reserve corresponds to the profits that are generated at the closing of the accounting period as a consequence of the application of special valuation systems at market prices and that have not been realized in the name of the company, in accordance with the rules of Article 27 (income realization) and other concurring regulations of the Colombian Tax Code.

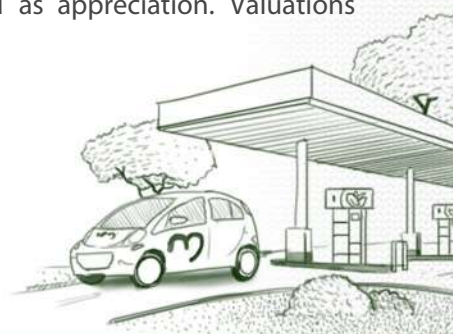
- Financial surpluses : in compliance with Municipal Agreement 12 of 1998, from the Council of Medellin, it was established in Article 5 that the base for assessment of the financial surpluses that are transferred to the Municipality of Medellin is the net profit. With this base, the COMPES (Municipal Council for Economic and Social Policy) determines the amount or percentage of the financial surpluses that will form part of the resources of the budget of the municipal budget.

Additionally, Municipal Agreement 69 of 1997, in its Article 13, mentions: "The percentage of EPM financial surpluses, in conformity with Article 97 of Decree 111 of 1996, cannot be transferred by a percentage over 30% to the Municipality of Medellin and will be intended by the latter exclusively to social investment and payment of city lighting".

Financial surpluses to be transferred to the Municipality of Medellin are recognized when the COMPES determines them, in compliance with legal formalisms, based on the financial statements of the previous year approved by the Board of Directors and sent by the General Manager of EPM to the Secretary of Finance of the Municipality, through a decrease in the profits of previous periods.

In those exceptional cases in which the Municipal Council approves extraordinary or additional financial surpluses, the recognition will be made with the document that gives rise to the obligation for EPM to transfer the financial surpluses, that is, when the certain amount is determined as well as the condition of method, place and time to make their transfer.

- Equity appreciation: this account records the value of inflation adjustments of the equity account balances made since 1992 to 2000, year in which the CGN eliminated them. According to regulations in effect, this balance cannot be distributed as profit until the company is liquidated or decapitalized.
- Surplus for appreciations: represents the excess of the valuation over the book value of assets owned at the end of the period, in conformity with regulations in effect. In the companies of the EPM group the excess of the intrinsic value of investments in respect to their book value, and the excess of the realization value or replacement value of the goods over the book value are recognized as appreciation. Valuations of investments and properties, plant and equipment correspond to:



Investments in controlled entities: these are subject to adjustment at their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of the shares, quotas or parts of corporate interest, at the time of purchase.

Properties, plant and equipment: corresponds to the excess between the valuation value and the book value of the assets owned at the end of the period, in accordance with regulations in effect.

1.6.28. Memorandum accounts

Debtor and creditor memorandum accounts represent the estimate of events or circumstances that may affect the financial, economic, social and environmental situation of the public accounting entity, as well as the value of the goods, rights and obligations that require to be controlled. It also includes the value originated in the differences that arise between the public accounting information and that used for tax purposes.

1.6.29. Operating income

This is the cash flow received by the EPM Group Companies in the accounting period, originated in the performance of its main activity. The returns, discounts and rebates for these items are recorded in separate accounts as lower value of the income. For the recognition of revenues the following conditions must be fulfilled:

- That the service has been effectively rendered or the good has been delivered.
- That the value of the service of good may be reasonable quantified.
- That it is expected to receive the product of the service provided or good sold.
- That the income is susceptible of increasing the net equity.

The income will not be recognized if there are any doubts about its realization.

1.6.30. Non-operating income:

Represents the income obtained by the EPM Group Companies in operations other than the provision of the public utility, including also the income for entries of an extraordinary nature.

EPM will recognize as non-operating income those that are not framed within its main corporate object, on which the risks or benefits have been transferred or the service has been effectively provided, that their value may be reasonably quantified and that it is probable to obtain the proceeds of the good or service delivered.

1.6.31. Costs of proving services:

These are the disbursements necessary to provide the public utility service, without which it would not be possible to provide it or its quality would not be optimum. These costs are connected directly to the rendering of the service, at a difference of the expenses that are disbursements associated to administrative activities. For the recognition of costs it is necessary to fulfill the following:

- That the good or service subject to the costs has been satisfactorily received or is being received (for the case of services provided in several periods).
- That the risks and benefits of the good or service have been received.
- That the value of the cost may be reliably measured.



- It is probable that from the payment of the good or service received will result in the outflow of resources.
- That the good or service subject of the cost is related to the rendering of services or is an element necessary in those services.

1.6.32. Expenses

Expenses are necessary disbursements, derived from the normal operation of the organization, that serve as support for the rendering of the service. EPM recognizes its expenses to the extent that the financial, economic, social and environment events occur, in such a way that they will be systematically contemplated in the corresponding accounting period, regardless of the flow of monetary or financial resources. For this purpose it will be necessary to take into account that the recognition will be made when:

- The good or service subject of the expense has been satisfactorily received or is being received.
- That the risks and benefits of the good or service have been received.
- That the value of the expense may be reliably measured.
- It is probable that from the payment of the good or service received the outflow of resources that involve future benefits may be derived.

1.6.33. Reclassifications

In order to present the figures of both periods in a way that their comparability is propitiated, the following reclassifications were made in the presentation of the figures of the previous year:

- In the statement of financial, economic, social and environmental activity, the ineffective portion of the account works and improvements to property for \$ 2.705 (2013 – \$ 2.251) is presented in ineffective overall costs.
- In payables were classified as non-current portion \$ 21.771 (2013 – \$ 25.490)
- And non-current for \$ 7,980,971 – In the operation of public credit operations of public credit and hedging, current portion of \$ 381.278 (579.568 USD 2013) were pooled (2013 – . \$ 6,003,894)

Other accounting issues

1.6.34. International Financial Reporting Standards (IFRS) Adoption

The International Financial Reporting Standards (IFRS) are a set of standards and interpretations of a technical nature, approved, issued and published by the International Accounting Standards Board (IASB). These standards are establish the criteria for the recognition, valuation, presentation and disclosure of financial information.

These standards are becoming the universal accounting language enforceable and accepted to make sure that in all countries the same financial language is used, with greater consistency in the accounting policies and comparability of the companies' financial information.

EPM began the adoption project of International Financial Standards (IFRS) in 2009, to respond to its growth strategy and facilitate the access to international capital markets.



In Colombia, the approval of Law 1314 of 2009, whereby accounting and financial reporting and information assurance principles and standards are regulated, has gained great importance. In December 2013, the CGN issued Resolution 743 whereby the Public Accounting Regime, the regulatory framework provided in the annex to National Decree 2784 of 2012 from the Ministry of Trade, Industry and Tourism of Colombia whereby the International Financial Reporting Standards are officially adopted in the country. According to these regulations, EPM belongs to Group 1 of preparers of financial information and therefore, it presented to the authorities in charge of monitoring the company the IFRS implementation plan and progress reports of 2013, as per the information requirements established in the different resolutions. The issue of the first financial statements under International Financial Reporting Standards will be December 31, 2014.

1.6.35. General operating or administrative limitations and deficiencies that have an accounting impact

The accounting process was carried out normally during the period and the procedures established for handling documents and accounting supports were followed.



Note 2 – Significant changes in accounting practices

During 2014, no significant changes were made of the accounting information. However, in 2013 the following changes of practices were made:

- Methodology to determine the receivables provision: up to 2012 the methodology for establishing the receivables provision was the individual provision, and as of 2013 EPM uses the method of recognized technical value, including risk variables in obtaining the uncollectibility percentages to be provisioned, called the cascade method.
- Methodology to value litigations and lawsuits: up to 2012 the value of litigations and lawsuits corresponded to the value of the claim or the amount expected; as of 2013 the value of litigations and lawsuits classified as long term is established as the present value of the estimated value to be paid using as discount rate that of the fixed term Government TES bonds.

2.1. Relevant events of 2014

- Merger agreement EPM – Millicom

By virtue of Agreement 17 of 2013 the Municipal Council of Medellín permitted the transformation of the legal nature of UNE a mixed economy company, so that it should have a majority interest in the decentralized entities of the Municipality of Medellín. Based on this agreement, the respective authorizations were requested from the Superintendency of Industry and Commerce, the Financial Superintendency and the National Television Authority (ANTV). When these were obtained, the merger process was initiated.

On August 14, 2014 the public deed of merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. was signed, whereby both parties closed the transaction that will permit the integration of their landline and mobile telecommunications businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil with its brand TIGO.

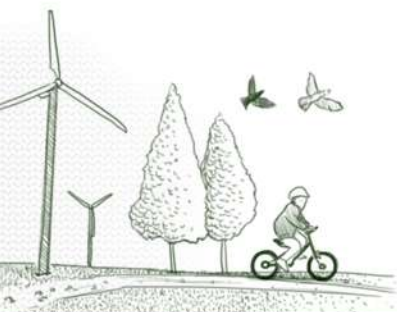
EPM kept a direct interest of 50% in UNE EPM Telecomunicaciones S.A., and the Institute of Sports and Recreation (INDER), one share, whereby the majority stockholding in public entities is maintained, and Millicom Spain S.L., together with 4 minority shareholders assumed the administrative and operating control as of the date of the deed.

- Costa Rica Branch

The Board of Directors of EPM authorized, in its meeting of June 10, 2014, the establishment of a branch of the organization in Costa Rica, within the framework of an internationalization strategy that seeks to explore new business opportunities, considered as one of the target markets of the EPM Group. There are no financial statements of the branch.



Specific Notes



Note 3 – Conversion of values in foreign currency

As of December 31st the exchange rates were:

Values in foreign currency		
Currency	2014	2013
US dollar (USD)	2,392.46	1,926.83
Euro (EUR)	2,895.00	2,655.08
Japanese Yen (JPY)	19.95	18.32
Sterling pound (GBP)	3,730.44	3,191.31
Swiss franc (CHF)	2,407.75	2,166.57
Quetzal (Q)	314.93	245.73
Mexican peso (MXN)	162.30	147.11
Chilean peso (CLP)	3.86	3.66

Assets and liabilities in foreign currencies at December 31 and its equivalent in local currency were



2014

Assets and liabilities in foreign currencies 2014

Item	USD	Millions \$	EUR	Millions \$	JPY	Millions \$	CHF	Millions \$	Q	Millions \$	MXN	Millions \$	CLP	Millions \$
Cash	161,215	386	-	-	-	-	-	-	-	-	-	-	-	-
Banks	35,816,093	85,689	1,845,786	5,344	3,872,231	77	-	-	-	-	-	-	-	-
Accounts receivable	402,341,235	962,585	-	-	-	-	-	-	-	-	-	-	-	-
Liquid investments	682,623,697	1,633,150	-	-	-	-	-	-	-	-	-	-	-	-
Investments	290,924,787	696,026	-	-	-	-	-	-	3,514,629,530	1,106,869	633,538,815	102,826	-	50,124
Accounts payable	(38,882,346)	(93,024)	(1,357,203)	(3,929)	-	-	(75,000)	(181)	-	-	(14,905)	(2)	-	-
Public credit transactions	(1,442,251,785)	(3,450,530)	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities / Asset position	(69,267,104)	(165,718)	488,583	1,415	3,872,231	77	-	(181)	3,514,629,530	1,106,869	633,523,910	102,824	12,697,341,116	50,124



2013

Assets and liabilities in foreign currencies 2013

Item	USD	Millions \$	EUR	Millions \$	JPY	Millions \$	CHF	Millions \$	Q	Millions \$	MXN	Millions \$	CLP	Millions \$
Cash	54,367	104,756	-	-	-	-	-	-	-	-	-	-	-	-
Banks	59,312,813	114,286	1,552,941	4,123	3,925,409	72	-	-	-	-	-	-	-	-
Accounts receivable	385,722,562	743,222	5,565	15	-	-	-	-	-	-	-	-	-	-
Liquid investments for	160,076,684	308,441	-	-	-	-	-	-	-	-	-	-	-	-
Investments	237,615,901	457,845	-	-	-	-	-	-	3,202,435,201	786,922	690,844,341	101,636	10,085,214,183	36,983
Accounts payable	(36,873,610)	(71,049)	(862,610)	(2,290)	-	-	(171,931)	(372)	-	-	-	-	-	-
Public credit transactions	(1,580,333,232)	(3,045,033)	-	-	-	-	-	-	-	-	-	-	-	-
Liability/ Asset position	(774,424,516)	(1,387,533)	695,895	1,848	3,925,409	72	(171,931)	(372)	3,202,435,201	786,922	690,844,341	101,636	10,085,214,183	36,983



Note 4 – Cash

At December 31 is formed :

Cash			
Item		2014	2013
Cash		578	285
Banks and coportations		273,791	301,598
Total cash		274,369	301,883
Restricted cash	(1)	108,808	95,153
*Amounts stated in mollions of Colombian pesos.			

(1) The available banks includes the following accounts with special destination :



Accounts with special destination

Fund	Destination	Financial company	2014	2013
IADB Credit 2120	Disbursement for the construction of the wastewater treatment plan (PTAR) Bello.	Bank of America New York	23,008	43,246
Master Agreement Municipality of Medellín No. 4600049285	Construction by EPM of sidewalks and other roadway elements in the center of the city, taking advantage of the Centro Parilla project, that is, the renewal of the waterworks and sewage networks.	Banco de Bogotá	11,292	-
Governor's Office of Antioquia - Gas without Frontiers	Support the development of the expansion component through the construction of domiciliary gas connections, in the framework of the program "Gas without Frontiers", in the sub-regions of the Department of Antioquia.	IDEA	6,627	2,398
Municipality of Medellín - Water	Integral management of water for human consumption of the inhabitants of the Municipality of Medellín.	BBVA Banco Corpbanca Bancolombia Banco de Bogotá	5,925	5,124
Ministry of Mines and Energy - Special Promotion Quota Fun	Co-financing agreements of the construction, distribution and connection infrastructure to lower income subscribers in the municipalities of Amagá, Santa Fe de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar, Colombia. Compressed natural gas and connect subscribers to Don Matías, Entreríos, San Pedro, Santa Rosa and Yarumal. Agreement No. 106 construction infrastructure to lower income subscribers of Valle de Aburrá, La Ceja, La Unión, and El Retiro. Agreement 179: includes the municipality of Sonsón	Banco de Bogotá	2,504	2,415
Green Basin	Manage the resources assigned for the fulfillment of the objectives of the Green Basic Corporation	Banco de Bogotá	2,015	-
Aldeas program	Take advantage of the wood that completes its maturity cycle in the forests planted by EPM around its reservoirs, to construct low-income homes in the municipalities of Antioquia out of Valle de Aburrá and deliver them to low income people, preferably who have been forced or voluntary displaced.	Banco de Bogotá	1,194	260



Municipality de Medellín - Moravia	Construction, repair and replacement of waterways and sewage networks and paving in the Municipality of Medellín of the streets affected by these works in the neighborhood of Moravia.	Banco de Bogotá	1,082	1,069
Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	Banco de Bogotá	1,053	2,974
Multilateral Fund of the Montreal Protocol	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities in the framework of the implementation of the Montreal Protocol in Colombia.	Banco de Bogotá	590	-
Public lightning and sanitation and cleaning rate agreements with municipalities	Agreement to manage resources of territorial entities for the payment to municipalities with agreements for collection of public lighting and sanitation and cleaning; these are funds exempt from the Tax on Financial Transactions.	Banco Corpbanca	584	-
IPSE-EPM Agreement	Performance of integral project of individual photovoltaic solar systems, as rural energy solution with nonconventional sources of energy (FNCE), in zones not interconnected.	Banco de Bogotá	425	-
Fondo Nacional de Regalías - Gas	Construction of the compressed natural gas distribution infrastructure and subsidies for the connection of users of social economic level 1 and 2 of the municipalities of El Peñol and Guatapé.	BBVA	274	1
City of Caldas	Management of resources assigned by the city to develop the project for the re-siting and modernization of secondary aqueduct and sewage networks together with their associated works.	Banco de Bogotá	220	-
Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	Corficolombiana Banco de Bogotá	139	135



Municipality de Barbosa	Replacement and modernization of secondary waterways and sewage networks and their complementary works in the neighborhoods of Angeles and El Portón in the Municipality of Barbosa	Robles, Centro, La Bicentenario, Los	Banco de Bogotá	65	1,039
Espíritu Santo	EPM - Espíritu Santo Liquidation		Banco de Bogotá	62	-
City of Barbosa - Subsidies	Agreement to partially subsidize the connection of users in stratum 1 and 2		Banco de Bogotá	52	-
Municipality de Medellín - Land	Acquisition of pieces of land identified and characterized within the zones of protection of the hydrographic basins that supply the water systems of the Municipality of Medellín.		Helm Bank	47	47
Thermal District	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities of La Alpujarra Thermal District.		Banco de Bogotá	20	290
Ministry of Mines and Energy - Trust management	Manage the funds and make the payment of the agreement entered into with the Ministry of Mines and Energy FAER GGC 225 2012 (CT -2012-001774 in EPM), to extend and improve the electric power services in the zones of the National Interconnected System located in the Commercialization Market of the Network Operator.		Bancolombia	-	673
Rural Electrification Agreements	Construction and works supervision of domiciliary installations by EPM, to develop rural electrification programs in different municipalities of the Department of Antioquia.		Corficolombiana	-	369
Conventional					
Sinpro Housing Fund	Contribute to the acquisition of homes and their improvement, of workers beneficiary of the labor agreements entered into between EPM and the labor unions.		Banco de Bogotá	29,985	14,897
Sintraemdes Housing Fund			Banco de Bogotá	16,371	15,501



S intraemdes Disaster Fund	Promote the wellbeing of its workers through the availability of funds in order that they may take care of their urgent and unforeseen needs or those of their primary family group.	Banco de Bogotá	936	912
S inpro Disaster Fund		Banco de Bogotá	869	851
S inpro E ducation Fund	Promote the wellbeing of workers in order that they may take care of their payment needs of school tuition, textbooks and supplies required to carry out their own studies or those of their family group.	Banco de Bogotá	879	796
S intraemdes E ducation Fund		Banco de Bogotá	930	904
Motorcycle Repair Fund	Promote the wellbeing of official workers who perform their work in the regional market and use motorcycles owned by them for the performance of their work.	Banco de Bogotá	155	152
Motorcycle Replacement Fund		Banco de Bogotá	63	61
Guarantees				
Entidad Adaptada de Salud Fund and Fosyga Fund	Control and Monitoring mechanism to the collection of contributions of the Contributive Regime of the General Social Security System for Healthcare.	Bancolombia	865	641
International Energy Transactions	Corresponds to the "compensation" that should be performed between the invoice transaction and prepayments bag, looking that perform the actual payment XM.	BBVA	533	358
Deposits Law 820	Corresponds to the guarantee required by the landlord to the tenant for the payment of public utilities. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	Banco de Bogotá	44	40
Total restricted resources EPM parent			108,808	95,153
Amounts stated in millions of Colombian pesos				



Note 5 – Investments for liquidity management

As of December 31 investments for liquidity management are comprised as follows:

Investments for liquidity management					
Investments for liquidity management		2014		2013	
		Value	Average profitability	Value	Average profitability
Rights in securities funds and investment trust	(1)	10,555	3.43 %	49,140	3.24 %
Treasury securities –TES	(2)	11,862	5.3 %	115,875	4.14 %
Fixed term deposit certificates	(3)	118,327	6.56 %	283,771	5.13 %
Bonds and securities issued by financial entities	(4)	1,633,150	0.38 % en USD	308,441	0.61 % en USD
Total current investments for liquidity management		1,773,894		757,227	
EPM Innovation Fund	(5)	5,833		47	



Total non-current investments for liquidity management		5,833		47	
Total investments for liquidity management		1,779,727		757,274	
* Amounts stated in millions of Colombian pesos.					

(1) Short-term investments made with own funds in investment funds. Are treated as a current account and are investments made to obtain a yield on cash surpluses

(2) Includes mainly \$304 (2013 – \$45,646) of the Self-Insurance Fund created for the management of losses of vehicles owned by EPM, and \$454 (2013 – \$5,857) of Empresa Adaptada de Salud (EAS), entity created to guarantee the health care and the rendering of first level services to the employees who joined EPM before the entry into force of Law 100 of 1993. The variation is due to the market strategy presented at the closing of each period.

(3) Financial instruments for borrowing of savings; the interest rate on these is determined by the amount, term and market conditions at the time of creation. These instruments are valued at market prices and the investments include mainly \$71,515 (2013 – \$22,040) of the Self-Insurance Fund and \$16,490 (2013 – \$9,142) of Empresa Adaptada de Salud (EAS).

(4) These correspond to term deposit investments, entered into with international financial institutions with a minimum rating of A+ for the long term, and A-1+ for the long term and branches abroad of banking institutions monitored by the Financial Superintendence of Colombia with the maximum rating in effect for long and short term. The position in bonds and securities issued by financial institutions is due to the international issue of bonds for USD \$500 million on September 10, 2014.

(5) The Fondo de Capital Privado Emprendimiento e Innovación SP (Private Capital Enterprising and Innovation Fund) is a fund managed by Credicorp Capital Colombia, which started formal operations on April 12, 2013. Its investors are Empresas Públicas de Medellín E.S.P. and EPM Inversiones S.A., who made investment commitments for \$100,000 for a five year period.



The Fund is oriented towards the acquisition of participations in assets and rights of economic content whereby companies or business projects are structured – national or foreign – with the purpose of leveraging productive activities that require working capital, and/or the acquisition of fixed assets, and/or the development of new product lines provided that the policy and objective of the investment provided in the regulations are fulfilled. Said policy establishes that capital investments will be made in companies and projects that incorporate high contents of science and/or applied technology that seeks the innovation in the production of goods or services, or in processes, that in either case can be used in the rendering of public utilities and/or of information technologies and communications. At the closing, the funds are in a savings account to pay the operating costs.

Private Capital Enterprising and Innovation Fund SP		
Private Capital Enterprising and Innovation Fund SP	2014	2013
Beginning Balance	47	-
Contributions	7,159	1,216
Operating Expenses	(1,373)	(1,169)
Ending Balance	5,833	47
* Figures in millions of Colombian pesos.		



Note 6 – Accounts receivable, net

As of December 31 accounts receivable are comprised as follows:

Accounts receivable, net			
Accounts receivable		2014	2013
Rendering of public utilities			
Electric power service		529,230	582,410
Fuel gas service		107,962	98,596
Water service		51,048	47,509
Sewage draining service		47,478	51,868
Subsidy on public services	(1)	16,956	9,894
Advances payment	(2)	57,503	268,365



Doubtful accounts			
Electric power service		90,390	90,774
Fuel gas service		11,116	10,335
Water service		9,065	9,667
Advance		7,960	8,130
Others doubtful accounts		11,779	10,735
Rendering of services other than public utilities		4,086	4,740
Payments on behalf of third parties	(3)	19,887	23,497



Others debtors	(4)	105,804	79,307
Related parties	Note 29	87,952	156,078
Currents accounts receivable		1,158,216	1,451,905
Current part provision	(5)	(154,579)	(155,098)
Currents accounts receivable, net		1,003,637	1,296,807
Rendering of public utilities			
Electric power service		111,722	103,987
Fuel gas service		174,901	164,430
Water service		26,434	26,220
Sewage draining service		15,713	16,602



Advances payment		32,300	5,759
Other accounts receivable			
Loans to employees		53,457	50,615
Payments on behalf of third parts	(3)	2,918	2,969
Others		86,735	26,199
Realted Parties	Note 29	939,813	698,279
Non -currents accounts receivable		1,443,993	1,095,060
Accounts receivable, net		2,447,630	2,391,867
* Amounts stated in millions of Colombian pesos.			

(1) Consists of \$11,194 (2013 – \$6,638) gas, \$3,251 (2013 – \$1,277) water, \$2,511 (2013 -\$739) sewage and \$1,240 energy for 2013.

(2) Includes advance payments to suppliers for \$57,503 (2013 – \$133,719), VAT of temporary imports for \$26,814 (2013 – \$21,732) and balance in favor of income tax for \$1,354 (2013 – \$112,914).

(3) Corresponds to payments to third parties for financing of works of installation of public utilities and to co-financing agreements signed with the Ministry of Mines and Energy – Special fund gas promotion installment, of which the following resources have been executed:



Payments on behalf of third parts

Payments on behalf of third parts	2014	2013
Agreement 106 - Valle de Aburrá y Eastern Antioquia-subsidies	47	1,320
Agreement Special Fund Promotion Installment for the West	328	1,228
Agreement Special Fund Promotion Installment for Amagá	1	538
Agreement Municipality of Medellín - gas subsidies	3	467
Agreement Special Fund promotion installment for Bolívar	327	437
Agreement Special Fund promotion installment for Urabá	113	164
Agreement 105 - North Antioquia - Subsidies	1,721	116
Agreement Municipio de Barbosa - gas subsidies	-	20
Agreement Found Special Cuota Fomento for Puerto Nare	127	-
Agreement Found Special Cuota Fomento for Suroeste	(21)	-



Balance of agreements current portion		2,646	4,290
Land of Hidroituango project	(3.1)	16,338	16,338
Public utility facilities financing		903	2,869
Balance payments for account of third parties current portion		19,887	23,497
Program Aldeas		948	948
Balance agreements non-current portion		948	948
Public utility facilities financing		1,970	2,021
Balance payments for account of third parties current portion		2,918	2,969
Total payment for account of third parties		22,805	26,466
* Amounts stated in millions of Colombian pesos.			

(3.1) The payment for the land of the Hidroituango project was made by virtue of the BOOMT contract, where EPM pays the land but there is owned by Hidroeléctrica Ituango S. A. E.S.P.



(4) Includes the balance owed by CHEC corresponding to the restitution of the premium on placement of shares for \$35,425 (2013 – \$0), pension quota shares receivable from other entities for \$9,950 (2013 – \$17,860), loans to employees for \$14,635 (2013 – \$14,083), other debtors associated to the Ituango Project for \$10,739 (2013 – \$0), balance for compensation DES and FEE for \$8,505 (2013 – \$3,731), rights collected by third parties for \$6,992 (2013 – \$0), covenants with EPM Foundation for the scholarship program for \$3,886 (2013 – \$4,169) and with the Metropolitan Area for \$1,566 (2013 – \$1,566), fees and commissions for \$2,046 (2013 – \$1,830).

(5) The movement of the allowance for doubtful accounts was as follows:

Provision account receivable		
Provision account receivable movements	2014	2013
Initial balance:	155,098	142,655
Provision for year	7,936	27,365
Recovery of provision	(2,315)	(14,630)
Recovery of provision	(6,140)	(292)
Total provision for accounts	154,579	155,098
* Amounts stated in millions of Colombian pesos.		



In 2014, the Integral Receivables Management Committee and the Vice Presidency of Corporate Finance authorized the write-off of accounts receivable based on the principle of efficiency and in respect to the cost / benefit associated to the collection process. The receivables write-offs applied were authorized by: Minutes No. 9 of September 24, 2013, Minutes No. 10 of October 22, 2013, Minutes No. 03 of February 25, 2014, Minutes No. 04 of March 26, 2014, Minutes No. 12 of October 10, 2014, Minutes No. 13 of November 4, 2014, and Minutes No. 14 of November 25, 2014.

In 2013 the Credit and Receivables Management Committee approved the write-off of receivables in its sessions of June 4, 2013 (Minutes 4, for \$274), of June 26, 2013 (Minutes 5 for \$15), it also used Decree 1657 for waiving the payment of accounts receivable for utilities, for \$3.

At the closing of the period, there are no restrictions or liens on the debtors.



Note 7 – Inventories, net

As of December 31, inventories are comprised as follows:

Inventories			
Inventories		2014	2013
Materials for the rendering of services	(1)	103,985	101,404
Merchandise in stock	(2)	1,861	2,064
Merchandise in possession of third parties		1,157	850
Merchandise in transit		395	-
Total inventories		107,398	104,318
* Amounts stated in millions of Colombian pesos			



(1) Includes \$53,643 (2013 – \$56,162) of minor spare parts used for the repair of company assets and \$50,341 (2013 – \$45,242) of elements and accessories for the rendering of services

(2) The balance of \$1,861 (2013 – \$2.064) of this classification includes elements of food and groceries associated to the supply stores of Medellín, Guatapé y Guadalupe \$1,608 (2013 – \$1,872) and \$253 (2013 – \$192), correspond to provision for workers.

At December 31, 2014 and 2013 no provision was required for inventories.



Note 8 – Prepaid expenses

As of December 31, prepaid expenses are comprised as follows:

Prepaid expenses			
Item		2014	2013
Insurance, net	(1)	22,057	27,445
Maintenance	(2)	2,379	1,216
Total current prepaid expenses		24,436	28,661
Insurance, net	(3)	27,192	33,617
Lease		1,508	-
Goods and services	(4)	92,104	-



Total non-current prepaid expenses		120,804	33,617
Total prepaid expenses		145,240	62,278
* Amounts stated in millions of Colombian pesos.			

(1) The current portion of insurance is made up by all risks policies for \$ 19.985 (2013 – \$ 4.373), of which \$ 6.322 are Ituango Hydroelectric Project , and other insurance by \$ 2.072 (2013 – \$ 3.072).

(2) Correspond to payments made in advance for software support and maintenance.

(3) Includes the policies of the Hidroituango project, all risks for \$26,393 (2013 \$32,665) and third party liability \$799 (2013 \$952), both with effectiveness until March 15, 2020. Their amortization has already been initiated

(4) Includes the advance payments disbursed in 2014 for the Ituango Hydroelectric Project for \$50,085 and for the construction of the Middle Magdalena Interconnection Line.



Note 9 – Investments, net

As of December 31, balances of investments are comprised as follows:

Investments, net						
Valuation method	Adjusted cost		Revaluation		Total investments	
	2014	2013	2014	2013	2014	2013
Equity participation	6,109,273	4,703,253	736,864	2,568,996	6,846,137	7,272,249
Cost	430,631	413,543	1,645,258	1,799,996	2,075,889	2,213,539
Total investments	6,539,904	5,116,796	2,382,122	4,368,992	8,922,026	9,485,788

* Amounts stated in millions of Colombian pesos. Cifras en millones de pesos colombianos.

The detail of investments according to the accounting procedure by which they are recorded is the following:

- Investments recorded under the equity method



Investments recorded under the equity method

Company	Location	Corporate purpose	Direct participation percentage		Creation date
			2014	2013	
EPM Inversiones S.A.	Medellín	Capital investment in domestic or foreign societies organized as public utilities companies.	99.99%	99.99%	25 August, 2003
UNE EPM Telecomunicaciones S.A.	Medellín	Rendering of telecommunications services, information and communication technology services, information services and complementary activities.	50.00%	99.99%	29 June, 2006
E datel S.A. E.S.P.	Medellín	Provision of telecommunications, information technology and communications , information services and supporting activities	N.A.	0.003%	17 December, 1969
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	Manizales	Rendering of essential public utilities of electric power, mainly generation of exploitation of electric power generation plants, transmission and sub transmission lines, and distribution network; purchase, sale and distribution of electric power; construction or acquisition of electric power generation plants, substations, transmission lines, distribution networks, and various installations related to production.	24.44%	24.44%	9 September, 1950
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	Armenia	endering of public utilities of electric power; purchase, sale and distribution of electric power; these activities are conducted through the execution of policies, plans, programs and projects concerning distribution and commercialization of electric power, as well as related management, handling and uses in conformity with the regulations, guidelines and standards issued by the MME, primarily fulfilling the social function framed by such	19.26%	19.26%	22 December, 1988
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	Cúcuta	Rendering of electric power utility, for which the following operations are performed, among others: purchase, exports, imports, distribution and sale of electric power and other energy sources; construction and exploitation of electric power stations, generating plants and substations, and the construction and exploitation of transmission and sub transmission lines and distribution networks..	12.54%	12.54%	16 October, 1952



Electrificadora de Santander E.S.P.-ESSA	Bucaramanga	Rendering of residential public utilities of electric power and related complementary activities of generation, transmission, distribution and commercialization, as well as rendering of services related to public utilities activities, in accordance with the legal and regulatory framework.	0.28%	0.28%	16 September, 1950
Aguas Nacionales EPM S.A. E.S.P.	Medellín	Rendering of residential public utilities of water, sewage draining, sanitation, and treatment and use of waste material and related complementary activities and engineering services pertaining to those public utilities.	99.96%	99.96%	29 November, 2002
Aguas de Malambo S.A. E.S.P.	Malambo	Rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of Malambo in the Department of Atlántico.	84.99%	84.00%	20 November, 2010
Aguas de Urabá S.A. E.S.P.	Apartadó	Rendering of residential public utilities of water, draining and sanitation and compensate for the underdevelopment of infrastructure for those services in associate municipalities.	72.66%	59.27%	18 January, 2006
Empresas Públicas de Oriente S.A. E.S.P.	Rionegro	Rendering of public utilities of water and draining services for rural areas and sub urban areas of the Municipalities of Envigado, Rionegro and El Retiro, in the so called Valle de San Nicolás.	56.00%	56.00%	12 November, 2009
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	El Retiro	Rendering of residential public utilities of water and draining, as well as other complementary activities related to each of those public utilities.	56.00%	56.00%	22 November, 1999
Regional de Occidente S.A. E.S.P.	San Jerónimo	Rendering of residential public utilities of water, draining and sanitation, as well as other complementary activities related to each of those public utilities and treatment and use of waste material.	59.98%	59.98%	26 December, 2006
Hidroecológica del Teribe S.A.-HET	Panamá City	Finance the construction of the Bonyic Hydroelectric project to meet the growing demand of electric power in the Isthmus of Panama.	99.19%	99.99%	11 November, 1994



Panama Distribution Group S.A.-PDG	Ciudad de Panamá	Capital investments in partnerships.	100%	100%	30 October,1998
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	Guatemala City	Capital investments in companies dedicated to distribution and commercialization of electric power and to provide telecommunication services.	99.99%	99.99%	12 March,1999
Maxseguros EPM Ltd.	Bermudas	Negotiation, contracting and handling of reinsurance for policies covering equity.	100%	100%	23 April, 2008
Gestión de Empresas Eléctricas S.A. -GESA	Guatemala City	Provide advisory and consultancy services to companies of electric power distribution, generation and transportation.	99.98%	99.98%	17 December, 2004
EPM Capital México S.A. de C.V.	México City	Development of infrastructure projects related to energy, electricity, gas, telecommunications, sanitation, water treatment plants, sewage, waste water treatment plants, wells, and buildings.	90.00%	90.00%	4 May, 2012
EPM Chile S.A.	Chile	Develop infrastructure projects of any kind, including but not limited to projects related to electric power, public lighting, gas, telecommunications, sanitation, treatment plants for potable water, draining, sewage treatment plants,wells;render electric power services, water and cleanness; participate in all kind of competitiveness, tenders, of kind private or public.	99.99%	99.99%	22 February, 2013
Empresas Varias de Medellín S.A.E.S.P. -Emvarias	Medellín	Rendering of cleaning service as part of the integral management waste collection treatment.	99.90%	99.90%	11 January, 1964
Inversiones Telco S.A.S	Bogotá	Investing in companies which corporate objects are based on the rendering Business Processes Outsourcing (BPO Business Process Outsourcing (Outsourcing de Procesos de Negocio)) services for companies, especially, but not limited to telecommunications services.	50.00%	0.00%	5 November, 2013



The number and class of shared owned by EPM in the companies on which the equity method was applied was:

Number and class of shared owned by EPM in the companies on which the equity method was applied					
Company	2014		2013		Type of Share
	Total shares issued	Shares owned by EPM	Total shares issued	Shares owned by EPM	
EPM Inversiones S.A.	609,665,001	609,664,997	609,665,001	609,664,997	Common
UNE EPM Telecomunicaciones S.A.	8,446,624	4,223,312	4,223,312	4,223,308	Common
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,361,622	3,509,887	14,361,622	3,509,887	Common
Empresa de Energía del Quindío S.A. E.S.P. -EDEQ	559,852,932	10,780,677	559,852,932	10,780,677	Common
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	1,518,229,945	190,325,000	1,518,229,945	190,325,000	Common
Electrificadora de Santander E.S.P.-ESSA	15,229,310,543	41,992,386	15,229,310,543	41,939,223	Common
Aguas Nacionales EPM S.A. E.S.P.	100,406,000	100,364,320	100,406,720	100,364,320	Common
Aguas de Malambo S.A. E.S.P.	30,707,782,351	26,099,950,000	28,814,048,422	24,206,216,070	Common



Empresas Públicas de Oriente S.A. E.S.P.	60,000	33,600	60,000	33,600	Common
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	14,000	7,840	14,000	7,840	Common
Regional de Occidente S.A. E.S.P.	9,734	5,838	9,734	5,838	Common
Hidroecológica del Teribe S.A.-HET	1,832,630	1,817,710	1,552,630	1,537,710	Common
Panama Distribution Group S.A.-PDG	2,000	2,000	2,000	2,000	Common
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	1,273,706,854	1,273,706,774	1,273,706,854	1,273,706,774	Common
Maxseguros EPM Ltd.	1,200	1,200	1,200	1,200	Common
Gestión de Empresas Eléctricas S.A. -GESA	5,000	4,999	5,000	4,999	Common
EPM Capital México S.A. de C.V.	1,000	900	1,000	900	Common
EPM Chile S.A.	32,004	31,999	20,000	19,999	Common
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	30,264,450	30,234,186	30,264,450	30,234,186	Common
Inversiones Telco S.A.S	14,726,400,000	7,363,273,632	-	-	Common

The value of investments recorded by the equity method at December 31 , detailing the adjusted cost , recovery and associated provisions, was 2014



Empresas Públicas de Oriente S.A. E.S.P.	60,000	33,600	60,000	33,600	Common
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	14,000	7,840	14,000	7,840	Common
Regional de Occidente S.A. E.S.P.	9,734	5,838	9,734	5,838	Common
Hidroecológica del Terebinto S.A.-HET	1,832,630	1,817,710	1,552,630	1,537,710	Common
Panama Distribution Group S.A.-PDG	2,000	2,000	2,000	2,000	Common
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	1,273,706,854	1,273,706,774	1,273,706,854	1,273,706,774	Common
Maxseguros EPM Ltd.	1,200	1,200	1,200	1,200	Common
Gestión de Empresas Eléctricas S.A. -GESA	5,000	4,999	5,000	4,999	Common
EPM Capital México S.A. de C.V.	1,000	900	1,000	900	Common



EPM Chile S.A.	32,004	31,999	20,000	19,999	Common
Empresas Varias de Medellín S.A. E.S.P.-Emvias	30,264,450	30,234,186	30,264,450	30,234,186	Common
Inversiones Telco S.A.S	14,726,400,000	7,363,273,632	-	-	Common

The value of investments recorded by the equity method at December 31 , detailing the adjusted cost , recovery and associated provisions, was 2014



Value of investments recorded by the equity method 2014

Company	Cost	Provision	Total cost	Valorization	Net
Domestic investments					
EPM Inversiones S.A.	1,740,165	-	1,740,165	223	1,740,388
UNE EPM Telecomunicaciones S.A.	1,061,826	-	1,061,826	527,596	1,589,422
Aguas Nacionales EPM S.A. E.S.P.	1,023,557	(108)	1,023,449	-	1,023,449
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	84,386	-	84,386	73,169	157,555
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	51,205	-	51,205	35,866	87,071
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	34,477	-	34,477	30,236	64,713
Inversiones Telco S.A.S	60,272	-	60,272	-	60,272
Aguas de Urabá S.A. E.S.P.	44,484	-	44,484	188	44,672
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	19,409	-	19,409	10,692	30,101



Aguas de Malambo S.A. E.S.P.	17,717	(261)	17,456	-	17,456
Regional de Occidente S.A. E.S.P.	8,742	-	8,742	109	8,851
Empresas Públicas de Oriente S.A. E.S.P.	3,094	-	3,094	-	3,094
Electrificadora de Santander S.A. E.S.P.-ESSA	3,124	(405)	2,719	-	2,719
Aguas del Oriente Antioqueño S.A. E.S.P.	1,790	(46)	1,744	-	1,744
Foreign investments					
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	1,093,125	-	1,093,125	58,648	1,151,773
Hidroecológica del Teribe S.A.-HET	418,898	(2,491)	416,407	-	416,407



Panama Distribution Group S.A.-PDG	211,647	-	211,647	-	211,647
EPM Capital México S.A. de C. V.	102,826	-	102,826	132	102,958
Max Seguros Ltd.	68,523	(552)	67,971	-	67,971
EPM Chile S.A.	50,124	-	50,124	5	50,129
Gestión de Empresas Eléctricas S.A.-GESA	13,745	-	13,745	-	13,745
Total participation method investments	6,113,136	(3,863)	6,109,273	736,864	6,846,137
* Amounts stated in millions of Colombian pesos					

In 2014, EPM Inversiones S.A. and Central Hidroeléctrica de Caldas S.A. E.S.P.– CHEC reimbursed to the shareholders, as reimbursement of capital, the premium on placement of shares for \$110,794 and \$245,638, respectively and, from the latter \$60,277 corresponded to EPM.

2013



Value of investments recorded by the equity method 2013

Company	Cost	Provision	Total cost	Valorization	Net
Inversiones nacionales					
UNE EPM Telecomunicaciones S.A.	250,841	-	250,841	2,359,848	2,610,689
EPM Inversiones S.A.	1,759,902	-	1,759,902	223	1,760,125
Aguas Nacionales EPM S.A. E.S.P.	1,039,307	(116)	1,039,191	-	1,039,191
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	131,750	-	131,750	73,169	204,919
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	30,780	-	30,780	35,866	66,646



Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	31,433	-	31,433	30,236	61,669
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	18,345	-	18,345	10,692	29,037
Aguas de Urabá S.A. E.S.P.	24,626	-	24,626	73	24,699
Aguas de Malambo S.A. E.S.P.	18,082	(187)	17,895	-	17,895
Regional de Occidente S.A. E.S.P.	8,000	-	8,000	109	8,109
Empresas Públicas de Oriente S.A. E.S.P.	3,086	-	3,086	-	3,086
Electrificadora de Santander S.A. E.S.P.-ESSA	2,820	(405)	2,415	-	2,415
Aguas del Oriente Antioqueño S.A. E.S.P.	1,638	(46)	1,592	-	1,592
E date! S.A. E.S.P.	10	(1)	9	-	9



Inversiones internacionales					-
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	778,599	-	778,599	58,648	837,247
Hidroecológica del Teribe S.A.-HET	257,861	(2,490)	255,371	-	255,371
Panama Distribution Group S.A.-PDG	152,359	-	152,359	-	152,359
EPM Capital México S.A. de C. V.	101,636	-	101,636	132	101,768
Max Seguros Ltd.	50,668	(552)	50,116	-	50,116
EPM Chile S.A.	36,984	(1)	36,983	-	36,983
Gestión de Empresas Eléctricas S.A.-GES A	8,324	-	8,324	-	8,324
Total investments by the equity method	4,707,051	(3,798)	4,703,253	2,568,996	7,272,249
* Amounts stated in millions of Colombian pesos					



The main financial information of the investments on which the equity method was applied, that represented the basis for the calculations, was:
2014

Financial information of the investments on which the equity method
was applied 2014

Domestic	Net income	Assets	Liabilities	Equity
Energy				
EPM Inversiones S.A.	187,256	3,736,230	1,995,841	1,740,389
Electrificadora de Santander S.A. E.S.P.-ESSA	71,190	1,497,881	511,581	986,300
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	106,043	1,098,155	453,478	644,677



Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	33,133	867,542	351,324	516,218
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	20,805	225,008	68,690	156,318
Cleaning and Sanitation				
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	19,705	214,875	127,717	87,158
Waters				
Aguas Nacionales EPM S.A. E.S.P.	4,402	1,070,695	46,822	1,023,873
Aguas de Urabá S.A. E.S.P.	(196)	94,619	33,140	61,479



Aguas de Malambo S.A. E.S.P.	(3,131)	23,709	3,170	20,539
Regional de Occidente S.A. E.S.P.	1,134	25,996	11,238	14,758
Empresas Públicas del Oriente S.A. E.S.P.	14	5,658	133	5,525
Aguas del Oriente Antioqueño S.A. E.S.P.	272	3,653	538	3,115
Telecommunications				
UNE EPM Telecomunicaciones S.A.	(28,567)	5,038,399	1,859,557	3,178,842
Inversiones Telco S.A.S	9,998	120,713	170	120,543
* Amounts stated in millions of Colombian pesos.				



Financial information of the investments on which the the equity method was applied 2014

Foreign Investments	Net income	Assets	Liabilities	Equity
Energy				
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	136,210	2,543,615	1,391,842	1,151,773
Hidroecológica del Teribe S.A.-HET	(2,776)	740,235	320,409	419,826
Panama Distribution Group	35,227	1,421,315	1,209,668	211,647
Max Seguros Ltd.	4,816	118,167	50,196	67,971
Gestión de Empresas Eléctricas S.A.-GES A	7,133	13,877	130	13,747
EPM Chile S.A.	(2,257)	561,399	511,263	50,136
EPM Capital México S.A. de C.V.	(1,470)	827,750	713,352	114,398
* Amounts stated in millions of Colombian pesos				



2013

Financial information of the investments on which the equity method was applied 2013

Domestic investment	Net income	Assets	Liabilities	Equity
Energy				
EPM Inversiones S.A.	238,972	1,760,626	502	1,760,124
Electrificadora de Santander S.A. E.S.P.-ESSA	58,468	1,338,590	461,668	876,922
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	76,353	1,050,995	212,514	838,481
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	47,152	856,498	364,565	491,933
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	15,367	224,063	73,272	150,791
Cleaning and Sanitation				
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	(3,714)	173,523	106,811	66,712
Waters				
Aguas Nacionales EPM S.A. E.S.P.	10,037	1,081,435	41,805	1,039,630
Aguas de Urabá S.A. E.S.P.	(680)	71,800	30,126	41,674



Aguas de Malambo S.A. E.S.P.	(5,110)	24,915	3,613	21,302
Regional de Occidente S.A. E.S.P.	431	22,642	9,120	13,522
Empresas Públicas del Oriente S.A. E.S.P.	127	11,326	5,814	5,512
Aguas del Oriente Antioqueño S.A. E.S.P.	51	3,167	324	2,843
Telecommunications				
UNE EPM Telecomunicaciones S.A.	45,201	5,105,888	2,495,196	2,610,692
* Amounts stated in millions of Colombian pesos				



Financial information of the investments on which the equity method was applied 2013

Foreign Investments	Net income	Assets	Liabilities	Equity
Energy				
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	126,789	2,062,094	1,224,847	837,247
Hidroecológica del Teribe S.A.-HET	(1,653)	519,740	264,344	255,396
Panama Distribution Group	29,554	957,368	805,009	152,359
Max Seguros Ltd.	6,775	94,383	44,268	50,115
Gestión de Empresas Eléctricas S.A.-GES A	4,879	10,030	1,705	8,325
EPM Chile S.A.	(21,290)	409,549	372,565	36,984
EPM Capital México S.A. de C.V.	2,259	659,377	546,301	113,076
* Amounts stated in millions of Colombian pesos				

The equity composition of companies on which the equity method was applied was:

2014



The equity composition of companies on which the equity method was applied 2014

National investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity Method	Appreciation of Equity	Institutional Equity Incorporated	Clearance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
EPM Inversiones S.A.	609,665	-	246,042	-	187,256	330,349	367,077	-	-	-	-	-	1,740,389
Electrificadora de Santander S.A. E.S.P.-ESSA	137,064	-	39,404	-	71,190	724,430	-	2,608	53	2,755	8,796	-	986,300
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,362	-	58,584	(80,615)	106,043	452,099	-	93,198	-	292	714	-	644,677
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	7,591	-	18,478	33,692	33,133	423,324	-	-	-	-	-	-	516,218
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	55,985	800	17,370	(13,663)	20,805	39,966	-	28,056	2,484	2,114	2,401	-	156,318
Cleaning and Sanitation													



Empresas Varias de Medellín S.A.E.S.P.-Emvarias	30,264	-	7,797	(194)	19,705	23,469	-	6,117	-	-	-	-	87,158
Water													
Aguas Nacionales EPM S.A. E.S.P.	1 004,060	-	15,411	-	4,402	-	-	-	-	-	-	-	1,023,873
Aguas de Urabá S.A. E.S.P.	54,493	-	8,358	(1,598)	(196)	422	-	-	-	-	-	-	61,479
Aguas de Malambo S.A. E.S.P.	30,708	-	-	(7,038)	(3,131)	-	-	-	-	-	-	-	20,539
Regional de Occidente S.A. E.S.P.	9,734	-	1,579	431	1,134	1,778	-	-	-	-	102	-	14,758
Empresas Públicas del Oriente S.A.E.S.P.	6,000	-	-	(489)	14	-	-	-	-	-	-	-	5,525
Aguas del Oriente Antioqueño S.A.E.S.P.	1,400	-	1,317	-	272	83	-	43	-	-	-	-	3,115
Telecommunications													
UNE EPM Telecomunicaciones S.A.	60	809,903	673,412	196,753	(28,567)	395,067	36,618	381,842	100,561	(3,389)	10,088	-	3,178,842
Inversiones Telco S.A.S	110,447	-	-	-	9,998	-	98	-	-	-	-	-	120,543
* Amounts stated in millions of Colombian pesos.													



The equity composition of companies on which the equity method was applied 2014

International investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity method	Appreciation of Equity	Institutional Equity Incorporated	Clearance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	290,093	-	101,297	(314,170)	136,210	591,265	50,153	-	-	-	-	296,925	1,151,773
Hidroecológica del Teribe S.A.-HET	362,989	5,995	-	(12,500)	(2,776)	-	-	-	-	-	-	66,118	419,826
Panamá Distribution Group	133,143	-	-	(1,991)	35,227	-	3,005	-	-	-	-	42,263	211,647
Max Seguros Ltd.	26,204	-	-	21,280	4,816	-	-	-	-	-	-	15,671	67,971
Gestión de Empresas Eléctricas S.A.-GESA	1	-	3,035	927	7,133	-	-	-	-	-	-	2,651	13,747
EPM Chile S.A.	59,178	-	-	(20,905)	(2,257)	-	-	-	-	-	-	14,120	50,136
EPM Capital México S.A. de C.V.	109,940	-	-	(6,086)	(1,470)	-	-	-	-	-	-	12,014	114,398
* Amounts stated in millions of Colombian pesos													



2013

The equity composition of companies on which the equity method was applied 2013

National investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity method	Appreciation of Equity	Institutional Equity Incorporated	Clearance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
EPM Inversiones S.A.	609,665	110,794	152,030	-	238,972	355,201	293,462	-	-	-	-	-	1,760,124
Electrificadora de Santander S.A. E.S.P.-ESSA	137,064	-	29,049	-	58,468	638,130	-	2,608	53	2,755	8,795	-	876,922
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,362	246,638	56,926	(80,615)	76,353	430,613	-	93,198	-	292	714	-	838,481
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	7,591	-	12,033	-	47,152	425,157	-	-	-	-	-	-	491,933
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	55,985	800	14,670	(13,663)	15,367	42,578	-	28,056	2,484	2,114	2,400	-	150,791
Cleaning and Sanitation													



Empresas Varias de Medellín S.A.E.S.P.-Emvarias	30,264	-	7,797	-	(194)	22,728	-	6,117	-	-	-	-	66,712
Water													
Aguas Nacionales EPM S.A. E.S.P.	,004,060	-	25,533	-	10,037	-	-	-	-	-	-	-	1,039,630
Aguas de Urabá S.A. E.S.P.	34,493	-	8,358	(918)	(680)	421	-	-	-	-	-	-	41,674
Aguas de Malambo S.A. E.S.P.	28,814	-	-	(2,403)	(5,109)	-	-	-	-	-	-	-	21,302
Regional de Occidente S.A. E.S.P.	9,734	-	1,579	-	431	1,778	-	-	-	-	-	-	13,522
Empresas Públicas del Oriente S.A.E.S.P.	6,000	-	0	(615)	127	-	-	-	-	-	-	-	5,512
Aguas del Oriente Antioqueño S.A.E.S.P.	1,400	-	1,266	-	51	84	-	42	-	-	-	-	2,843
Telecommunications													
UNE EPM Telecomunicaciones S.A.	11	2	1,856,419	237(433)	45,201	433,474	3,947	381,842	100,561	(3,420)	10,088	-	2,610,692
* Amounts stated in millions of Colombian pesos													



The equity composition of companies on which the equity method was applied 2013

International investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity method	Appreciation of Equity	Institutional Equity Incorporated	Efecto Saneamiento	Superavit por Donaciones	Ajuste por Conversión	Total
Energy													
Distribución Eléctrica Centroamericana DOS S.A.- DECA II	290,093	-	101,297	(378,745)	126,789	591,265	53,722	-	-	-	-	52,826	837,247
Hidroecológica del Teribe S.A.- HET	265,867	5,995	-	(3,501)	(1,653)	-	-	-	-	-	-	(11,312)	255,396
Panamá Distribution Group	133,143	-	-	(31,874)	29,554	-	18,775	-	-	-	-	2,761	152,359
Max Seguros Ltd.	26,204	-	-	14,505	6,775	-	-	-	-	-	-	2,631	50,115
Gestión de Empresas Eléctricas S.A.-GESA	1	-	3,035	-	4,879	-	-	-	-	-	-	410	8,325
EPM Chile S.A.	59,168	-	-	-	(21,290)	-	-	-	-	-	-	(894)	36,984
EPM Capital México S.A. de C.V.	109,940	-	-	2	2,259	-	-	-	-	-	-	875	113,076
* Amounts stated in millions of Colombian pesos													

The effect of the application of the equity method meant a net increase of \$411,418 (2013 – \$478,258) and an equity method surplus decrease of \$1,327,866 (increase 2013 – \$93,534), for a net decrease in assets of \$916,488 (increase 2013 – \$571,292). The details as follows:



Effect of the application of the equity method

Company	Equity method profit & loss		Equity method other equity items	
	2014	2013	2014	2013
National investments				
UNE EPM Telecomunicaciones S.A.	(14,284)	45,201	(892,121)	36,479
EPM Inversiones S.A.	187,256	238,972	(48,761)	(92,966)
Aguas Nacionales S.A. E.S.P.	4,400	10,031	-	-
EPM Ituango S.A. E.S.P	-	19,602	-	-
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	25,916	18,660	(5,251)	436
Centrales Eléctricas del Norte de Santander S.A E.S.P.-CENS	4,153	5,910	230	-
CENS Inversiones S.A.	-	145	-	-
Electrificadora de Santander S.A. -ESSA	196	161	(238)	3



Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	4,006	2,959	503	(301)
Aguas de Urabá S.A. E.S.P.	(142)	(403)	-	60
Aguas del Oriente Antioqueño S.A. E.S.P.	152	29	-	-
Regional de Occidente S.A. E.S.P.	680	258	(61)	1,066
Empresas Públicas de Oriente S.A. E.S.P.	8	71	-	-
Aguas de Malambo S.A. E.S.P.	(2,661)	(4292)	-	-
ESSA Capital S.A.	-	1	-	-



Empresas Varias de Medellín S.A. E.S.P.-Emvarias	19,685	(3,710)	(740)	-
Inversiones Telco S.A.S	4,999	-	(49)	-
International investment			-	-
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	136,210	126,788	(240,530)	120,561
Panama Distribution Group S.A.-PDG	35,227	29,554	(23,732)	12,519
Max Seguros Ltd.	4,815	6,775	(13,040)	3,768
Gestión de Empresas Eléctricas S.A.-GES A	7,131	4,878	(2,241)	616
EPM Capital México S.A. de C.V.	(1322)	2,034	(10,026)	896
Espíritu Santo Energy S. de R.L.	-	(2,424)	-	-



Hidroecológica del Teribe S.A.-HET	(2,752)	(1,653)	(76,798)	11,290
EPM Chile S.A.	(2,255)	(21,289)	(15,011)	(893)
Total effect of application of equity method	411,418	478,258	(1,327,866)	93,534
* Amounts stated in millions of Colombian pesos				

The income in the application of the equity method with UNE showed a decrease in the month of August of \$(6,324), by the effect of the change of percentage of interest from 99.99% to 50% as a result of the merger with Millicom Spain Cable S.L.

- Investments recorded under the cost method



Investments recorded under the cost method

Company	Domicile	Corporate object	2014	Creation Date	2013
Isagen S.A. E.S.P.	Medellín	Generation and commercialization of electric power, natural gas by grids, as well as commercialization of coal, steam and other energy sources of industrial use.	13.14%	12.95%	Abril 4, 1995
Interconexión Eléctrica S.A. E.S.P.-ISA	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	10.17%	10.17%	Septiembre 14, 1967
Hidroeléctrica Ituango S.A. E.S.P.	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	46.33%	46.33%	Diciembre 29, 1997
Gestión Energética S.A. E.S.P.-GENSA	Manizales	Rendering of one or more public utilities considered under ACT 142 of 1994 or the conduction of one or several activities considered as complementary or one and the other activity.	0.19%	0.19%	Mayo 4, 1993
Reforestadora Industrial de Antioquia-RIA	Medellín	Produce, transform and sell timber products and non-timber products from forestry plantations, seeking high profitability and sustainability.	6.82%	6.82%	Febrero 28, 2003
Electrificadora del Caribe S.A. E.S.P.	Barranquilla	Distribution and sale of electricity in the Colombian Caribbean.	0.05%	0.05%	Junio 06, 1998

The investments recorded under the cost method as not controlled were:



Investments recorded under the cost method as not controlled

Company	2014		2013		Type of Share
	Total shares issued	Shares owned by EPM	Total shares issued	Shares owned by EPM	
Isagen S.A. E.S.P.	2,726,072,000	358,332,000	2,726,072,000	352,960,000	Common
Interconexión Eléctrica S.A. E.S.P.-ISA	1,107,677,894	112,605,547	1,107,677,894	112,605,547	Common
Hidroeléctrica Ituango S.A. E.S.P.	60,186,885,631	27,885,783,007	60,186,885,631	27,885,783,007	Common
Gestión Energética S.A. E.S.P.-GENSA	441,117,047,263	831,113,000	441,117,047,263	831,113,000	Common
Reforestadora Industrial de Antioquia-RIA	14,665	1,000	14,665	1,000	Common
Electrificadora del Caribe S.A. E.S.P.	50,027,154,630	25,780,956	50,027,154,630	25,780,956	Common

The values of investment recorded under the cost method, with detail of adjusted cost, appreciation and associated provisions, as of December 31st are:

2014



Values of investment recorded under the cost method 2014

Company	Cost	Provision	Total cost	Valorization	Net
Isagen S.A. E.S.P.	208,565	-	208,565	853,889	1,062,454
Interconexión Eléctrica S.A. E.S.P.-ISA	187,035	-	187,035	784,751	971,786
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,442	34,467
Reforestadora Industrial de Antioquia-RIA	5,076	(393)	4,683	-	4,683
Electrificadora del Caribe S.A. E.S.P.	1,398	(315)	1,083	-	1,083
Gestión Energética S.A. E.S.P.	12,686	(12,038)	648	-	648
Hidroeléctrica Río Aures S.A.	446	-	446	11	457
Terpel del Centro S.A.	28	-	28	117	145
Concentra S.A.	84	(12)	72	-	72
Emgesa S.A. E.S.P.	25	-	25	14	39



Values of investment recorded under the cost method 2014

Banco Davivienda S.A.	8	-	8	29	37
Fiduciaria Bancolombia S.A.	13	-	13	5	18
Hidrosogamoso S.A.	94	(94)	-	-	-
Total cost method	443,483	(12,852)	430,631	1,645,258	2,075,889

* Amounts stated in millions of Colombian pesos



2013

Values of investment recorded under the cost method 2013

Company	Cost	Provision	Total cost	Valorization	Net
Isagen S.A. E.S.P.	191,213	-	191,213	955,907	1,147,120
Interconexión Eléctrica S.A. E.S.P.-ISA	187,035	-	187,035	837,676	1,024,711
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,314	34,339
Reforestadora Industrial de Antioquia-RIA	5,076	(125)	4,951	-	4,951
Electrificadora del Caribe S.A. E.S.P.	1,398	(308)	1,090	-	1,090
Gestión Energética S.A. E.S.P.	12,686	(12,055)	631	-	631
Hidroeléctrica Río Aures S.A.	446	-	446	12	458
Concentra S.A.	84	(4)	80	-	80
Terpel del Centro S.A.	28	-	28	42	70



Emgesa S.A. E.S.P.	25	-	25	19	44
Banco Davivienda S.A.	7	-	7	22	29
Fiduciaria Bancolombia S.A.	12	-	12	4	16
Hidrosogamoso S.A.	94	(94)	-	-	-
Total cost method	426,129	(12,586)	413,543	1,799,996	2,213,539
* Amounts stated in millions of Colombian pesos					



The main financial information of investments under which the cost method was applied, which was the basis for calculations, was:

2014

Financial information of investments under which the cost
method was applied 2014

Company	Net income	Assets	Liabilities	Equity
Interconexión Eléctrica S.A. E.S.P.-ISA	593,065	11,328,744	2,699,672	8,629,072
Isagen S.A. E.S.P.	436,583	8,560,230	4,311,930	4,248,300
Hidroeléctrica Ituango S.A. E.S.P.	239	94,098	19,690	74,408
Reforestadora Industrial de Antioquia-RIA	(4,055)	78,661	2,846	75,815
* Amounts stated in millions of Colombian pesos				



2013

Financial information of investments under which the cost method was applied 2013

Company	Net income	Assets	Liabilities	Equity
Interconexión Eléctrica S.A. E.S.P.-ISA	433,048	10,233,090	2,818,975	7,414,115
Isagen S.A. E.S.P.	391,483	7,286,515	3,453,641	3,832,874
Hidroeléctrica Ituango S.A. E.S.P.	834	92,436	18,005	74,431
Reforestadora Industrial de Antioquia-RIA	67	77,203	3,480	73,723
* Amounts stated in millions of Colombian pesos				

The following capitalizations and acquisitions of investments in controlled companies were made (there were no capitalizations of not controlled companies in the period):



Capitalizations and acquisitions of investments in
controlled companies

Item	2014	2013
Controlled		
National investments		
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	34,490
Aguas de Malambo S.A. E.S.P.	1,894	7,555
Electrificadora de Santander S.A. E.S.P.-ESSA	3	1,352
Aguas de Urabá S.A. E.S.P.	20,000	-
International investments		
Hidroecológica del Teribe S.A.-HET	97,122	154,625



EPM Capital México S.A. de C.V.	-	94,762
EPM Chile S.A.	-	59,166
Espíritu Santo Energy S. de R.L.	-	6,583
Subtotal controlled	119,019	358,533
Total capitalizations	119,019	358,533
* Amounts stated in millions of Colombian pesos		

EPM made the capitalization of the company Hidroecológica del Teribe – HET, resources intended in its entirety to support the constructive process and the investments necessary for the completion and operation of the Bonyic hydroelectric project.

The movement of the investments provision, both for controlled and non-controlled companies is:



Movement of the investments provision

Concept	2014	2013
Initial Balance	16,383	19,893
Increase for the year	365	342
Provision expense in previous years	(33)	(3,852)
Final Balance	16,715	16,383
* Amounts stated in millions of Colombian pesos		



Note 10 – Properties, plant and equipment, net value

As of December 31, the components of property, plant and equipment are comprised as follows:

Properties, plant and equipmen			
Description		2014	2013
Properties, plant and equipment			
Constructions in progress			
Hidroeléctrica Ituango		2,491,798	1,514,134
Energy transmission and distribution networks		325,686	269,464
Waterworks infrastructure plan		77,963	57,960
Medellin River clean up plan		51,434	36,824
Expansion of natural gas distribution networks		21,867	18,906



Construction of buildings		19,194	4,243
Articulated Life Units -UVA		10,512	5,475
Modernization and replacement of energy generation equipment		5,557	43,255
Nanotechnology		5,437	5,437
Block of Innovation -Route N-		1,094	-
Subtotal constructions in progress	(1)	3,010,542	1,955,698
Plants, ducts and tunnels		5,732,542	5,636,076
Networks, lines and cables		3,889,180	3,637,394



Buildings		2,796,329	2,745,119
Machinery and equipment		195,397	195,399
Communications and computing equipment		168,014	141,578
Land		136,477	135,179
Properties, plant and equipment not exploited		100,412	90,544
Transportation, traction and lifting equipment		92,075	90,391
Properties, plant and equipment in transit		79,514	5,667
Furniture, fixtures and office equipment		59,524	59,800
Medical and scientific equipment		32,531	27,639



Movable goods in warehouse		13,215	13,469
Investment properties		9,146	9,146
Machinery, plant and equipment in assembly		6,216	5,622
Properties, plant and equipment in maintenance		3,156	7,949
Dining and Kitchen equipment		1,277	1,222
Provision of protection property, plant and equipment	(2)	(11,643)	(24,237)
Subtotal properties, plant and equipment		16,313,904	14,733,655
Accumulated depreciation			
Plants, pipelines and tunnels		(4,119,886)	(3,853,998)



Transmission networks, lines and cables		(1,711,056)	(1,516,923)
Buildings		(769,609)	(653,802)
Machinery and equipment		(139,795)	(130,567)
Communications and computing equipment		(111,342)	(102,116)
Transportation equipment		(82,710)	(76,628)
Furniture and fixtures		(53,542)	(52,925)
Medical and scientific equipment		(17,789)	(15,985)
Dining and Kitchen equipment		(814)	(723)
Subtotal accumulated depreciation	(3)	(7,006,543)	(6,403,667)
Deferred depreciation		2,500,433	2,205,054
Total depreciation		(4,506,110)	(4,198,613)
Total properties, plant and equipment, net		11,807,794	10,535,042
*Figures in millions of Colombian pesos.			



(1) The increase of \$1,054,844 in respect to the previous year, is explained by the acquisition of goods and services and engineering and administration for the projects of investment, especially for the construction of the Ituango hydroelectric plant, that shows a progress represented by:

- Dam road to Puerto Valdivia, in the excavation to complete section of 14 km, construction of 14 bridges, excavation of vial tunnel 1 and of vial tunnels 7, 8 and 9 and the construction of the bridge (64) over the Cauca River.
- Construction of works for deviation of the Cauca River.
- Construction of the Cofferdam.
- Progress in the construction of the military facility San Juan de Rodas.
- Placement of 11% of the dam fill and construction of phase 18 (priority fills).
- Excavation of spillway and of intermediate discharge tunnel.
- Construction of north and south galleries of machine cave, excavation of bar galleries and of the machine cave.
- Excavation of transformers cave.
- Excavation of beacons 1 and 2.
- Award and order to initiate contract for construction of steel armoring for lower conduction tunnels.
- Award and order to initiate contract for construction of floodgate for spillway, intermediate discharge and watertight doors.

The remaining charges were intended to expansion and replacement projects of water, energy and gas networks.

The transfers to operation by investment program of constructions in progress were the following:



Transfers to constructions in process

Transfers to constructions in process	2014	2013
Electric power distribution networks	136,609	120,521
Rural electrification	67,728	89,811
Expansión de gas natural	55,915	33,640
Generation and replacement	46,755	71,446
Infrastructure plan	22,009	45,227
Unidades de Vida Articulada -UVA-	13,829	-
Medellin driver sanitation plan	13,324	31,780
Manzana de la Innovación -RutaN-	2,484	-



Buildings Construction	240	46,034
Total tranfers to constructions in process	358,893	438,459
* Amounts stated in millions of Colombian pesos.		

(2) The movement of the provision during the year is detailed below:

Provision for property, plant and equipment movement		
Provision for property, plant and equipment movement	2014	2013
Initial balance	24,237	23,940
Provision	-	1,801
Provision Recovery	(11,596)	(2,338)
Provision expense previous years	-	834
Retirements	(998)	-
Final balance	11,643	24,237
* Amounts stated in millions of Colombian pesos		



The provision at December 31, 2014 and 2013 comprises :

Provision for property, plant and equipment movement		
Electric power distribution networks	(7,266)	(7,266)
Buildings Construction	(1,275)	(2,693)
Machinery and equipment	(1,044)	(1,900)
Plants, pipelines and tunnels	(943)	(10,734)
Transportation equipment, traction and lifting	(563)	(563)
Computing and communication equipment	(418)	(418)
Land	(134)	(132)
Medical and scientific equipment	-	(531)
Total	(11,643)	(24,237)
* Amounts stated in millions of Colombian pesos.		



(3) The movement of depreciation during the year is as follows :

Depreciation movement		
Depreciation movement	2014	2013
Initial balance	6,403,667	5,806,315
Period depreciatoin cost	318,135	307,936
Period depreciation expense	16,112	16,912
Expenses from previous years	143	3,670
Withdrawals for sales	(1,492)	(1,308)
Others withdrawals	(14,178)	(10,797)
Others decreases	(11,223)	(7,555)
Deffered depreciation movement	295,379	288,494
Final balance	7,006,543	6,403,667
* Amounts stated in millions of Colombian pesos.		



The exchange difference originated in obligations in foreign currency, contracted for the acquisition of fixed assets and capitalized during December 2014 and December 2013, was of \$(4,329) and \$(1,230), respectively.

The company has capitalized interest for \$65,601 and \$1,726, as of December 2014 and December 2013, respectively, originated in obligations contracted for the acquisition of equipment.

At the closing of the period there are no restrictions or liens on the property, plant and equipment.



Note 11 – Actuarial financial reserve

The actuarial financial reserve as of December 31 is made up by:

Actuarial financial reserve			
Concept		2014	2013
Autonomous equity for retirement pensions	(1)	315,438	241,794
Autonomous equity pension bonds	(2)	303,108	307,942
Total actuarial financial reserve		618,546	549,736
* Amounts stated in millions of Colombian pesos.			

(1) In 2010 the autonomous equity trust was created with Fiduciaria Davivienda S. A. for the management of the resources intended to the payment of pension both of EPM and those derived from the pension commutation of EADE.

The autonomous equity trust was created for the amount of \$322,000; with this figure plus the returns that are expected to be obtained, it will be possible to cover up to 2056 the total pension payments according to the actuarial study of Volrisk Consultores Actuariales S.A.S.

The movement of the retirement pension fund is shown below:



Autonomous equity for retirement pensions

Autonomous equity for retirement pensions	2014	2013
Initial balance	241,794	280,411
Pensions paid	100,000	-
Financial yields	(42,752)	(44,282)
Financial returns	16,396	5,665
Final balance	315,438	241,794
* Amounts stated in millions of Colombian pesos.		

(2) An autonomous equity trust was created with the Consortium EPM 2008 (made up by BBVA Fiduciaria S.A. with the participation of 40%, BBVA Horizonte with a participation of 40% and Fiduciaria Corficolombiana with a participation of 20%) to guarantee the coverage of the obligations generated by the pension bonds, pension quota shares and the payment of substitution indemnification derived from the risks regulated by the general pension system. The autonomous equity trust started to be capitalized through the payment of five annual installments as of May 2003 and was fully created in 2008, year in which the transfer of the funds was made to BBVA Fiduciaria S.A. an addition of \$18,250 was made to include the pension commutation bonds of EADE.

The value of the autonomous equity trust is projected in such a way that it will extinguish at the time of the last pension bond payment due by EPM in 2065; therefore with its creation the availability of funds to cover the pension liability of bonds and their financial management is guaranteed independently. According to the actuarial study of Volrisk Consultores Actuarios S. A. S.



This trust generates returns during the term of the term of effectiveness of the agreement, based on the valuation at market prices of the funds managed in that fund, before deduction of costs and expenses to be made by it. No contributions were made in the periods.

The movement of the pension bonds equity is reflected below:

Movement of the pension bonds equity		
Autonomous equity pension bonds	2014	2013
Initial balance	307,942	304,154
Bonds paid	(26,370)	(3,439)
Financial yields	21,536	7,227
Final balance	303,108	307,942
*Amounts stated in millions of Colombian pesos		



Note 12 – Other assets, net

The balance of other assets as of December 31st corresponds to:

Other assets, net			
Item		2014	2013
Deferred charges		7	-
Non-current total other assets		7	-
Deferred charges	(1)	424,559	307,682
Works and improvements to property	(2)	92,217	120,657
Goods delivered to third parties	(3)	49,473	3,573
Intangibles, net	(4)	662,699	656,689



Autonomous equity trusts	(5)	96,376	89,850
Goods , culture and art		1,161	29
Total others assets net non – current portion		1,326,485	1,178,480
Total other assets, net		1,326,492	1,178,480
* Amounts stated in millions of Colombian pesos			

(1) Detail of the balance of deferred charges as of December 31st:

Detail of the balance of deferred charges			
Concept		2014	2013
Deferred tax asset	(1.1)	403,319	283,079
Discounts in bonus	(1.2)	14,685	17,554
Premium for the legal stability contracts	(1.3)	6,555	7,049
Total deferred charges		424,559	307,682
* Amounts stated in millions of Colombian pesos.			



(1.1) The detail of this item is the following:

Deferred tax asset		
Item	2014	2013
Deferred tax asset previous year	283,079	227,108
Increase of provision in the year	120,240	55,971
Total deferred tax asset	403,319	283,079
*Amounts stated in millions of Colombian pesos		

In 2014 the deferred tax debit has been generated mainly by the provisions of receivables and litigations and lawsuits, the actuarial calculation, the exchange difference on investments abroad and the goodwill and adjustments to the tax return filed for the tax year 2013

(1.2) Corresponds to the discount granted by the issue of international bonds (coupon of 7.625%), by the credit of USD 500 million. The premium will be amortized up to its expiration date in July 2019. Depreciation for 2014 was \$ 2.868 (2013 – \$ 2.868).

(1.3) Corresponds to the premium paid to the Nation for the legal stability agreement for the power generation activity of EPM. It was executed in a term of twenty years and its value was equivalent to 0.5% of the value of the investments made in the unproductive period and 1% in the operating phase. The initial value amounted to \$9,894. The amortization for 2014 was \$495 (2013 – \$495).

(2) The movement of the balance of leaseholds works and improvements as of December 31st is:



Movement of the balance of leaseholds works and improvements

Item	2014	2013
Initial balance	120,657	112,707
Increases	46,646	21,661
Translates	414	1,350
Reclasifications	(59,743)	(1,701)
Amortization cost	(13,052)	(11,109)
Amortization expense	(2,705)	(2,251)
Total	92,217	120,657

* Amounts stated in millions of Colombian pesos

In 2014 purchases were recorded for \$46,646, which most significant charges correspond to water networks. The investment in the program of replacement of water meters is a significant factor in this balance.

(3) The goods delivered to third parties as of December 31st correspond to:



Goods delivered to third parties, net

Item	2014	2013
Goods given as loan for use	1,830	1,831
Goods given for administration	73,456	6,639
Amortization	(25,813)	(4,897)
Total goods given for third parties	49,473	3,573

* Amounts stated in millions of Colombian pesos.

(4) The detail of intangibles as of December 31st is:

Detail of intangibles , net

Item		2014	2013
Goodwill	(4.1)	679,600	679,600
Software, licenses and rights		134,970	106,126
Subtotal intangibles		814,570	785,726



Less amortization of goodwill		(63,459)	(47,894)
Less amortization, others		(88,412)	(81,143)
Subtotal amortization	(4.2)	(151,871)	(129,037)
Total intangibles		662,699	656,689

* Amounts stated in millions of Colombian pesos.

(4.1) The composition of the goodwill as of December 31st is the following:

2014

Composition of the goodwill 2014						
Company		Adquisition year	Amortization period	Cost	Amortization	Net value
Hidroeléctrica del Teribe S.A.-HET	(4.1.1)	2003	1 año	6,032	(6,032)	-
Distribución Eléctrica Centroamericana II S.A.-DECA II		2010	38 años	336,140	(32,818)	303,322
Gestión de Empresas Eléctricas S.A.-GESA		2010	46 años	17,678	(1,648)	16,030



EPM Ituango S.A. E.S.P.	(4.1.1)	2011	42 años	177,667	-	177,667
Panama Distribution Group		2011	18 años	109,883	(22,961)	86,922
Espíritu Santo Energy S. de R.L.	(4.1.1)	2013	15 años	32,200	-	32,200
Total goodwill				679,600	(63,459)	616,141

*Amounts stated in millions of Colombian pesos.

2013

Composition of the goodwill 2013

Company		Acquisition year	Amortization period	Cost	Amortization	Net value
Hidroeléctrica del Teribe S.A.-HET	(4.1.1)	2003	1 año	6,032	(6,032)	-
Distribución Eléctrica Centroamericana II S.A.-DECA II		2010	38 años	336,140	(23,992)	312,148
Gestión de Empresas Eléctricas S.A.-GESA		2010	46 años	17,678	(1,189)	16,489
EPM Ituango S.A. E.S.P.	(4.1.1)	2011	42 años	177,667	-	177,667



Panama Distribution Group		2011	18 años	109,883	(16,681)	93,202
Espíritu Santo Energy S. de R.L.	(4.1.1)	2013	15 años	32,200	-	32,200
Total goodwill				679,600	(47,894)	631,706
* Amounts stated in millions of Colombian pesos.						

(4.1.1) The goodwill of EPM Ituango S.A. E.S.P. and of Espíritu Santo Energy S. de R.L. will start its amortization once the hydroelectric plants are operating. In compliance with accounting regulations, in December 2013, EPM evaluated the generation of future economic benefits that supported the goodwill of HET and decided to amortize it in its entirety.

(4.2) The movement of the amortization is detailed below:

Amortization movement intangibles		
Amortization movement intangibles	2014	2013
Initial balance	129,037	103,502
Intangibles amortization cost	6,493	5,357
Intangibles amortization expenses	777	285
Intangibles amortization financial expenses	15,565	20,769



Other decreases	-	(876)
End balance	151,872	129,037
* Amounts stated in millions of Colombian pesos.		

(5) Autonomous Equity Trusts

(5.1) Consists of the EPM-UNE Social Financing program that seeks to improve the quality of life of its customers by offering them credit facilities for the purchase of gas appliances, computer, audio and video equipment or make home improvements. During 2014 contributions were received from the agreement signed with the IADB for \$367.

The movement of the trust during the year is reflected below:

Movement of the trust I		
Autonomous equity for social financing	2014	2013
Initial balance	88,529	83,868
Contributions	-	367
Financial yields	6,300	4,294
End balance	94,829	88,529
* Amounts stated in millions of Colombian pesos		



(5.2) The UPME, under public bid UPME-01-2008, selected EPM to make the design, acquisition of supplies, construction, start up, operation and maintenance of the Nueva Esperanza substation and the associated transmission lines, which has an estimated cost of \$167,463.

The purpose of the trust agreement is the creation of autonomous equity trust with the goods in the trust to be managed by the trust company, in its capacity as speaker of the trust, in order to hire the audit of the project and secure the payments that correspond to the auditor by virtue of the project audit agreement.

The Ministry of Mines and Energy – MME authorized a new postponement of the project's startup date to May 10, 2015, following the request by EPM by the archeological findings that came up in the land where the substation will be constructed, the archeological rescue will be made up to October 1, 2014. This implied increasing the contributions to cover the additional costs by \$1,082.

The movement of the autonomous equity trust during the year is reflected below:

Movement of the autonomous equity trust		
Autonomous equity for Nueva Esperanza project	2014	2013
Initial balance	1,321	927
Contributions	-	1,082
Payments	(760)	(705)
Financial yields	30	17
End balance	591	1,321

* Amounts stated in millions of Colombian pesos.



(5.3) The UPME, under the public bidding UPME-04-2013, selected EPM to perform the design, acquisition of supplies, construction, operation and maintenance of the Guayabal substation (230 kV) of Medellin and the associated transmission lines.

The object of the trust agreement is the creation of an autonomous equity in 2014 with the trust goods (\$1,006) to be administered by the trust company, in its capacity as speaker of the trust, in order to contract the project's works supervision and secure the payments that correspond to the supervisor by virtue of the works supervision agreement.

The movement of the equity is reflected below:

Movement of the equity UPME Guayabal project	
Autonomous equity UPME Guayabal project	2014
Beginning Balance	-
Contributions	1,006
Payments	(67)
Financial returns	17
Ending Balance	956
*Amounts stated in millions of Colombian pesos	



Note 13 – Revaluation of assets

As of December 31, revaluation of assets is comprised as follows:

Revaluation of assets			
Concept		2014	2013
Equity participation investments	(1)	736,864	2,568,996
Cost method investments	(2)	1,645,258	1,799,996
Property, plant and equipment	(3)	6,236,238	6,465,473
Others assets		71,128	52,955
Total revaluation of assets		8,689,488	10,887,420

* Amounts stated in millions of Colombian pesos.

(1) There was the effect of the dividends decreed by UNE for \$1,074,798, recorded as lower value of the appreciation since they represented profits originated in EPM before the spin-off in 2006.



(2) There was a decrease in the value of the shares of Isagen \$285 pesos/share (2013 -\$9,100 pesos/share) and of ISA \$470 pesos/share (2013-increase \$3,250 pesos/shaes).

(3) As of December 31 comprise:

Property, plant and equipment revaluation		
Item	2014	2013
Plants, pipelines and tunnels	2,396,151	2,665,345
Transmission networks, lines and cables	1,570,069	1,526,235
Lands	1,153,455	1,166,168



Buildings	1,053,924	1,048,562
Transportation, traction and lifting equipment	37,744	33,406
Furniture , fixtures and office equipment	11,650	11,805
Machinery and equipment	10,459	12,317
Medical and scientific equipment	2,561	1,572
Communications and computing equipment	225	63
Total property, plant and equipment revaluation	6,236,238	6,465,473
* Amounts stated in millions of Colombian pesos.		

Technical appraisals have been made to the value by homogeneous groups of assets in the following periods:



Last year technical	
Last year technical	Account
2012	Lands
	Goods given third
2013	Medical and scientific equipment
	Transportation, traction and lifting equipment
	Communications and computing equipment
2014	Buildings
	Plants, ducts and substations



2014	Transmission networks, lines and cables Machinery and equipment
------	--

During 2014 updates were made of property, plant and equipment in the following groups of accounts:

- Buildings: in the Water Provision business the technical appraisals of buildings, warehouses and booths, tanks civil works, and tanks equipment were made. In Sanitation, in accountings of buildings and booths
- Plants, ducts and tunnels: in the Water Provision business updates were made to the values of equipment, water treatment plants, civil works in water treatment plants, civil works in major and minor water abstractions, civil works and equipment of mini and micro water stations, equipment for pumping and equipment for abstractions. In the Sanitation business, the civil works and equipment of the San Fernando plant. In Power Generation, the equipment of the generation plans and civil works in the generation plants were updated
- Networks, lines and cables: In the Sanitation business, the sewage networks were updated.

In 2014 the company recovered the provisions that were recorded, resulting from the appraisals made in the Water business



Note 14 – Public credit transactions

As of December 31st, financial obligations are as follows :

Public credit transaction			
Public credit transactions		2014	2013
Short term domestic public debt			
Local market Bond	(1)	-	151,600
Banco Davivienda S. A.	(2)	38,571	38,571
Banco Bilbao Vizcaya Argentaria Colombia S.A.-BBVA	(2)	25,714	25,714
Banco Corpbanca S.A.	(2)	10,286	10,286
Helm Bank S.A.	(2)	5,000	5,000



Short tem foreign public debt			
International Finance Corporation-IFC	(3)	220,681	178,168
loans , Interamerican Development Bank - BID	(4)	83,616	105,309
Bank of Tokyo	(5)	39,878	32,117
Total current public credit transactions		423,746	546,765
Obligations Derivative Contracts		239,694	133,940
Rights in derivative contracts (DB)		(282,162)	(101,137)
Total current derivative instruments	(6)	(42,468)	32,803
Total current public credit transactions		381,278	579,568



Long term foreign public debt			
Local market bonds	(1)	2,011,390	1,511,390
Banco Davivienda S.A.	(2)	192,857	231,429
Banco Bilbao Vizcaya Argentaria Colombia S.A.-BBVA	(2)	128,571	154,286
Banco Agrario	(7)	116,000	-
Banco Corpbanca S.A.	(2)	51,429	61,714
Helm Bank S.A.	(2)	25,000	30,000



Long term external public debt			
Bank of New York - bonos globales pesos	(8)	2,215,744	1,250,000
Bank of New York - bonos internacionales	(9)	1,196,230	963,415
Créditos Banco Interamericano de Desarrollo-BID	(4)	744,260	606,980
Agencia Francesa de Desarrollo-AFD	(10)	643,572	375,732
International Financial Corporation-IFC	(3)	393,608	494,296
Bank of Tokyo	(5)	318,982	289,017
Total non - currents public credit transactions		8,037,643	5,968,259



Obligations Derivative Contracts		406,317	141,029
Rights in derivative contracts (DB)		(462,989)	(105,394)
Total non - current derivative instruments	(11)	(56,672)	35,635
Total non - current operations of public credit		7,980,971	6,003,894
Total operations of public credito		8,362,249	6,583,462
** Amounts stated in millions of Colombian pesos			



As of December 31st the public credit operations were negotiated with at the following interest rates:

Interest rate - public credit transaction				
Concept	Interest rate 2014	2014	Interest rate 2013	2013
International bonds (USD)	7.625 %	1,196,230	7.625 %	963,415
Global international bonds in pesos	7.625 % - 8.375 %	2,215,745	8.375 %	1,250,000
Local bonds	Fija: 10.80 %, 13.80 % IPC + 3.25 % a 7.12 % DFT + 1.49 % a 2.59 %	2,011,390	Fija: 10.80 %, 13.80 % IPC + 3.25 % a 7.12 % DFT + 1.49 % a 2.59 %	1,662,990
Multilateral Bankings loans - IDB	Libor + TV + "spread" de 1.05 % a 1.43 % y TF COP 6.2716 %	827,875	Libor + TV + "spread" de 1.05 % a 1.43 %	712,288
Loan Bank of Tokyo	Libor + 0.95 %	358,860	Libor + 0.95 %	321,134
Loan International Financial Corporation - IFC	Libor + 1.875 % a 2.15 %	614,289	Libor + 1.875 % a 2.15 %	672,464



Loan French Development Agency - FDA	4.32 % y 4.50 %	643,572	4.32 %	375,732
Local banking loans	DTF + 2.7 % e IPC + 4.7 %	593,428	DTF + 2.7 %	557,000
Total financial obligations		8,461,389		6,515,024
* Amounts stated in millions of Colombian pesos.				

(1) Cor responds to the bond issues in the local market, held between November 2010 December 2011 December 2013 and July 2014 with the following characteristics:

Bond issues				
Subserie	Amount allocated (COP) a 2014	Amount allocated (COP) a 2013	Amount allocated (COP) a 2011	Amount allocated (COP) a 2010
A5a IPC 5 years	41,880	193,480	151,600	151,600
A10a IPC 10 years	409,220	409,220	313,010	313,010



A15a IPC 15 years	198,400	198,400	198,400	198,400
B3a DTF 3 years	-	-	-	204,290
C10a tasa fija 10 years	132,700	132,700	132,700	132,700
A6a IPC 6 years	237,700	112,700	112,700	112,700
A12a IPC 12 years	244,900	119,900	119,900	119,900
A20a IPC 20 years	746,590	496,590	267,400	267,400
TOTAL	2,011,390	1,662,990	1,295,710	1,500,000
*Amounts stated in millions of Colombian pesos.				



The detail of the current balance is listed below :

Detail of the issue					
Issue	Current	Amount	Rate	Years term	Due date
Local	COP	112,700	IPC + 3.25 %	6	14/12/2016
	COP	174,410	IPC + 7.12 %	10	20/11/2018
	COP	58,000	13.80%	10	20/11/2018
	COP	41,880	IPC + 3.82 %	5	04/12/2018
	COP	138,600	IPC + 5.8 %	10	22/01/2019
	COP	74,700	10.80%	10	22/01/2019



Local	COP	125,000	IPC + 3.57 %	6	29/07/2020
	COP	119,900	IPC + 4.2 %	12	14/12/2022
	COP	96,210	IPC + 4.52 %	10	05/12/2023
	COP	198,400	IPC + 6.24 %	15	21/04/2024
	COP	125,000	IPC + 4.17 %	12	29/07/2026
	COP	267,400	IPC + 4.94 %	20	14/12/2030
	COP	229,190	IPC + 5.03 %	20	05/12/2033



Local	COP	250,000	IPC + 4.52 %	20	29/07/2034
International	USD	500	7.63%	10	29/07/2019
	COP	1,250,000	8.38%	10	01/02/2021
	COP	965,745	7.63%	10	10/09/2024

(2) In October 2010 a loan in the form of " club deal" " with Davivienda Bank (49%), BBVA (32%), Santander (13%) and Helm Bank (6%) was obtained by \$ 557,000 , resources for general investment plan of the company , both for acquisitions in the local and international market to plan own investments in infrastructure. The term of the loan is 10 years , with 3 years of grace.

(3) Loan type AB with International Finance Corporation (IFC) as a leader and 15 commercial banks in the section B, for USD 349 million for the financing of Antioquia Illuminated and plans for expansion and replacement of water and sewage networks program and power transmission . The contract was signed in December 2011.

This credit financial " covenants " which are calculated figures consolidated financial statement of EPM Group and emerge:

- (Debt/EBITDA): EPM will not permit that the Total Financial Debt/EBITDA indicator exceeds 3.5 to 1 times.
- (EBITDA /Net interest Expense): EPM will not permit that the indicator EBITDA /Interest Expense Net will be lower than 3.0 to 1 times.



The result for 2014 and 2013 is as follows :

Result "Covenants"			
Loan	"Covenants"	2014	2013
International Financial Corporation-IFC	Deuda / E bitda	2.88	2.54
	E bitda / interest expenses	11.93	12.2

(4) This item relates to loans from the Inter -American Development Bank -IADB 800, 1664, 2217 and 2120 , which financed investment projects such as hydroelectric plants Porce II and Porce III further treatment plants wastewater San Fernando and Bello. In support of the security of the Nation granted for loans , 800, 1664 and 2120, EPM counter contracts signed this when closing credit operations

1664 Credit " covenants " Financial , calculated figures consolidated financial statement of EPM Group

Financial covenants derive from credit 1664, as follows:

- (Total Debt/EBITDA) of EPM Group must be lower than or equal to 3.5.
- (Long term debt/Assets) of EPM Group shall not exceed 1.5 times its assets.

The result for 2014 and 2013 is as follows :



Result "Covenants"			
Loan	"Covenants"	2014	2013
Credit - American Development Bank IDB	Total debt / E bitda	2.84	2.45
	Non-current debt / E equity	0.45	0.38

(5) Loans with banks Tokyo-Mitsubishi and Bilbao Vizcaya Argentaria (BBVA) Tokyo office, with guarantee from JBIC for USD 200 million, for financing Porcel III, the which agreement for which was signed in September 2008 and disbursed in its entirety in January 2009. From this credit financial covenants arise on the loan, as follows:

- (Debt/ EBITDA): EPM will not allow that the Total Financial Debt /EBITDA indicator exceed from 2.9 to 1 times.
- (Debt / Equity): EPM will not allow that the Total Long Term Debt / Equity exceeds from 1.5 to 1 times.

(6) The derivative transactions at December 31, in their current portion , are summarized as :



The derivative transactions 2014

Concept	Entity	Right	Obligation	Hedging
Swap dollar- colombian peso	Citibank	(21,605)	26,017	4,412
Cross Currency Swap	JP Morgan Tramo JBIC	(9,969)	7,442	(2,527)
	BBVA-JBIC	(15,951)	12,405	(3,546)
	Bancolombia-JBIC	(13,956)	10,891	(3,065)
Cross Currency Swap	JP Morgan Tramo-IFC	(95,317)	80,393	(14,924)
	BBVA -IFC	(31,899)	25,707	(6,192)
	BNP Paribas-IFC	(93,465)	76,839	(16,626)
Total current portion		(282,162)	239,694	(42,468)
* Amounts stated in millions of Colombian pesos.				



The derivative transactions 2013

Concept	Entity	Right	Obligation	Hedging
Swap dollar- colombian peso	Citibank 1664	(69,022)	103,202	34,180
Cross Currency Swap	JP Morgan Tramo JBIC	(8,029)	7,442	(587)
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total current portion		(101,137)	133,940	32,803
* Amounts stated in millions of Colombian pesos.				

(7) In June, Banco Agrario de Colombia issued disbursed a credit for \$116,000 with expiry in 2030, intended to finance the investment plan and the opportunities for growth of the business.

(8) In January 2011 EPM issued global bonds in pesos in the international capital market for an account of \$1,250,000, intended for the general investment plan. The issue, which received an investment grade rating of Baa3 by Moody's and BBB- by Fitch Ratings, was placed at a yield of 8.5% with a final expiration on February 1, 2021 and coupon of 8.375%. Likewise, on September 3, 2014, EPM placed bonds in the international capital market for \$965,744 million, at a term of 10 years and with a yield of 7.625%. The issue received from the firms Fitch Ratings and Moody's the investment grade ratings "BBB", stable outlook, and "Baa3",



positive outlook, respectively. This operation allows the achievements the availability of resources to advance in the execution of investments as relevant as the Ituango Hydroelectric project, securing partially the funds required for its construction during 2015.

(9) In July 2009 global bonds were issued in pesos in the international capital market, for an amount of \$500,000, intended to financing of Porce III. The issue that received an investment degree rating of Baa3 by Moody's and BB+ by Fitch Ratings, and was placed with a yield of 7.875% with expiration on July 29, 2019 and coupon of 7.625%.

(10) Promotion loan with French Development Agency – AFD – for the financing of growth and expansion projects, related to Energy and Gas Generation, Transmission and Distribution business. The contract was signed in August 2012. The first disbursement was made in June 2013. From this credit financial covenants arise, as follows:

- Total debt to EBITDA ratio of the EPM Group must be lower than or equal to 3.5.
- Interest Coverage ratio must be higher than 3 times.

As of December 31st the public credit operations were negotiated with at the following interest rates :



"Covenants" results

French Development Agency-AFD	Total debt / E bitda	2.84	2.45
	Interest coverage	6.23	6.68

(11) The long-term hedges December 31 , include:

The long-term hedges 2014

Concept	Entity	Right	Obligation	Hedging
Swap dollar-colombian pesos	Citibank	(69,381)	84,274	14,893
Cross Currency Swap	JP Morgan Tramo-IFC	(96,464)	81,362	(15,102)
	BBVA-IFC	(95,698)	77,120	(18,578)
	BNP Paribas-IFC	(201,446)	163,561	(37,885)
Total non-current portion		(462,989)	406,317	(56,672)

*Amounts stated in millions of Colombian pesos.



The long-term hedges 2013

Concept	Entity	Right	Obligation	Hedging
Swap dollar-colombian pesos	Citibank	(73,279)	110,291	37,012
Cross Currency Swap	JP Morgan Tramo V JBIC	(8,029)	7,442	(587)
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total non-current portion		(105,394)	141,029	35,635
* Amounts stated in millions of Colombian pesos.				



The detail of the expiry of public credit operations as of December 31st, is as follows:

2014

The detail of the expiry of public credit operations				
Year	American dollar	Colombian pesos	Total net	
2015	143,858	79,571	423,746	
2016	160,346	192,271	575,892	
2017	103,226	79,571	326,535	
2018	101,003	353,861	595,508	
2019	565,203	353,861	1,706,088	
2020 onwards	368,616	3,951,722	4,833,620	
Total	1,442,252	5,010,857	8,461,389	



2013

Detail of the expiry of public credit operations 2013

Year	American dollar (miles)	Colombian pesos (millones)	Total net
2014	163,789	231,171	546,765
2015	137,434	79,571	344,383
2016	156,279	192,271	493,395
2017	99,613	79,571	271,508
2018	97,390	353,861	541,516
2019 onwards	925,828	2,533,543	4,317,457
Total	1,580,333	3,469,988	6,515,024

The detail of expirations of hedging operations for the year is as follows:

2014



Detail of expirations of hedging operations 2014

Year	Right	Obligation	Total net
2015	(282,162)	239,694	(42,468)
2016	(291,689)	268,587	(23,102)
2017	(85,650)	68,865	(16,785)
2018	(85,650)	68,865	(16,785)
Total	(745,151)	646,011	(99,140)

* Amounts stated in millions of Colombian pesos.



2013

Detail of expirations of hedging operations 2013

Year	Right	Obligation	Total net
2014	(101,137)	133,940	32,803
2015	(49,516)	56,755	7,239
2016	(55,878)	84,274	28,396
Total	(206,531)	274,969	68,438

*Amounts stated in millions of Colombian pesos.



Note 15 – Accounts payable

As of December 31st, the balance of accounts payable is comprised as follows:

Accounts payable			
Accounts payable		2014	2013
Local suppliers	(1)	313,089	400,259
Foreing Suppliers		52,079	21,630
Interests payable	(2)	221,884	173,423
Creditos	(3)	1,109,076	254,601
Resources received for management	(4)	18,964	21,708
Other accounts payable	(5)	35,041	3,785
Related parties	Note 29	11,196	28,152
Current accounts payable		1,761,329	903,558
Creditors	(3)	19,390	25,490
Interests payable		2,350	2,350
Resources received for management	(4)	14,439	13,010



Other received deposits		346	345
Non current accounts payable		36,525	41,195
Total accounts payable		1,797,854	944,753

* Amounts stated in millions of Colombian pesos.

(1) Includes \$132,975 (2013-\$157,732) of payments associated with investment projects, of which \$ 92,701 (2013 \$102,632) are Hydroelectric Project Ituango, and \$180,114 (2013-\$252,307) purchases associated with the operation of business.

(2) Includes \$210,970 (2013 – \$168,120) of interest of the public credit operations. The detail, as of December 31, corresponds to:



Interest of the public credit operations

Interest payable	2014	2013
Bank of New York - Global Bonds pesos	118,392	95,796
Bank of New York - international bonds	39,272	30,608
Bonds local market	26,944	20,672
AFD	11,951	6,763
Credits Inter-American Development Bank - IDB	5,305	2,997
International Financial Corporation - IFC	4,321	4,919
Banco Davivienda S. A.	1,990	2,526
Banco Bilbao Vizcaya Argentaria Colombia S. A.- BBVA	1,326	1,684
Banco Corpbanca S. A.	531	674



Bank of Tokyo	495	1,146
Helm Bank S. A.	258	335
Banco Agrario	185	-
Total interest payable	210,970	168,120
* Amounts stated in millions of Colombian pesos..		

(3) Includes \$935,000 (2013 – \$101,064) of surpluses payable to the Municipality of Medellin and \$7,922 (2013 – \$7,716) of payments associated to the social security of employees.

(4) Resources received through agreements with the Municipality of Medellin for \$20,544 (2013 -\$21,856) and the Government of Antioquia \$6,697 (2013 – \$7,130) among others, for the performance of various common benefit programs.

(5) Includes \$33,779 (2013 – \$2,345) for energy service subsidies.



Note 16 – Taxes, levies and duties payable

As of December 31st, the balance of taxes payable is comprised as follows:

Taxes, levies and duties payable			
Concept		2014	2013
Income tax	(1)	69,387	-
Income tax fo equity - CREE	(2)	84,971	61,579
Income withholdings		40,945	35,703
Tax on equity	(3)	-	69,133
Industry and commerce tax		19,216	24,108
Sales tax on temporary imports	(4)	700	20,728
Other taxes on temporary imports	(5)	22,585	21,861
Total current taxes payable		237,804	233,112
Total taxes payable		237,804	233,112

* Amounts stated in millions of Colombian pesos.



(1) The calculation of the income tax provision for the tax year is:

Calculation of the income tax provision		
Provisions for tax obligations	2014	2013
Income tax		
Current tax	376,698	268,456
Less:		
Discount for investment on regional water systems	8,000	3,022
VAT deductible from income 25,113 21,009	25,113	21,009
Income withholdings and advance	209,665	314,652
Tax discount dividends from abroad	23,053	41,397
Other tax discounts	41,480	1,290
Total income taxes	69,387	(112,914)
* Amounts stated in millions of Colombian pesos.		

The balance in favor is reflected in accounts receivable, see note 6.

(2) The calculation of the provision for the income tax for equity – CREE for tax year 2013 is:



Calculation of the provision for the income tax for equity - CREE

Provisions for tax obligations	2014	2013
Income tax for equity - CREE		
Current tax - CREE	175,287	120,786
Less:		
Income withholdings and advance	90,316	59,207
Total income taxes	84,971	61,579

* Amounts stated in millions of Colombian pesos.

The reconciliation between the surplus from the period before taxes and the net taxable income is detailed below:



Reconciliation between the surplus from the period before taxes and the net taxable income

Concept	2014	2013
Profit before income tax provision	2,258,759	2,036,890
Plus:		
Dividends received	328,035	767,192
Accounting depreciation and amortization	359,255	324,849
Exchange difference investments abroad	538,705	157,861
Accounting actuarial calculation	-	46,424
Non deductible provisions	54,828	25,016
Others entries	53,883	21,940
Linear yield autonomous equity trusts	-	21,173



Deferred monetary indexation	11,736	11,736
Recivable provision for tax purposes	-	13,797
Amortizations not applicable of projects	-	8,454
Profit in sale of shares	248	176
Subtotal items that are added	1,346,690	1,398,618
Less:		
Depreciation and amortization for tax purpose	831,846	732,166
Revenues not constituting taxable income	312,853	675,761



Equity method in investments	411,418	478,258
Deduction of real productive fixed assets	439,004	268,247
Taxing actuarial calculation	29,681	74,403
Income not tax	18,608	73,259
Income previous years	-	11,472
Accounting profit in sale of assets	-	8,488
Deduction for disabled persons and others	2,371	3,242
Profit for valuation of investments	6,475	-
Tax provision portfolio	8,470	-
Subtotal items that are subtracted	2,060,726	2,325,296



Reconciliation between the surplus from the period before taxes and the net taxable income

Concept	2014	2013
Net income	1,544,723	1,110,212
Less exempt income	37,932	36,391
Net taxable income	1,506,791	1,073,821



Income tax rate	25 %	33 %
Income tax for equity - CREE tax rate	9 %	-
Current income tax	376,698	268,456
Current income tax for equity - CREE tax (2.1)	175,287	120,786
Tax discounts	(72,532)	(45,708)
Deferred tax liability	97,475	95,203
Deferred tax asset	(120,240)	(55,971)
Tax provision charged to results	456,688	382,766
* Amounts stated in millions of Colombian pesos.		

(2.1) The calculation of the income tax for equity – CREE is the following:



Calculation of the income tax for equity – CREE

Concept	2014	2013
Subtotal net taxable income tax for equity - CREE	1,506,791	1,073,821
Plus: Special deduction of income producing assets	440,846	268,246
Net taxable income tax for equity - CREE	1,947,637	1,342,070
Tax rate	9 %	9 %
Provision income tax for equity - CREE	175,287	120,786
* Amounts stated in millions of Colombian pesos.		



Tax regulations currently in force applicable to the company provide that:

a) As a general rule taxable income is taxed at the rate of 25% corresponding to the income and complementary tax and at 9% for Income tax for equity – CREE, exception made the taxpayers who by express provision are applied special rates. Until 2012 the income tax rate was 33%. For 2014 the effective income tax rate is of 20% (2013 – 19%)

In addition, during 2014 higher special deductions are applied for investments in income producing assets, mainly of the Ituango project and lower exempt for investment in regional water and sewerage companies .

EPM does not claim the audit benefit because it is incompatible with the benefit of the special deduction for acquisition of real productive fixed assets, applicable to the generation business that has the legal stability agreement.

b) The base to determine the income tax cannot be lower than 3% of its net equity in the last day of the immediately preceding taxable period. The Company is excluded from calculating the tax under the presumptive income tax.

c) As of tax year 2007 the integral inflation adjustments was eliminated for tax purposes, and the capital gains tax was reactivated for legal persons on the total taxable capital gains obtained by the taxpayers during the year. The sole rate applicable on the taxable capital gains up to 2012 was of 33%. Article 109 of Law 1607 of December 2012, established the new rate for the capital gains tax of corporations at 10%, as of tax year 2013.

d) As of tax year 2007 and only for tax purposes, taxpayers may adjust annually the cost of movable and immovable goods that have a fixed asset nature. The adjustment percentage will be that set by the National Tax and Customs Direction, by mean of a resolution.

e) Up to the taxable year 2010 and for those taxpayers who had a legal stability agreement signed prior to December 31, 2012, the special deduction for effective investments in real productive fixed assets equivalent to 30% of the investment value is applicable to them, and its use does not generate taxable profit in the name of partners or shareholders. The taxpayers who had acquired depreciable fixed assets as of January 1, 2007 and use the deduction established herein, will only be able to depreciate those assets by the straight line method and will not be entitled to the audit benefit, even with the compliance of the assumptions established in tax regulations to access said right. On the deduction claimed in previous years, if the good subject of the benefit is ceased to be used in the income producing activity, is sold or is retired before the term of its useful life, it is required to incorporate an income for recovery of deductions proportional to the remaining useful life at the time of the abandonment or sale. Law 1607 of 2012 derogated the regulation that permitted to sign legal stability agreements, as of tax year 2013.

f) As of December 31, 2014, the company does not have tax losses pending compensation.

g) For 2014, Law 1607 of December 2012 reduced the income tax rate to 25% and created the income tax for equity CREE. This tax , pursuant to the provisions of Law 1739 of December 2014, remains at a rate of 9% by 2015, in addition , creating a surcharge of 5% , 6 % , 8 % and 9 % for the years 2015 , 2016 , 2017 and 2018 , respectively. Except for some special deductions and excess presumptive income CREE not apply to benefits, the tax base will be the same used for income tax.

Exempt from the income tax for equity CREE, are non-profit entities and the companies that are classified as free trade zone users.

h) As indicated by Law 1607 of December 2012, in its article 25, as of July 1, 2013 allows exemption will be



exonerated from the payment of payroll contributions in favor of the SENA (National Training Service, for its initials in Spanish) and ICBF (Colombian Institute of Family Welfare, for its initials in Spanish), the legal and similar persons taxpayers of the income and complementary tax, corresponding to the workers who earn, individually considered, up to ten (10) minimum monthly legal salaries in effect. This exemption does not apply to those taxpayers not subject to the CREE.

Legal stability – equity tax

As indicated before, EPM entered into legal stability agreement EJ-04 of 2008 with the Nation, which also protects the power generation activity against adverse changes in the equity tax regulations and, for this reason, the company had the expectations of not paying said tax beyond that which was in effect between the years 2007 and 2010.

With the issuance of Law 1370 of 2009, a new method for accrual of the equity tax was provided in 2011, payable between 2011 and 2014, but in December 2010, the National Tax and Customs Direction –DIAN, issued concept 0987997 where it indicated, among other aspects, that: “The new equity tax, created by Law 1370 of 2009 and that is accrued on January 1, 2011, does apply to the taxpayers who claimed the special regime of the legal stability set forth in Law 963 of 2005”, opinion that was ratified by the Ministry of Mines and Energy (MME), in its capacity as party to the mentioned agreement.

With the pronouncements by the DIAN and the MME, the EPM administration decided to file the equity tax return for the period of 2011 including the tax on the power generation activity, in order to protect itself against eventual litigations with the tax authority and, particularly, of eventual tax penalties. As of this date and because it is a contractual, rather than a but not tax difference, the administration has an external advisor who represents the company in the case in defense of its interest; the value of the claim is \$200,874, equivalent to the tax paid for the generation business.



Transfer pricing

Due to the operations that EPM performs with its related parties abroad, it is subject to the regulations that in respect to transfer pricing were introduced in Colombia with laws 788 of 2002 and 863 of 2003. As of this date EPM has not completed the technical study for the operations carried out with related parties abroad during 2013; however, the administration has reviewed and considers that the operations had a behavior similar to those made during 2012, and thus it is anticipated that there will not be an impact of importance in the income tax return for the period 2013.

Reconciliation between the accounting equity and the net tax equity

The major entries that make up the reconciliation between the accounting equity and the net tax equity as of the closing date were:

Reconciliation between the accounting equity and the net tax equity

Concept	2014	2013
Accounting equity	21,346,568	22,259,331
Plus:	4,533,257	4,412,611
Tax inflation adjustments to properties, plant and equipment and intangibles	2,695,411	2,698,117
Deferred tax credit	863,788	766,313



Goodwill addition	388,358	394,390
Tax inflation adjustments investments	145,331	145,331
Adjustment for investments abroad	178,257	121,490
Provision for ligations and lawsuit	90,161	86,531
Provision for investments, inventories, property, plant and equipment and seniority premiums	89,598	82,559
Unamortized actuarial calculation tax	28,018	57,904
Oversupply of portfolio	34,147	35,766
Self deferred monetary correction	14,010	18,014
Other adjustments	6,078	6,096



Other provisions for contingencies (Force)	100	100
Less:	16,804,752	17,962,153
Appreciation of properties, plant and equipment	6,307,366	6,518,428
Appreciation of investment	2,382,122	4,368,992
Adjustments for tax inflation of accumulated depreciation and amortization	2,624,282	2,517,917
Excess of tax over accounting depreciation	2,504,685	2,201,652
Equity method	2,033,236	1,516,762
Deferred income debit	403,319	283,079
Reclassification of goodwill Deca II - PDG	268,369	268,369



Accounts receivable for unrealized dividends	-	117,596
Exchange difference associated to project indebtedness	112,580	116,136
Credit for deferred monetary indextation	35,482	53,222
Real liability for income	133,311	-
Net fiscal equity	9,075,073	8,709,789
*Amounts stated in millions of Colombian pesos.		



The value of the equity tax including the surtax was of \$276,532. It was accrued on January 1, 2011 and will be paid in eight equal installments (two annual installments) during four years. The company recorded the total amount of the equity tax with charge to the equity appreciation account. This tax payable was completed in September 2014

Value corresponding to the VAT that it is estimated to be paid in a five-year term, for equipment acquired for the hydroelectric project Porce III under the modality of long term temporary investment of heavy machinery for the basic industry. At the end of the fifth year the import modality will be changed to ordinary, thus arising the obligation to assess and pay the VAT (articles 142 to 145 of Decree 2685 of 1999). This VAT started to be paid as of 2013.

It includes mainly \$14,815 (2013 – \$16,577) of contributions to the municipalities and regional corporations by Law 199 and \$4,090 (2013 – \$2,241) of import customs duties.

Tax Reform

Law 1739 of December 23, 2014, clarifies the notion of residency for tax purposes and establishes the following rates for the income obtained by foreign corporations and entities that are not attributable to a branch or permanent establishment:

Rates for the income obtained by foreign corporations and entities

Year					
2015		2016		2017	2018
39%		40%		42%	43%



It modifies the application of the tax discount for the taxes paid abroad, distributing it between the income tax and the CREE in a proportion of 64% and 36% respectively.

It establishes modifications to tax incentives of i) deduction for investments in research, technological development or innovation, ii) tax discount of the income tax for VAT paid in the acquisition of capital goods and heavy machinery.

It permits to handle the exchange difference in foreign investments without fiscal effects, up to the time of the disposal of the respective investment.

It postpones the introduction of the limitation of deductions for payments in cash to year 2019 and following.

As of 2013 EPM is also taxpayer of the income tax for equality (CREE). This was created by Law 1607 of 2012 and is defined as the contribution by companies and legal persons and similar taxpayers filers of the income and complementary tax, in benefit of the workers, the generation of employment and the social investment in the terms provided in said regulation.

Articles 21 and 22 of this Law indicate the generating event and the taxable base of the tax and, in turn, Article 23 defines the applicable rate, which will be 9%. With the enacting of Law 1739 of 2014, a surtax is created to this tax that will be of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018.

The generating event of the surtax applies to taxpayers whose annual return of the CREE tax shows a profit equal to or in excess of \$800 million. The surtax created in this Law is subject, for the above mentioned years, to an advance of 100% of the value thereof calculated on the taxable base on which the taxpayer assessed the mentioned tax for the immediately preceding tax year. The advance of the surtax of the CREE tax must be paid in two annual installments in the terms set by the regulations.

With the enacting of Law 1739 of 2014, the tax losses incurred by the taxpayers of the CREE tax as of 2015, may be offset. In addition, the excess of the minimum CREE base may also be offset as of 2015 within the 5 following years adjusted for tax purposes.

Neither the CREE tax, nor its surtax, can in any event be offset with balances in favor for other taxes that have been assessed in the tax returns. The balances in favor that are assessed in the CREE tax returns, and their surtax, cannot be offset with debts for other taxes, advances, withholdings, interest and penalties.

This tax has in turn an advanced collection mechanism by the method of self-withholding that is declared and paid monthly and is calculated on the net income received by the entities subject to that tax, applying to that net income the rate associated to their main economic activity, in accordance with the provisions of the regulations that rule for that tax.



Note 17 – Labor obligations

The balance of labor obligations as of December 31st was:

Labor obligations			
Concept		2014	2013
Severance	(1)	20,975	20,391
Vacations premium	(2)	18,785	16,984
Vacations		9,416	8,545
Interest on severance		5,749	5,915
Payroll payable		28	4,809
Seniority bonus	(3)	29,939	3,394
Christmas bonus		116	-
Other salaries and fringe benefits		1,399	1,235
Total current labor obligations		86,407	61,273
Severance	(3)	27,059	29,229
Seniority bonus	(3)	-	24,109
Total- non-current labor obligations		27,059	53,338
Total labor obligations		113,466	114,611

* Amounts stated in millions of Colombian pesos.



- (1) The current portion corresponds to the severance of employees that have chosen to be covered by Law 59 of 1990 and that will be transferred to the severance funds before February 14, 2014. The non-current portion corresponds to the severance of employees of the previous regime.
- (2) Corresponds to the bonus that is delivered to the employees that take vacations, equivalent to 32 days of ordinary salary for each year of service and proportionately for a fraction thereof.
- (3) Corresponds to the estimate, to present value, of the future payment corresponding to the seniority bonus. In EPM official workers are entitled to this bonus every time that they complete 5 years of service with the company, continuous or discontinuous. The estimated value is determined by an actuary, taking into account the average salary increase, discount rate of 6.40% and the mortality rates approved by the Superintendence in Resolution 1555 of 2010.



Note 18 – Pension obligations and pension commutation

The pension obligations of EPM, pensions and bonds, are amortized 100%. As of December 31st corresponded to:

Pension obligations and pension commutation		
Concept	2014	2013
Pension liabilities		
Pension actuarial calculation	30,984	18,432
Actuarial calculation of pension bonds	7,299	23,639
Total pension liabilities EPM	38,283	42,071
Pension commutation EADE		
Pension obligation	5,621	3,780
Bonds	926	452



Total pension commutation	6,547	4,232
Total current portion of pension obligations and commutation	44,830	46,303
Pension liabilities		
Pension actuarial calculation	290,706	314,265
Actuarial calculation of pension bonds	385,531	372,026
Total pension liabilities EPM	676,237	686,291
Pension commutation EADE		
Pension obligation	60,246	65,554



Bonds	25,533	24,614
Total pension commutation	85,779	90,168
Total non current portion of pension obligations and commutation	762,016	776,459
Total pension obligations and pension commutation	806,846	822,762

* Amounts stated in millions of Colombian pesos

The movement of the pension liability and the pension commutation during the period was:



The movement of the pension liability and the pension commutation

Concept	Pensions	Bonds	Total actuarial calculation
Pension liability EPM			
Balance at December 31, 2012	332,255	386,438	718,693
Payments During year 2013	(33,395)	(3,360)	(36,755)
Calculated Increased 2013	33,836	12,588	46,424
Balance as December 2013	332,696	395,666	728,362
Payments During year 2014	(31,463)	(24,787)	(56,250)
Calculated Increased 2014	20,457	21,952	42,409
Balance as of December 2014	321,689	392,831	714,520
Conmutación pensional			



Balance at December 31, 2012	69,150	23,910	93,060
Payments During year 2013	(8,661)	(80)	(8,741)
Increase (decrease) computation in 2013	8,845	1,236	10,081
Balance as December 2013	69,334	25,067	94,401
Payments During year 2014	(4,527)	(1)	(4,529)
Increase (decrease) computation in 2014	1,061	1,393	2,454
Balance as of December 2014	65,867	26,459	92,326
Total pension obligation and pension transfer	387,556	419,290	806,846
* Figures in millions of Colombian pesos.			

The major factors in the actuarial calculations corresponding to retirement as of December 31st were:



Major factors in the actuarial calculations

Concept	2014	2013
Number of people covered EPM	2,045	2,113
Number of people covered EADE	543	543
Technical interest rate	4.8 %	4.8 %
Pension readjustment rate*	2.41 %	2.99 %

- *This rate corresponds to the weighted average of inflation of 2010, 2011 and 2012, as follows: 3 points for 2013, 2 points for 2011 and 1 point for 2010, according to the provisions in Paragraph 1 of Article 1 of Decree 2783 of December 20, 2001.

At December 31 EPM pension obligations , pension and savings bonds are redeemed at 100%.



Note 19 – Estimated liabilities

As of December 31, the estimated liabilities balance is comprised as follows:

Estimated liabilities			
Concept		2014	2013
Provision for contingencies			
Civil and administrative litigations	(1)	4,809	11,398
Tax processes	(2)	6,995	862
Labor lawsuits	(3)	1,866	1,765
Total provision for contingencies		13,670	14,025
Other provisions	(4)	3,597	5,731
Estimated liabilities current portion		17,267	19,756
Provision for contingencies			
Civil and administrative litigations	(1)	66,769	36,982
Tax processes	(2)	18,846	26,870
Labor lawsuits	(3)	10,514	8,654
Other contingencies	(5)	100	100



Total provision for contingencies		96,229	72,606
Other provisions	(4)	15,068	8,701
Estimated liabilities non-current portion		111,297	81,307
Total estimated liabilities		128,564	101,063
*Amounts stated in millions of Colombian pesos.			



As of December 31st, civil, administrative, labor and tax litigations consist of:

Civil, administrative, labor and tax litigations				
Third Party	Claim	2014	2013	
Consortium Dragados Porce II	Pay to the plaintiff, among others, the sums of money that result from the refund of the total compensation illegally deducted by EPM, which historic value amounted to US\$4,100,000.	11,856	-	
Manuel Márquez and others	Riogrande II Project, indemnification to the community for not having acquired the mining deposits.	7,877	7,728	
Carmen María Alzate Rivera	Pay damages derived from the increase of the Guatepe River flow to 42 families.	7,255	-	
José Alberto Ruiz Betancur	Injuries for primary energy lines that go by close to a residence in Copacabana.	5,848	5,546	
Concretos y Asfaltos S.A	Indemnification for damages for USD 3,298,054.	-	6,325	
Miscellaneous	Other processes.	38,742	28,781	



Total civil and administrative contingencies (1)		71,578	48,380
Municipality of Tuta	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	15,412	17,547
Municipality of Yumbo	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	4,152	3,940
Municipality of Caloto	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	3,396	3,095
Miscellaneous	Other processes.	2,881	3,150
Total tax contingencies (2)		25,841	27,732



Jenifer Andrea Marcelo Jiménez	Indemnification. Solidarity.	1,865	-
Juan Felipe Cardona	Indemnification for work accident.	1,213	1,168
Various – Egal Employees	Employer solidarity process.	649	841
Miscellaneous	Other minor processes at \$500.	8,653	8,410
Total labor contingencies (3)		12,380	10,419
* Amounts stated in millions of Colombian pesos.			

(4) Includes provision for catastrophic diseases \$13,473 (2013 – \$7,202), technical reserve of the adapted healthcare entity \$2,858 (2013 – \$2,666) and provision for life insurance to employees \$1,781 (2013 -\$3,832).

(5) Corresponds to the estimated value that would be paid for withdrawing from the agreement that had been signed with different contractors for the execution of the Porce IV hydroelectric project, of which the indefinite suspension was declared in December 2010. During 2013 conciliations were made with most suppliers, leaving pending one process to be conciliated for \$100.



For the period the movement of the contingencies provision was:

Movement of the contingencies provision		
Provision for contingencies	2014	2013
Initial balance	101,063	141,069
Provision expense	67,785	26,327
Other provision	10,081	5,949
Expense from previous periods	(14,983)	(59,142)
Financial expense	-	1,552



Payments	(35,383)	(14,692)
End balance	128,563	101,063
* Amounts stated in millions of Colombian pesos.		

Recoveries for litigations correspond mainly to processes that have changed the probability of occurrence or have been withdrawn \$13,157 (2013 – \$42,522), and in the previous year there was an important effect by the change of methodology of valuation, \$0 (2013 – \$16,620).



Note 20 – Other liabilities

As of December 31, other liabilities balance is comprised as follows:

Other liabilities			
Item		2014	2013
Collections in favor of third parties			
Collection of third-party receivables		11,146	12,192
Cleaning fees		12,534	9,556
Public lighting		9,719	8,615
Taxes		9,263	7,436
Other collections		1,660	405
Related parties	Note 29	6,444	5,056
Total collections in favor of third parties	(1)	50,766	43,260
Income receive in advance			
Sales		5,208	4,334
Leases		90	90
Sale of gas service		4,944	1,855



Sale of energy services	(2)	17,278	8,608
Other income received in advance		279	566
Total income received in advance		27,799	15,453
Total other current liabilities		78,565	58,713
Deferred tax	(3)	863,788	766,313
Income received in advance		874	964



Other liabilities			
Other noncurrent liabilities		10	10
Total noncurrent liabilities		864,672	767,287
Total other liabilities		943,237	826,000
* Figures in millions of Colombian pesos.			

- (1) Agreements of collection of receivables executed with entities such as the Municipality of Medellin and Empresas Varias de Medellin, among others.
- (2) Corresponds to resources received in advance for the long term agreements associated to the commercialization of energy.
- (3) The movement of the deferred income tax credit it, as of December 31st was:

Movement of the deferred income tax credit			
Description	2014		2013
Deferred tax credit previous year		766,313	671,110
Increase of provision during year		97,475	95,203
Total deferred tax credit		863,788	766,313
* Figures in millions of Colombian pesos.			

EPM recognizes the deferred tax credit by the excess of the fiscal over the accounting depreciation.



Note 21 – Equity

Reserves

As of December 31, the reserves balances are comprised as follows:

Equity		
Concept	2014	2013
Legal reserves	2,511,758	2,564,592
Ocassional reserves	574,008	574,008
Subtotal reserves	3,085,766	3,138,600
Equity funds		
Self-Insurance fund	3,491	3,491
Financing plan	3,108	3,108
Housing fund	992	992
Subtotal equity funds	7,591	7,591
Total reserves	3,093,357	3,146,191
* *Amounts stated in millions of Colombian pesos.		



The Board of Directors meeting held on February 25, 2013 approved:

- Creation of a reserve for \$201,946 (2013 – \$208,601) on the surpluses of 2013, to comply with Article 130 of the Tax Code.
- Creation of a reserve for \$492,230 (2013 – \$350,492) on the surpluses of 2013, in order to comply with Decree 2336 of 1995, for the profits incorporated to the results in the application of the equity method.
- Releasing the reserves created for \$747,010 (2013 -\$299,562) for the surpluses realized.

Surpluses

Based on the determination of the COMPES in the meeting of march 17, 2014, ordinary financial surpluses for \$496,237 (2013 -\$526,122) and extraordinary financial surpluses for \$413,531 (2013 -\$708,435). The total financial surpluses paid in december 2014 was of \$1,010,832 (2013 -\$1,183,493). According to the minutes of the Governing Council n . ° C -GO- 65 of December 19, 2014 , regular financial surplus by \$ 511.165 and additional financial surplus of \$ 423.835 to be paid in 2015 caused the effect .



Note 22 – Memorandum accounts

The memorandum accounts consist of:

Memorandum accounts – debtor

As of December 31, memorandum accounts – debtor is comprised as follows:

Memorandum accounts - debtor			
Concept		2014	2013
Contingent rights	(1)	658,678	209,580
Tax debit	(2)	6,509,826	5,011,386
Control debit	(3)	326,349	278,415
Total debit memorandum accounts		7,494,853	5,499,381
* Amounts stated in millions of Colombian pesos.			

Memorandum accounts – creditor

As of December 31, memorandum accounts – creditor is comprised as follows:



Memorandum accounts - creditor

Concept		2014	2013
Contingnet liabilities			
Litigations and claims	(4)	1,083,312	944,249
Endorsements	(5)	68,196	68,196
Other contingent liabilities	(6)	43,158	43,158
Total contingent liabilities		1,194,666	1,055,603
Tax credit	(7)	1,9146,006	18,189,718
Control credit	(8)	980,318	1,041,061
Total credit memorandum accounts		21,320,990	20,286,382
* Amounts stated in millions of Colombian pesos.			



(1) The contingent rights correspond mainly to litigations in administrative processes for \$531,228 (2013 – \$78,416), notable items mentioning are a litigation against the Ministry of Defense for a value of \$441,249, a capitalization recorded by the affiliate EPM Aguas Nacionales S.A. E.S.P. of the Wastewater Treatment Plant (PTAR) project of Bello (in accordance with the contractual obligations acquired with the Inter American Development Bank for the disbursement of USD450 million for the construction thereof) for \$91,672 (2013 – \$91,672) and \$35,778 (2013 – \$39,492) of the trust that supports the contingent obligations of EADE at the time of liquidation.

(2) Tax debit memorandum accounts refer to the differences between accounting and tax regulations. They include mainly the difference in the depreciation, inflation adjustments to property, plant and equipment, shares and contributions and addition to tax goodwill. In general, differences in asset, cost and deduction accounts.

(3) This includes receivables written-off for \$158,290 (2013 – \$158,290), the self-insurance fund for \$68,106 (2013 – \$68,106) and loans from the Housing Fund EPM through Sintraemsdes and Sinproepm unions for \$1,854 (2013 – \$ 3.381).

(4) As of December 2014, the main processes included were:



Main processes memorandum accounts - creditor

Third party	Claim	2014	2013
José Luis Padilla Sundhein	Obtain the protection of the law and collective interest to administrative morality and that currently is being contravened and threatened by EMP and the CRA, on occasion of the unfair charge of the sewage service.	213,800	-
Sociedad Minera Peláez y Hermanos S.C.S, José Alirio Zamora Ardila	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and to the ordered to pay the equity damages.	146,955	138,411
Federación Nacional de Cafeteros	Recognition and payment of investments made by the National Federation of Coffee Growers in electric Infrastructure works of EPM..	80,145	-
Alba Nancy Madrigal Maya	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and to the ordered to pay the equity damages.	49,377	-
Compañía Minera La Cuelga	Indemnification for economic damages caused to Compañía Minera La Cuelga, which originate in the works of execution, filling of dam and start up of the hydroelectric project Porce III of EPM.	24,370	23,283



Main processes memorandum accounts - creditor

Alos transporte S.A.	To order EPM to enable and classify the Transportation within the contracting process PC-2009-0480, rendering of people land transportation services.	16,424	15,576
CSS Constructores S.A.	Indemnification of damages caused for the loss of the right that the consortium had to be awarded the public works contract in the bidding process PC-009013, construction of the dam and works associated to the hydroelectric project Porce III of EPM.	-	22,853
Miscellaneous	Other minor processes	552,241	744,126
Total memorandum accounts credit		1,083,312	944,249

* Figures in millions of Colombian pesos.

(5) Counter-guarantee to the National Government related to the credits granted by the IADB. The value of the guarantee corresponds to the pledging of operating income equivalent to 120% of the debt service of the following six-month period of IADB credits.

(6) Corresponds to \$43,158 (2013 – \$43,158) of disbursements made by the IADB of the credit 2110/OC-CO River Medellin Sanitation Program II Phase, under the modality of advance, pending legalization, equivalent to USD 22 million (2013 USD 2 million).

(7) Tax memorandum accounts credit are made up by the different accounting and tax regulations. They refer, especially, to the recording of the appreciations of assets and investments, to the accumulated depreciation of properties, plant and equipment and its corresponding adjustment for inflation, to the income for the equity method not realized and to the deferred monetary indexation. In general, differences in liability and income accounts.

(8) Includes goods received from third parties \$46,059 (2013 – \$40,142) and the following credits pending disbursement:

- IADB USD \$301.2 million for the Medellin River Sanitation program – Bella Wastewater Treatment Plant, twenty-five (25) year term.
- AFD USD \$69.2 million for growth and expansion projects in the Energy Generation, Transmission and Distribution businesses. Term of 15 years.



Note 23 – Operating income, net

As of December 31, Operating income, is comprised as follows:

Operating income, net			
Concept		2014	2013
Sale of goods and services			
Sale of services			
Electric power service	(1)	4,208,280	4,050,520
Fuel gas service	(2)	524,372	539,795
Sanitation service	(3)	370,638	352,689
Water service	(4)	334,205	318,642
Other service	(5)	82,657	69,814
Related parties	Nota 29	298,080	224,972
Total sale of services		5,818,232	5,556,432
Sale of goods and services	(6)	36,556	36,920
Total sale of services and goods		5,854,788	5,593,352



Returns			
For sale of electric power	(7)	(9,446)	(60,237)
For other services		-	(2)
For sale of goods		(11)	(13)
Total returns and discounts		(9,457)	(60,252)
Total net income		5,845,331	5,533,100
* Amounts stated in millions of Colombian pesos.			



(1) Energy services include those of generation transmission and distribution:

Generation of energy: includes long term contracts for \$833,612 (2013 -\$1,021,901) and pool sales for \$505,444 (2013 -\$300,606).

Transmission and distribution of energy: includes sales to the regulated market for \$2,003,423 (2013 -\$1,824,441) and use of networks for \$260,107 (2013 -\$259,466).

(2) Includes sales to the regulated market for \$221,204 (2013 -\$217,717) and to the non-regulated market for \$99,671 (2013 -\$126,073), and sales to other markets for \$42,511 (2013 -\$51,780).

(3) Comprises income for discharges, \$321,634 (2013 -\$307,002), and fixed charge for \$44,296 (2013 -\$41,809).

(4) Comprises income for consumption \$216,581 (2013 -\$206,367), and fixed charge for \$99,211 (2013 -\$93,982).

(5) Includes income for commissions for collection from third parties \$25,713 (2013 -\$25,078), leasing of electric infrastructure for \$25,168 (2013 -\$21,876) and income of the Entidad Adaptada de Salud for \$13,848 (2013 -\$13,732).

(6) Corresponds to sales for the service of supplies (supermarket) that EPM provides to its employees and family.

(7) As of 2013 the policy for recording the refund of the charge for reliability was changed.

The operating income in the period did not show any concentration of more than 50% in specific customers, official entities or exports made.



Note 24 – Service rendering costs

As of December 31, costs for rendering of services, is comprised as follows:

Service rendering costs			
Concept		2014	2013
Commercial operations costs	(1)	1,554,991	1,477,040
General costs	(2)	415,114	406,272
Personal services	(3)	294,447	264,734
Taxes, levies and contributions	(4)	125,277	115,052
Orders and contracts	(5)	133,148	123,748
Direct inputs consumption	(6)	49,713	68,053
Cost of sale of goods		36,288	36,835
Related parties	Nota 29	104,919	113,943
Total service rendering costs		2,713,897	2,605,677

* Amounts stated in millions of Colombian pesos.



(1) Includes purchases of energy for \$793,624 (2013 – \$730,642), payment for use of networks and ducts for \$611,840 (2013- \$577,678) and restrictions for \$43,627 (2013 – \$39,947).

(2) Includes utilities connection and cutoff services for \$103,046 (2013 – \$109,360), costs associated to the billing, distribution and collection for \$26,438 (2013 – \$24,474), materials for rendering the service for \$75,980 (2013 – \$77,124), insurance for \$33,177 (2013 – \$36,018) and fees for \$28,625 (2013 – \$23,212).

(3) The salary increase of 2014 was of 3.29% (2013 – 3.94 %).

(4) Includes maintenance and repairs of lines, networks and ducts for \$61,645 (2013 -\$76,158) and maintenance and repairs of buildings for \$16,166 (2013 – \$18,545).

(5) Comprises contributions required by Law 99 for \$53,288 (2013 – \$55,413), Fazni for \$14,790 (2013 – \$15,983), contribution to monitoring entities for \$16,995 (2013 – \$15,611) and rate for pollution of natural resources for \$6,467 (2013 – \$8,329).

(6) Includes the purchases of fuel for the generation of the thermal plant La Sierra for \$39,068 (2013 – \$56,943) and chemical products for the treatment of water for \$10,645 (2013 – \$11,110).



Note 25 – Depreciation, provisions and amortization

As of December 31, depreciation, provisions and amortization are comprised as follows:

Depreciation, provisions, amortization and expenses not effective			
Concept		2014	2013
Depreciations			
Depreciation of plants, pipelines and tunnels		133,983	133,093
Depreciation of transmission networks and lines		116,474	113,353
Depreciation of buildings		41,411	36,074
Other depreciations		15,335	17,032
Depreciation of machinery and equipment		10,932	8,384
Total depreciation costs	Note 10	318,135	307,936
Amortization costs			
Amortization of improvements in third party properties	Note 12	13,052	11,109
Amortization of intangibles	Note 12	6,493	5,357



Amortization of goods given to third parties		2,930	488
Amortization of legal stability contract	Note 12	495	495
Total amortization costs		22,970	17,449
Total costs of depreciations and amortizations		341,105	325,385
Depreciations			
Depreciation of communication and computing equipment		9,878	8,021
Depreciation furniture and fixtures		2,148	2,160



Depreciation of machinery and equipment		1,796	3,373
Other depreciation		1,203	1,111
Depreciation of buildings		1,087	2,247
Total depreciation expenses	Note 10	16,112	16,912
Actuarial computation			
Update of bonds and pension payment quotas		23,887	29,491
Update of retirement pensions		20,457	16,933
Update the pension commutation EADE		2,454	10,081
Total actuarial calculation expense		46,798	56,505
Provision			
Other provision	Note 19	10,081	5,949
Provision for receivable	Note 6	7,936	27,365
Provision for property, plant and equipment	Note 10	-	1,801
Total provisiones expenses		18,017	35,115



Amortization			
Amortization of intangibles	Note 12	777	285
Total amortization expenses		777	285
Total depreciation expenses, depreciation and amortization		81,704	108,817
Total no actual expenditure works and improvements to property		2,705	2,251
Total no actual expenditure		84,409	111,068
Total depreciation, provisions , depreciation and expenses not effective		425,514	436,453

*Amounts stated in millions of Colombian pesos.



Note 26 – Administration expenses

As of December 31, administration expenses are comprised as follows:

Administration expenses			
Concept		2014	2013
Personal services	(1)	240,776	267,807
General expenses	(2)	249,558	250,324
Taxes, levies and contributions	(3)	78,437	67,898
Related parties	Note 29	588	18,315
Total administrative expenses		569,359	604,344

* Amounts stated in millions of Colombian pesos.

(1) Includes salaries for \$93,680 (2013 – \$102,522), bonus for \$32,522 (2013 – \$34,082), severance and interest on severance for \$13,658 (2013 – \$20,496), among others.

(2) Includes fees for \$50,113 (2013 – \$59,660), payment of rent of the EPM Building to the Municipality of Medellín for \$32,489 (2013 – \$31,726) which has a term of 50 years as of 2001, purchase and maintenance of administrative software for \$18,862 (2013 – \$37,082), and maintenance of facilities for \$35,240 (2013 – \$34,599).

(3) Includes tax on financial transactions \$28,787 (2012 – \$27,404), industry and commerce tax \$30,709 (2013 – \$22,676) supervision and oversight charge \$15,241 (2013 – \$14,810).



Note 27 – Non-operating income, net

As of December 31, non-operating income is comprised as follows:

Non-operating income, net			
Concept		2014	2013
Profit by equity participation method for investments	Note 9	411,418	478,258
Financial			
Gain on valuation of investments		62,380	34,564
Dividends	(1)	52,670	47,620
Interest and yields		30,966	36,285
Adjustments on exchange differences	(2)	20,365	0
Late fee		10,970	9,690
Other financial income		1,926	1,805
Extraordinary			
Recoveries	(3)	30,636	84,966
Compensations		10,098	4,884



Other extraordinary income	(4)	5,631	17,638
Exploitation		5,110	10,856
Adjustments previous income		(1,401)	1,838
Other income			
Other income	(6)	9,628	4,610
Leases		6,699	6,051
Profit for sale of assets	(5)	240	9,416
Related parties	Note 29	, 43 714	28,866
Total non-operating income, net		701,050	777,347
*Amounts stated in millions of Colombian pesos.			



(1) Dividends from uncontrolled companies was:

Dividends from uncontrolled companies		
Concept	2014	2013
Isagen S.A. E.S.P.	28,559	24,460
ISA S.A. E.S.P.	24,098	21,170
EPM Ituango S.A. E.S.P.	-	1,978
Others	13	12
Total	52,670	47,620

* Amounts stated in millions of Colombian pesos.

(2) During 2014 there was a devaluation of the peso in respect to the US dollar of 24.17% (2013 – devaluation of 8.97%), which represents a net income by exchange difference for \$20,365 (2013 expense for \$156,472).

(3) Includes recovery of provisions as follows: receivables for \$2,315 (2013 -\$14,630), of litigations and lawsuits for \$13,157 (2013 – \$56,065), properties, plant and equipment for \$11,597 (2013 -\$2,338) and investments for \$33 (2013 – \$2,819) and \$0 (2013 – \$876) of goodwill.

(4) Includes \$5,016 (2013 – \$17,638) of reimbursement of resources of the trust created in the name of EPM to cover contingencies pending at the time of liquidation of EADE.

(5) Includes \$97 (2013 – \$8,834) of profit in the sales and liquidation of CENS Inversiones and ESSA capital.

(6) Includes an extraordinary income of \$10,719 for the recognition in favor of EPM of a litigation against the Consortium Porce III, of which \$1,091 are disclosed in the note of related parties.



- (2) During 2014 there was a devaluation of the peso in respect to the US dollar of 24.17% (2013 – devaluation of 8.97%), which represents a net income by exchange difference for \$20,365 (2013 expense for \$156,472).
- (3) Includes recovery of provisions as follows: receivables for \$2,315 (2013 -\$14,630), of litigations and lawsuits for \$13,157 (2013 – \$56,065), properties, plant and equipment for \$11,597 (2013 -\$2,338) and investments for \$33 (2013 – \$2,819) and \$0 (2013 – \$876) of goodwill.
- (4) Includes \$5,016 (2013 – \$17,638) of reimbursement of resources of the trust created in the name of EPM to cover contingencies pending at the time of liquidation of EADE.
- (5) Includes \$97 (2013 – \$8,834) of profit in the sales and liquidation of CENS Inversiones and ESSA capital.
- (6) Includes an extraordinary income of \$10,719 for the recognition in favor of EPM of a litigation against the Consortium Porce III, of which \$1,091 are disclosed in the note of related parties.



Note 28 – Non-operating expenses, net

As of December 31, non-operating expenses are comprised as follows:

Non-operating expenses, net			
Concept		2014	2013
Interests			
External public credit operations		248,894	220,816
Internal operations of public credit		137,168	144,625
Derivated transactions		30,822	15,023
Other interests		632	146
Financial expenses			
Commissions and other		13,640	5,930
Loss on valuation of investments		3,147	1,428
Discount on international bonds amortization		2,868	2,868
Administration and issuance of securities		1,050	914
Adjustments on exchange differences		-	156,472
Provision and amortizations			



Provision for amortization	Note 19	67,785	26,327
Amortization of goodwill	Note 12	15,565	20,769
Provisión para protección de inversiones		365	342
Others non operating expense	(1)	35,990	21,959
Adjustments from previous year	(2)	20,920	9,464
Related parties	Nota 29	6	-
Total non-operating expenses, net		578,852	627,083

* Amounts stated in millions of Colombian pesos.

(1) Includes the contributions to the EPM Foundation for \$23,593 (2013 – \$9,168) for the AMA Alliance (Alliance Medellin-Antioquia for higher education scholarships), the programs Library Networks, Spaces for Culture, Park Los Deseos, Casa de Musica and Buscando Navidad, among others.

(2) Includes \$- 11,598 (2013 -\$ -1,503) of provision of properties, plant and equipment, provision of the equity method for \$17,643 (2013 – \$14); \$6,112 (2013 – \$5,874) for recovery of income tax and CREE, \$0 (2013 – \$4,382) of receivables provision and it also includes inventory adjustments for \$4,268.



Note 29 – Transactions with related parties

EPM had the following transactions directly and indirectly with its related parties:

Assets

The balance of assets of EPM associated to its related parties as of December 31st corresponds to:

2014

Balance of assets of EPM associated to its related parties 2014

Company	Receivables			Total
	Services rendering	Public utilities	Other receivables	
Aguas de Malambo S.A. E.S.P.	5	-	26	31
Aguas de Urabá E.S.P.	652	270	260	1,182
Aguas Nacionales S.A. E.S.P.	308	-	41	349



Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	800	6,678	35,708	43,186
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	340	13,582	12	13,934
EEGSA - Empresa Eléctrica de Guatemala S.A.	-	-	2	2
Electrificadora de Santander S.A. E.S.P.-ESSA	1,472	22,551	249	24,272
Empresa de Aguas del Oriente Antioqueño E.S.P.	-	5	-	5
Empresa de Energía del Quindío S.A. E.S.P.- EDEQ	297	3,463	66	3,826
Empresas Públicas del Oriente Antioqueño S.A E.S.P.	3	-	8	11
Empresas Varias de Medellín S.A. E.S.P.- Emvarias	132	35	770	937
Hidroecológica del Teribe S. A.-HET	-	-	59	59



Balance of assets of EPM associated to its related parties 2014

Regional de Occidente S.A. E.S.P.	113	-	45	158
Current portion	4122	46,584	37,246	87,952
Empresas Varias de Medellín S.A. E.S.P.- Emvarias	-	-	9	9
EPM Capital México S.A. de C.V.	-	-	122,306	122,306
EPM Chile S.A.	-	-	509,636	509,636
Hidroecológica del Teribe S.A.-HET	-	-	307,862	307,862
Non-Current portion	-	-	939,813	939,813
Total (see note 6)	4,122	46,584	977,059	1027,765
* Amounts stated in millions of Colombian pesos.				

The balances of public utilities with CHEC, CENS, ESSA and EDEQ are associated to operations of sale of energy.



The balance of other debtors CHEC is by way of repayment of paid-in shares

2013

Balance of assets of EPM associated to its related parties
2013

Company	Receivables			Total
	Services rendering	Public utilities	Other receivables	
Aguas de Malambo S.A. E.S.P.	6	-	90	96
Aguas de Urabá S.A. E.S.P.	234	20	117	371
Aguas Nacionales EPM S.A. E.S.P.	323	-	12	335



Central Hidroeléctrica de Caldas S. A. E.S.P.-CHEC	489	3,530	40	4,059
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	273	10,484	128	10,885
Edatei S.A. E.S.P.	-	247	333	580
Electrificadora de Santander S.A. E.S.P.-ESSA	449	14,464	485	15,398
Empresa de Aguas de Oriente Antioqueño S.A. E.S.P.	4	5	-	9
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	125	3,957	42	4,124
Empresas Publicas del Oriente S.A. E.S.P.	1	-	-	1
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	35	-	541	576
Eutelco S.A.	-	141	1	142



EPM Inversiones S.A.	2	-	-	2
EPM Ituango S.A. E.S.P. en liquidación	-	-	359	359
Maxseguros EPM Ltda.	19	-	-	19
Regional de Occidente S.A. E.S.P.	111	4	49	164
UNE EPM Telecomunicaciones S.A.	520	3	118,435	118,958
Porción corriente	2,591	32,855	120,632	156,078
EPM Capital México S.A. de C.V.	-	-	98,516	98,516
EPM Chile S.A.	-	-	351,249	351,249



Hidroecológica del Teribe S.A.-HET	-	-	239,051	239,051
UNE EPM Telecomunicaciones S.A.	-	-	9,463	9,463
Porción no corriente	-	-	698,279	698,279
Total (see note 6)	2,591	32,855	818,911	854,357
*Amounts stated in millions of Colombian pesos.				

Liabilities

The balance of liabilities related EPM related parties at December 31 , corresponds to:

2014



Balance of liabilities related EPM related parties 2014

Company	Account payable		Others liabilities	Total
	Procurement of goods and services	Creditors	Revenues to third parties	
Aguas de Urabá S.A. E.S.P.	-	-	870	870
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	2,737	34	-	2771
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	217	82	-	299
Electrificadora de Santander S.A. E.S.P.-ESSA	2,391	1,549	-	3,940
Empresa de Energía del Quindío S.A. E.S.P.- EDEQ	1,448	65	-	1,513
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	2	2



Empresas Públicas de Oriente S.A. E.S.P.	-	93	-	93
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	2,580	5,351	7,931
Regional de Occidente S.A. E.S.P.	-	-	221	221
Total (see notes 15 y 20)	6,793	4,403	6,444	17,640

* Amounts stated in millions of Colombian pesos.

The balances of collections in favor of third parties correspond mainly to the cleaning and sanitation rate that is collected for EMVARIAS and the water and sewage services that are collected for Aguas de Uraba.

The accounts payable for acquisitions of goods and services correspond mainly to energy services that are acquired from the affiliates CHEC, ESSA and EDEQ.

2013



Balance of liabilities related EPM related parties 2013

Company	Account payable		Others liabilities	Total
	Procurement of goods and services	Creditors	Revenues to third parties	
Aguas de Urabá S.A. E.S.P.	-	-	928	928
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	2,782	-	-	2,782
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	608	-	-	608
Edatel S.A. E.S.P.	-	460	13	473
Electrificadora de Santander S.A. E.S.P.-ESSA	2,780	-	-	2,780
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	1,401	-	-	1,401



Empresa Eléctrica de Guatemala S.A.-EEGSA	361	-	-	361
Empresas Públicas de Oriente S.A. E.S.P.	-	114	-	114
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	2,597	3,776	6,373
Eutelco S.A.	-	3,908	-	3,908
Regional de Occidente S.A. E.S.P.	-	-	206	206
UNE EPM Telecomunicaciones S.A.	1,848	11,293	133	13,274
Total (see notes 15 y 20)	9,780	18,372	5,056	33,208
* Amounts stated in millions of Colombian pesos.				

Income

The income during the year connected to related parties corresponded to:



Operation income

2014

Income during the year connected to related parties 2014

Company	Energy service	Water service	Service combustible gas	Others services	Total
Electrificadora de Santander S.A. E.S.P.-ESSA	128,583	-	-	2,347	130,930
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	76,568	-	-	806	77,374
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	37,629	-	4,102	1,281	43,012
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	36,298	-	-	787	37,085



Aguas de Urabá S.A. E.S.P.	2,256	-	-	2,673	4,929
Aguas Nacionales EPM S.A. E.S.P.	-	-	-	2,930	2,930
Regional de Occidente E.S.P.	42	-	-	613	655
Max Seguros Ltd.	-	-	-	244	244
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	60	-	-	51	111
Aguas de Malambo S.A. E.S.P.	-	-	-	28	28
EPM Inversiones S.A.	-	-	-	45	45
Empresas Públicas de Oriente S.A. E.S.P.	1	-	-	13	14
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	403	23	44	236	706
Gestión de Empresas Eléctricas S.A.-GESA	-	-	-	17	17
Total (see note 23)	281,840	23	4,146	12,071	298,080
* Amounts stated in millions of Colombian pesos.					



2013

Income during the year connected to related parties 2013

Company	Sale of goods	Energy service	Water service	Clearing service	Service combustible gas	Others services	Total
Electrificadora de Santander S.A. E.S.P.-ESSA	-	79,118	-	-	-	1,205	80,323
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	-	57,354	-	-	-	766	58,120
UNE EPM Telecomunicaciones S.A.	311	24,017	36	-	61	5,899	30,324
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	-	16,765	-	-	2,875	1,140	20,780
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	-	19,154	-	-	-	644	19,798
EdateL S.A. E.S.P.	-	3,750	22	34	-	1,231	5,037
Aguas de Urabá S.A. E.S.P.	-	2,205	-	-	-	2,283	4,488
Aguas Nacionales EPM S.A. E.S.P.	-	-	-	-	-	2,594	2,594
Emlco S.A.	-	1,415	129	-	-	-	1,544
Empresa Telefónica de Pereira S.A.-ETP	-	890	-	-	-	-	890



Regional de Occidente E.S.P.	-	48	-	-	-	577	625
Max Seguros Ltda.	-	-	-	-	-	197	197
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	62	-	-	-	42	104
Aguas de Malambo S.A. E.S.P.	-	-	-	-	-	93	93
EPM Inversiones S.A.	-	-	-	-	-	38	38
Empresas Públicas de Oriente S.A. E.S.P.	-	1	-	-	-	10	11
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	-	-	-	6	-	6
Total (see note 23)	311	204,779	187	34	2,942	16,719	224,972



Other income connected to related parties 2014

Company	Financial	Other revenues		Total
	Interest and returns	Leases	Others	
Hidroecológica del Teribe S.A.-HET	12,632	-	440	13,072
EPM Chile S. A.	18,020	-	-	18,020
Empresa Eléctrica de Guatemala S.A.-EEGSA	-	-	206	206
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	-	5,972	5,972
Aguas de Urabá S.A. E.S.P.	-	-	957	957



Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	-	-	307	307
Aguas Nacionales EPM S.A. E.S.P.	-	36	184	220
Electrificadora de Santander S.A. E.S.P.-ESSA	-	-	612	612
EPM Capital México S.A. de C.V.	2,224	-	-	2,224
Aguas de Malambo S.A. E.S.P.	-	52	150	202
Regional de Occidente S.A. E.S.P.	1	-	316	317
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	870	-	478	1,348



Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	-	-	85	85
Empresas Públicas de Oriente S.A. E.S.P.	-	-	65	65
EPM Inversiones S.A.	-	20	17	37
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	4	4
Gestión de Empresas Eléctricas S.A.-GESA	-	-	15	15
ENSA - Elektra Noreste S.A.	-	-	51	51
Total (note 27)	33,747	108	9,859	43,714
* Amounts stated in millions of Colombian pesos.				

The financial returns are those accrued in the year for loans outstanding with these companies.

2013



Other income connected to related parties 2013

Company	Financial		Other revenues			Total
	Interest and returns	Interest and returns	Gain on sale of assets	Leases	Others	
Hidroecológica del Teribe S.A.-HET	-	9,775	-	-	21	9,796
EPM Chile S. A.	-	7,230	-	-	-	7,230
UNE EPM Telecomunicaciones S.A.	5	463	-	1,720	1,898	4,086
Empresa Eléctrica de Guatemala S.A.-EEGSA	-	-	-	-	1,218	1,218
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	-	-	-	995	995



Aguas de Urabá S.A. E.S.P.	-	-	-	-	994	994
Eutelco S.A.	-	-	-	217	491	708
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	-	-	-	-	630	630
Aguas Nacionales EPM S.A. E.S.P.	-	352	-	35	200	587
Electrificadora de Santander S.A. E.S.P.-ESSA	-	-	-	-	586	586
EPM Capital México S.A. de C.V.	-	538	-	-	-	538
Aguas de Malambo S.A. E.S.P.	-	-	-	48	292	340
Regional de Occidente S.A. E.S.P.	-	-	-	-	330	330
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	-	-	-	-	305	305



Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	-	-	-	-	219	219
Espíritu Santo Colombia S.A.S E.S.P.	-	-	87	-	-	87
Gestión de Empresas Eléctricas S.A.-GESA	-	-	-	-	76	76
Empresas Públicas de Oriente S.A. E.S.P.	-	-	-	-	52	52
EPM Inversiones S.A.	-	-	-	20	31	51
Edatei S.A. E.S.P.	-	-	-	35	-	35
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	-	-	3	3
Total (see note 27)	5	18,358	87	2,075	8,341	28,866

* Amounts stated in millions of Colombian pesos.

Costs

2014



Costs connected to related parties 2014

Company	General	Cost commercial operation	Orders and operation	Total
Aguas de Urabá S.A. E.S.P.	4	-	-	4
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	5	38,233	-	38,238
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	4	8,224	-	8,228
Electrificadora de Santander S.A. E.S.P.-ESSA	3	39,598	-	39,601
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	1	-	-	1



Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	4	17,662	-	17,666
Empresas Públicas de Oriente S.A. E.S.P.	-	-	696	696
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	412	-	-	412
Regional de Occidente S.A. E.S.P.	3	-	-	3
TICSA - Tecnología Intercontinental S.A.P.I. de C.V.	70	-	-	70
Total (see note 24)	506	103,717	696	104,919
* Amounts stated in millions of Colombian pesos.	#colspan			

The balances of the commercial operation with CHEC, CENS, ESSA and EDEQ are associated to operations of purchase, transmission and distribution of electric power.

2013



Costs connected to related parties 2013

Company	General	Personal services	Cost commercial operation	Orders and operation	Total
Aguas de Urabá S.A. E.S.P.	3	-	-	-	3
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	274	-	31,881	-	32,155
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	1	-	7,373	-	7,374
Edatel S.A. E.S.P.	985	-	-	505	1,490
Electrificadora de Santander S.A. E.S.P.-ESSA	1	-	32,719	-	32,720
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	2	-	-	-	2



Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	1	-	14,161	-	14,162
Empresas Públicas de Oriente S.A. E.S.P.	1	-	-	132	133
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	173	-	-	-	173
Emtelco S.A.	50	39	-	18,975	19,064
Regional de Occidente S.A. E.S.P.	3	-	-	-	3
UNE EPM Telecomunicaciones S.A.	6,664	-	-	-	6,664
Total (see note 24)	8,158	39	86,134	19,612	113,943
* Amounts stated in millions of Colombian pesos.					

Expenses

2014



Expenses connected to related parties 2014

Company	Administrative expenses	Non administrative expenses	Total
Centrales Eléctricas del Norte de Santander E.S.P.-CENS	202	-	202
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	6	6
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	177	-	177
Electrificadora de Santander S.A. E.S.P.-ESSA	67	-	67
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	142	-	142
Total (see note 26)	588	6	594

* Amounts stated in millions of Colombian pesos.

2013



Expenses connected to related parties 2013

Company	Administrative expenses		
	General	General Personal services	Total
Centrales Eléctricas del Norte de Santander E.S.P.-CENS	-	93	93
EdateL S.A. E.S.P.	2	-	2
Electrificadora de Santander E.S.P.-ESSA	-	95	95
Eutelco S.A.	189	-	189
UNE EPM Telecomunicaciones S.A.	17,931	5	17,936
Total (see note 26)	18,122	193	18,315

* Amounts stated in millions of Colombian pesos.



Note 30 – Transactions with related parties

These are the transactions with subsidiary companies, government, entities that have important control or influence, the key personnel of the company, the members of the Board of Directors, among others, that as of December 31 were :

Accounts receivable and payable with related parties

Company	2014			2013		
	Accounts receivable	Accounts payable	Other obligations	Accounts receivable	Accounts payable	Other obligations
Metropolitan Area of the Aburrá Valley	1,861	1	-	1,566	-	-
Regulatory Commission of Energy and Gas - CREG	-	-	-	-	1,586	-
Autonomous Regional Corporation of the basins of the Black and Nare Rivers	-	3,196	-	34	2,240	-
Regional Autonomous Corporation of Central Antioquia	-	5,954	-	-	5,451	-
Route N Corporation Medellin	140	335	-	1,700	737	-



department of Antioquia	680	8,558	53	210	9,437	-
Directorate of National Taxes and Customs	28	159,146	804	-	92,102	813
Ecopetrol SA	163	7,919	27	171	3,874	27
Huila Electrificadora S.A. E. S. P.	245	217	-	661	394	3
Meta Electrificadora S.A. E. S. P.	272	99	-	7,420	326	26
Tolima Electrificadora S.A. E.S.P. - in liquidation	1,180	-	-	1,180	-	24
Enviaseo E.S.P.	-	-	1,342	-	10	1,310
Casanare company Energia S.A. E.S.P. - ENERCA	120	154	-	112	156	-



Electricity Company of Arauca	1,942	96	-	111	99	-
Cali Municipal Enterprises E.I.C.E. E.S.P.	22,232	2,523	-	7,827	2,790	94
Housing Corporation of Antioquia -alive	1,586	1,993	-	1,820	-	-
Urra Company S.A. E.S.P.	-	-	-	-	1,394	-
Medellin Public Enterprise Foundation	5,449	-	-	5,675	4,506	-
Power generator and distributor del Caribe SA E.S.P.	304	1,065	-	483	-	-
ISAGEN S.A.	2,884	5,606	-	3,311	20,118	-
Ministry of Mines and Energy	65,175	33,391	-	58,052	2,611	-
Municipality of Amalfi	160	1,208	-	13	1,191	-



Municipality Arboletes	1	57	-	13	34	-
Barbosa -Antioquia municipality	68	670	-	68	1,598	-
Municipality of Bello	352	1,029	1	495	2,169	1
Municipality of Caldas	896	423	-	292	583	-
Municipality of Envigado	591	1,770	-	208	1,388	-
Municipality of Itagüí	1,507	557	6	937	1,269	7
Municipality of Medellín	17,561	987,413	5,547	6,209	159,912	4,429
Municipality of Necoclí	-	90	-	72	76	-



Municipality of San Rafael	582	795	-	437	891	-
Municipality of Turbo	272	380	-	116	213	-
Municipality of Yolombó	433	278	-	421	333	-
Municipality of Yondó	-	16	-	1,405	31	-
Transportadora de Gas Internacional S.A. E.S.P. - TGI	-	6,201	-	-	8,926	-
E.S.P EPM telecommunication S.A.-UNE	2,131	14,454	133	NA	NA	NA
Interconnection Eléctrica SA -ISA	13	-	-	105	156	-
Superintendent of Public Services	-	2	-	-	-	-
University of Antioquia	4,302	1,979	3,022	5,290	1,462	2,356



National University	-	372	14	373	1,663	-
Market experts XM S.A. E.S.P.	54,450	55,231	-	30,731	37,704	-
Others	16,082	25,895	1,634	11,054	18,741	1,724
TOTAL	203,662	1,329,073	12,583	148,572	386,171	10,814
* Amounts stated in millions of Colombian pesos.						



Income Cost and expenses with related parties

Company	2014			2013		
	Income from sale of goods and services	Other income	Cost and expenses	Income from sale of goods and services	Other income	Cost and expenses
Metropolitan Area Aburrá	459	-	6,074	-	-	7,777
Asociación Canal Local de Televisión de Medellín-Telemedellín	17,604	-	1,580	-	-	-
Nariño S.A. Power Plant E.S.P.	2,274	-	5,605	2,217	-	5,452
Energy Regulation Commission and Gas	-	-	3,701	-	-	-
Autonomous Regional Corporation of the basins of the Black and Nare Rivers	5	-	9,143	-	-	-
Regional Autonomous Corporation of Central Antioquia	251	-	22,287	-	-	11,921
department of Antioquia	2,407	-	832	-	-	-
Ecopetrol SA	950	-	64,716	796	-	16,999
Huila Electrificadora S.A. E.S.P.	2,758	-	5,197	13,592	-	4,862



Meta Electricadora S.A. E.S.P.	3,154	-	4,374	54,690	-	3,949
Cundinamarca Power Company S.A. E.S.P	6,769	-	2,838	2,230	-	2,730
Pereira Power Company S.A. E.S.P.	1,977	-	1,413	2,007	-	1,401
Energy company Casanare - Enerca S.A. E.S.P.	1,412	-	1,973	1,299	-	2,060
Electricity Company of Arauca	11,062	-	989	19,938	-	1,002
Empresa de Transporte Masivo del Valle de Aburrá Ltda.	21,268	-	-	-	-	-
Pacific Distribuidora SA E.S.P.	1,191	-	3,009	25,800	-	2,572
E.S.P. UNE - EPM Telecomunicaciones S.A.	22,158	2,839	23,233	NA	NA	NA



Cali Municipal Enterprises E.I.C.E. E.S.P.	128,885	-	5,591	183,314	4	7,704
Carthage Municipal Enterprises E.S.P.	495	-	118	15,242	-	87
Several companies Medellin	NA	NA	NA	NA	NA	NA
Generating y Comercializadora de Energia del Caribe SA E.S.P.	5,211	-	12,372	3,497	-	-
Colombian Institute of Family Welfare	-	-	1,839	-	-	-
ISAGEN S.A.	19,333	20	61,935	24,705	20	57,267
Municipality of Amalfi	141	36	5,024	134	28	4,715
Municipality of Bello	465	734	2,924	287	770	2,895
Prince Township Carolina	-	7	3,381	-	-	-
Municipality of Itagüí	1,750	563	3,072	1,630	602	1,959



Municipio de Medellín	59,522	39	69,954	12,153	58	64,184
Municipality of Santa Rosa de Osos	213	88	2,962	-	-	-
Superintendent of Public Services	14	-	12,043	-	-	5,649
conveyor of gas international S.A. E.S.P.	-	-	106,582	-	-	17,196
University of Antioquia	6,152	175	3,922	5,479	218	5,307
XM Markets Expert Company S.A. E.S.P.	584,445	-	16,510	335,535	-	13,471
Caqueta Electrificadora S.A. E.S.P.	16,823	-	744	-	-	-



Emtelco	-	579	21,130	NA	NA	NA
Ministry of National Defense	1,497	-	-	-	-	-
Ministry of Transportation	21,565	-	-	-	-	-
Municipality of Envigado	1,467	-	1,986	-	-	-
Municipality of Guatapé	70	16	3,235	-	-	-
Municipality of Yondó (Casabe)	1,163	19	369	-	-	-
Others	29,264	7,161	59,672	34,493	5,578	67,082
Total	974,174	12,276	552,329	739,038	7,278	308,241

* Amounts stated in millions of Colombian pesos.

During 2014 EPM paid to the key personnel of the company for salaries and other short-term benefits (severance, interest on severance, vacations, premium, bonus, school aids, among others) \$49,880 (2013 – \$41,439) and fees to the members of the Board of Directors for \$320 (2013 – \$326).

There are accounts receivable from key personnel for \$1,226 (2013 \$755), mainly for mortgage credits agreed in accordance with the collective bargaining agreement applicable to EPM employees.



Note 31 – Subsequent events

As of the date of preparation of the financial statements and their corresponding notes, no subsequent events have taken place that could significantly affect the financial situation of the Entity.



Note 32 – Financial indicators

As of December 31, the most important financial indexes are :

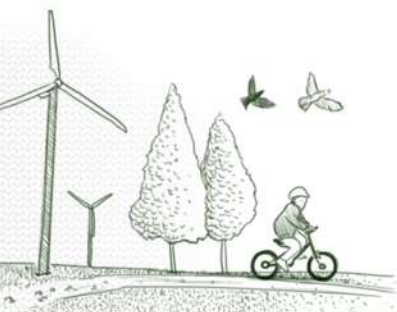
Financial indicators			
Indicator	Description	2014	2013
Working capital (*)	Safety margin to comply with obligations. Figures in millions of Colombian pesos.	576,261	561,123
Current assets - current liabilities			
Liquidity			
Current assets / current liabilities	Capacity to pay short term debts.	1.22	1.29
Indebtedness	Percentage of company that corresponds to creditors.	36.73%	30.19%
Liabilities / assets			
Property			
Equity / assets	Percentage of company that corresponds to owners.	63.27%	69.81%
Profitability of asset	Retribution for assuming the company's asset risk.	5.34%	5.19%
Surplus of period / assets			



Profitability of asset			
Surplus of period / equity	Retribution for assuming the company's property risk.	8.44%	7.43%
Ebitda (*)			
Non – cash entries	Effective operating surplus. Figures in millions of Colombian pesos.	2,562,075	2,323,079
Ebitda Margin			
Ebitda / operating income	Contribution of income in the effective operating surplus.	43.83%	41.99%
Operating Margin			
Operating result / operating income	Efficiency according to the level of income.	36.55%	34.10%
Net profit margin			
Surplus for the period / Operating income	Contribution of operating income in the results for the period.	30.83%	29.90%
Acid test			
Current assets - inventories / current assets	to the value existing in the asset without counting on inventories, to assume each peso of the debt.	117.98%	123.70%
Financial indebtedness			
Financial obligations / total assets	Represents to what extent assets are indebted and if they cover the financial obligations.	24.79%	20.65%
Financial expenses margin			
Ebitda / financial expenses	Identifies what quantity of cash flow is represented in financial expenses.	5.85	5.93
Financial obligations			
Financial obligations debt / Ebitda	Identifies what quantity of financial obligations is represented in the cash flow.	3.26	2.83



Information according to the service



Balance Sheet, Energy Sector

Empresas Públicas de Medellín E.S.P.

Energy Business Consolidated Balance

As of December 31

All figures in millions of Colombian Pesos

	Generation	Transmission	Distribution	Gas	Energy (2014)	Energy (2013)
ASSETS						
CURRENT	1,779,524	56,786	640,280	163,966	2,640,556	1,715,064
Cash	62,640	6,924	36,354	12,543	118,461	183,044
Liquidity administration investments	1,270,947	40,288	258,736	1,023	1,570,994	506,081
Debtors, net	367,986	7,248	317,022	148,183	840,439	918,637
Inventories, net	58,411	2,253	25,954	2,022	88,640	81,244
Other assets, net	19,540	73	2,214	195	22,022	26,058
NON-CURRENT	11,661,514	420,146	3,964,613	617,781	16,576,793	15,099,571
Debtors, net	192,457	1,595	655,364	180,168	943,584	898,335

LIABILITIES

	Generation	Transmission	Distribution	Gas	Energy (2014)	Energy (2013)
CURRENT	1,014,383	63,479	639,404	99,269	1,816,534	1,303,518
Public credit operations	67,370	-	115,329	(2)	182,697	405,359
Accounts payable	792,264	42,464	399,129	76,398	1,310,255	599,658
Taxes payable	93,938	8,341	67,776	11,885	181,940	194,081
Employment obligations	27,459	1,026	23,557	4,352	56,394	40,591
Pension obligations and commutation	13,426	-	18,984	117	32,527	32,952
Estimated liabilities	8,568	37	4,770	260	13,636	8,568
Other liabilities	11,358	11,611	9,859	6,259	39,085	22,309
NON-CURRENT	4,908,900	116,167	1,737,168	300,176	6,976,411	4,963,143
Public credit operations	4,104,815	116,000	1,239,749	257,456	5,632,020	3,699,666



Empresas Públicas de Medellín E.S.P.

Energy Business Consolidated Balance

Properties, plant and equipment, net	10,890,548	413,478	2,990,802	404,040	14,697,607	13,583,471
Actuarial financial reserve	189,068	-	249,413	4,523	443,004	388,939
Other assets, net	381,863	4,840	64,366	28,721	479,790	224,897
Revaluations	7,578	233	4,668	329	12,808	3,929
TOTAL ASSETS	13,441,038	476,932	4,604,893	781,747	19,217,349	16,814,635
DEBTOR MEMORANDUM ACCOUNTS	3,131,620	98,612	1,328,679	137,733	4,696,644	3,985,778

Accounts payable	4,231	8	588	1,039	5,866	3,149
Estimated liabilities	55,481	123	25,981	1,505	83,090	59,636
Employment obligations	9,274	212	8,702	1,030	19,218	36,112
Pension obligation and commutation	233,213	-	305,645	6,168	545,026	555,935
Other liabilities	501,886	(176)	156,503	32,978	691,191	608,645
TOTAL LIABILITIES	5,923,283	179,646	2,376,572	399,445	8,792,945	6,266,661
EQUITY	7,517,755	297,286	2,228,321	382,302	10,424,404	10,547,974
TOTAL LIABILITIES AND EQUITY	13,441,038	476,932	4,604,893	781,747	19,217,349	16,814,635
CREDITOR MEMORANDUM ACCOUNTS	6,446,033	266,834	2,395,752	172,732	9,281,351	15,517,369



Balance Sheet Water Sector

Empresas Públicas de Medellín E.S.P.

Water Business Consolidated Balance

As of December 31

All figures in millions of Colombian Pesos

	Water business provision	Sanitation	Water (2014)	Water (2013)
ASSETS				
CURRENT	111,654	199,700	311,354	456,295
Cash	17,793	48,387	66,180	98,155
Liquidity administration investments	18,266	93,974	112,240	227,507
Debtors, net	59,803	52,963	112,766	107,966
Inventories, net	14,590	3,883	18,473	20,278

LIABILITIES

	Water business provision	Sanitation	Water (2014)	Water (2013)
CURRENT	104,979	148,297	253,277	163,881
Public credit operations	27,206	17,884	45,090	45,291
Accounts payable	47,028	88,408	135,436	62,587
Taxes payable	8,699	33,552	42,251	22,214
Employment obligations	11,435	3,766	15,201	11,316



Other assets, net	1,202	493	1,695	2,389
NON-CURRENT	2,164,970	1,761,933	3,866,904	3,562,085
Debtors, net	205,201	220,033	365,235	60,398
Properties, plant and equipment, net	1,709,024	1,446,786	3,155,810	3,217,169
Actuarial financial reserve	122,561	52,981	175,542	160,797

Pension obligation and commutation	8,498	4,099	12,597	13,586
Estimated liabilities	816	143	959	7,034
Other liabilities	1,297	445	1,743	1,853
NON-CURRENT	538,435	248,869	727,304	630,524
Public credit operations	297,466	69,390	306,856	214,158
Accounts payable	1,482	9,407	10,889	12,549
Estimated liabilities	6,220	4,952	11,172	11,542



Empresas Públicas de Medellín E.S.P.

Water Business Consolidated Balance

Other assets, net	78,010	41,249	119,259	74,341
Revaluations	50,174	884	51,058	49,380
TOTAL ASSETS	2,276,624	1,961,633	4,178,258	4,018,380
DEBTOR MEMORANDUM ACCOUNTS	729,067	683,811	1,412,878	1,473,027

Employment obligations	6,009	1,908	7,917	13,112
Pension obligation and commutation	149,929	67,061	216,990	220,523
Other liabilities	77,329	96,151	173,480	158,640
TOTAL LIABILITIES	643,414	397,166	980,581	794,405
EQUITY	1,633,210	1,564,467	3,197,677	3,223,975
TOTAL LIABILITIES AND EQUITY	2,276,624	1,961,633	4,178,258	4,018,380
CREDITOR MEMORANDUM ACCOUNTS	2,375,430	1,292,564	3,667,994	4,035,734



Statement of financial , economic , social and environmental activity , Energy Sector

Empresas Públicas de Medellín E.S.P.

Energy Business Consolidated Balance

For the term starting on January 1 and ending on December 31 of

All figures in millions of Colombian Pesos

	Generation	Transmission	Distribution	Gas	Energy (2014)	Energy (2013)
Operating income, net	2,630,690	83,250	2,369,898	564,881	5,091,342	4,816,466
Service provision costs	1,058,124	25,586	1,492,416	454,987	2,475,990	2,379,863
Gross surplus	1,572,566	57,664	877,482	109,894	2,615,352	2,436,603
Administration expenses	170,291	14,495	155,570	37,801	376,634	391,088
EBITDA	1,402,275	43,170	721,912	72,093	2,238,717	2,045,516
Depreciations, provisions and amortizations	151,171	8,842	121,365	24,187	305,566	321,498



Operating surplus	1,251,103	34,328	600,547	47,905	1,933,151	1,724,018
Non-operating income, net	62,983	2,018	91,131	48,462	157,363	194,577
Non-operating expenses, net	516,227	1,455	151,686	22,290	644,428	436,034
Non-operating surplus	(453,244)	563	(60,555)	26,172	(487,065)	(241,457)
Pre-tax fiscal year surplus	797,859	34,891	539,992	74,077	1,446,087	1,482,561
Income and CREE taxes provision, net	163,558	10,942	137,537	21,520	333,556	504,435
Fiscal year surplus	634,301	23,949	402,455	52,557	111,2530	978,126



Statement of financial , economic , social and environmental activity , Water Sector

Empresas Públicas de Medellín E.S.P.
Water Business Consolidated Balance
For the term starting on January 1 and ending on December 31 of

All figures in millions of Colombian Pesos

	Water business provision	Sanitation	Water (2014)	Water (2013)
Operating income, net	355,682	378,306	732,618	699,521
Service provision costs	178,970	67,489	245,097	236,362
Gross surplus	176,712	310,817	487,521	463,159
Administration expenses	62,681	39,526	102,200	117,992
EBITDA	114,031	271,291	385,322	345,168



Depreciations, provisions and amortizations	60,584	46,616	107,201	110,324
Operating surplus	53,446	224,675	278,121	234,844
Non-operating income, net	38,733	41,044	76,348	39,998
Non-operating expenses, net	24,159	2,940	23,670	25,890
Non-operating surplus	14,574	38,104	52,678	14,108
Pre-tax fiscal year surplus	68,021	262,778	330,799	248,952
Income and CREE taxes provision, net	10,315	83,430	93,745	75,715
Fiscal year surplus	57,706	179,349	237,054	173,237



Indicators, Energy Sector

Empresas Públicas de Medellín E.S.P.

Energy Business Indicators

		Generation	Transmission	Distribution	Gas	Energy	
		2014	2014	2014	2014	2014	2013
Working Capital	Safety margin to meet the short-term obligations	765,141	(6,693)	876	64,697	824,022	411,546
Current Assets - Current Liabilities							
Liquidity	Short-term debt payment capacity	1.75	0.89	1.00	1.65	1.45	1.32
Current Assets/Current Liabilities							
Indebtedness	Percentage of the company that belongs to the creditors	44.07%	37.67%	51.61%	51.10%	45.76%	37.27%
Total Liabilities/Total Assets							
Property	Percentage of the company that belongs to the owners	55.93%	62.33%	48.39%	48.90%	54.24%	62.73%
Equity/Total Assets							
EBITDA	Effective operating surplus	1,402,275	43,170	721,912	72,093	2,238,717	2,045,516
Operating surplus - Non-effective items							



EBITDA Margin	Contribution of income in the effective operating surplus	53.30%	51.86%	30.46%	12.76%	43.97%	42.47%
EBITDA/Operating Income							
Operating Margin	Efficiency according to the income level	47.56%	41.23%	25.34%	8.48%	37.97%	35.79%
Operating Results/Operating Income							
Net Profit Margin	Contribution of operating income in the fiscal year results.	24.11%	28.77%	16.98%	9.30%	21.85%	20.31%
Fiscal Year Surplus/Operating Income							



Indicators Water Sector

Empresas Públicas de Medellín E.S.P.

Water business indicators

		Water business provision	Sanitation	Water	
		2014	2014	2014	2013
Working Capital					
Current Assets - Current Liabilities	Safety margin to meet the short-term obligations	6,675	51,403	58,077	292,414
Liquidity					
Current Assets/Current Liabilities	Short-term debt payment capacity	1.06	1.35	1.23	2.78
Indebtedness					
Total Liabilities/Total Assets	Percentage of the company that belongs to the creditors	0	0	23.47%	19.77%
Property					
Equity/Total Assets	Percentage of the company that belongs to the owners	1	1	76.53%	80.23%



EBITDA	Effective operating surplus	114,031	271,291	385,322	345,168
Operating surplus - Non-effective items					
EBITDA Margin	Contribution of income in the effective operating surplus	0	1	52.60%	49.34%



EBITDA/Operating Income					
Operating Margin					
Operating Results/Operating Income	Efficiency according to the income level	15.03%	59.39%	37.96%	33.57%
Net Profit Margin					
Fiscal Year Surplus/Operating Income	Contribution of operating income in the fiscal year results.	16.22%	47.41%	32.36%	24.77%



EPM Group Special Report



EPM Group special report

(All figures in millions of Colombian Pesos)

The following report on the 2014 economic relations between Empresas Públicas de Medellín E.S.P. (EPM) and its affiliates and subsidiaries is presented in compliance with Article 29 of Law 222 of 1995. During 2014, EPM continued its growth strategy based on sustainability as one of its business objectives.

At the closing date of the fiscal year, the EPM Group was formed by EPM as the parent company and 47 subordinate companies (35 foreign and 12 local); its consolidated operating income totaled \$11,519,303, its operating profit was \$2,839,047, and its EBITDA was \$3,561,221.

Relevant operations of the EPM Group's companies

UNE–Millicom merger

On August 14, 2014, UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. signed a public deed to execute a merger of the two companies, by means of which EPM and Millicom closed the transaction in order to integrate their interests in the fixed and mobile businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil-TIGO.

By virtue of the merger, EPM kept a direct share of 50% plus a share of UNE EPM Telecomunicaciones S.A., and Millicom took on the administrative and operational control.

Therefore, from August 2014, the investments in UNE and its subsidiaries, Emtelco S.A., Edatel S.A. E.S.P., Empresa de Telecomunicaciones de Pereira S.A., Cinco Telecom Corporation, Orbitel Comunicaciones Latinoamericanas S.A. U. and Orbitel Servicios Internacionales S.A. are included in the consolidated financial statements through the equity share method.

Merger of the companies Parque Eólico Los Cururos Ltda. and Parque Eólico La Cebada S. A.

In December 2014, Parque Eólico Los Cururos Ltda. incorporated all the rights and obligations of Parque Eólico La Cebada S.A. into its financial statements by means of a merger process. Pursuant to the Republic of Chile's anonymous partnerships Law 18.046, Parque Eólico La Cebada S.A. was dissolved on December 23, 2014.

Liquidation of EPM Ituango S.A. E.S.P.

On January 15, 2014, the commercial registration was cancelled in the Medellín Chamber of Commerce as a result of the liquidation process that was started in 2013.

Liquidation of Espíritu Santo Colombia S.A. E.S.P.

On June 9, 2014, the liquidation final account statement was registered in the Bogotá Chamber of Commerce as a result of the liquidation process that was started in 2013.

Incorporation of a branch in Costa Rica

The EPM Board of Directors authorized, in the meeting held on June 10, 2014, the incorporation of a branch of the organization in Costa Rica within the framework of an internationalization strategy aimed at exploring new business opportunities in that country, which has been classified as one of the EPM Group's target markets.



Other operations

In 2014, the following companies were capitalized: Hidroecológica del Teribe S.A. (HET) for \$97,122 to achieve a share percentage of 99.19%; Aguas de Malambo S.A. E.S.P. for \$1,894, which allowed reaching a share percentage of 88.73%; Aguas de Urabá S.A. E.S.P. for \$20,000, for a share percentage of 75.45%, and Inversiones Telco S.A.S. for \$55,224, for a 50% share. In Electrificadora de Santander S.A. E.S.P. (ESSA), \$3,075 in shares were bought from minority shareholders, achieving a total share percentage of 74.05%.

The following capital contributions repayments were made:

- EPM Inversiones: in the Shareholders Meeting held on March 31, 2014, the assembly decided to repay the issue premium to the shareholders for an amount of \$110,794 as capital reimbursement.
- CHEC: in the Shareholders Meeting held on April 10, 2014, the assembly decided to repay the issue premium to the shareholders for an amount of \$246,638, from which EPM received \$60,277 in accordance with its share percentage.

The remaining operations with subordinate companies are detailed in notes "6 Debtors, net;" "9 Equity investments, net;" "27 Non-operating income, net;" "40 Operations with economic partners;" and "29 Operations with related parties."

During this period, no operations were carried out with other entities, and no important decisions were made or omitted due to influence or by interest of the subsidiary companies, which would have had enough significance to be set forth in this management report.

Article 446 of the Commercial Code

The following information is presented in compliance with Item number 3 of Article 446 of the Commercial Code:

During 2014, EPM paid its group of Directors \$48,410 in salaries and other benefits, \$987 for severance payments and the interest on them, and \$483 for scholarship assistance. This includes the payments to those employees who do not actually hold directive positions but were appointed to act in that capacity. The money deposited in the severance funds are not included in these figures.

The remaining information is shown in notes "21 Equity," "26 Administrative Expenses," "3 Balances in Foreign Currency" and "9 Equity Investments, net."



EPM Group Financial Management



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Financial Statements



Consolidated Balance Sheet

Empresas Públicas de Medellín E.S.P.

Consolidated Balance Sheets

At December 31

(Amounts stated in millions of Colombian pesos)

	Note	2014	2013
Assets			
Current assets		6,019,640	6,306,990
Cash	5	915,994	1,306,580
Investments for liquidity management	6	2,036,021	1,289,538

Liabilities

Current liabilities		4,182,758	4,173,817
Public credit transactions	15	496,528	880,609
Accounts payable	16	2,875,567	2,123,326



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Accounts receivable, net	7	2,768,334	3,303,599
Inventories, net	8	236,845	258,083
Prepaid expenses	9	39,232	64,590
Other assets, net	10	23,214	84,600
Non current assets		32,730,615	31,991,689
Investments for liquidity management	6	15,574	8,185

Taxes payable	17	348,100	462,063
Labor obligations	18	122,008	157,774
Pension obligations and pension commutation	19	101,105	241,793
Estimated liabilities	20	80,342	66,264
Other liabilities	21	159,108	241,988
Non current liabilities		12,463,239	11,109,051
Public credit transactions	15	9,614,329	8,418,325



Investments, net	11	1,555,954	501,370
Accounts receivable, net	7	972,071	959,692
Property, plant and equipment, net	12	16,464,668	16,023,149
Actuarial financial reserve	13	740,415	736,183
Prepaid expenses	9	122,951	200,678
Other assets, net	10	1,786,040	2,377,768
Revaluation off assets	14	11,072,942	11,184,664

Accounts payable	16	414,655	300,941
Taxes payable	17	422	2,805
Labor obligations	18	45,875	67,194
Pension obligations and pension commutation	19	1,163,617	1,157,999
Estimated liabilities	20	217,737	219,558
Other liabilities	21	1,006,604	942,229
Total liabilities		16,645,997	15,282,868



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					Minority intereses	30	948,176	968,297
					Equity (see financial statements attached)	22	21,156,082	22,047,514
Total assets					Total liabilities and equity			
Debit memorandum accounts	23	8,851,913	8,001,836		Credit memorandum accounts	23	22,970,895	20,266,573

The accompanying notes are an integral part of the financial statements

JUAN ESTEBAN CALLE RESTREPO
Gerente General
Adjunto certificación

DIANA RÚA JARAMILLO
Vicepresidenta Finanzas Corporativas

CARLOS MARIO TOBÓN OSORIO
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Consolidated statement of financial, economic, social and environmental activity

Empresas Públicas De Medellín E.S.P.

Consolidated Statement of financial, Economic, Social and Environmental Activity

For the period comprised between January 1 and December 31

(Amounts stated in millions of Colombian pesos)

	Notes	2014	2013
Net income	24	11,519,303	12,986,466
Service rendering costs	25	(7,072,672)	(8,123,451)
Depreciation, provision and amortization	26	(510,343)	(946,320)
GROSS SURPLUS		3,936,288	3,916,695
Administrative expenses	27	(888,137)	(1,069,680)
Depreciation, provision and amortization	26	(209,104)	(338,364)



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OPERATING SURPLUS			2,839,047	2,508,651
Non-operating income, net	28		454,158	691,225
Non-operating expenses, net	29		(758,338)	(874,106)
NON-OPERATING SURPLUS			(304,180)	(182,881)
SURPLUS FROM THE PERIOD BEFORE TAXES			2,534,867	2,325,770
Income tax provision and income tax for equity- CREE, net	17		(638,599)	(599,016)
SURPLUS FOR THE PERIOD BEFORE MINORITY INTERES			1,896,268	1,726,754
Minority interes			(113,036)	(101,941)
NET SURPLUS			1,783,232	1,624,813
The accompanying notes are an integral part of the financial statements				



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Statement of cash flows

Empresas Públicas de Medellín E.S.P.

Estado consolidado de flujos de efectivo

For the period comprised between January 1 and December 31

(Amounts stated in millions of Colombian pesos)

	2014	2013
Cash flows from operating activities		
Period surplus	1,783,232	1,624,813
Movement of items not involving cash		
Deferred Income tax	(69,961)	7,511
Depreciation, provision and amortization	603,231	1,150,065
Actuarial computation	116,216	134,835
Traslation adjustment	12,911	288,469
Minority interest	113,036	101,941
Other non-cash items of income and expenditure	140,354	74,183



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Changes from operation activities		
Accounts receivable	93,717	(619,676)
Inventories	(37,881)	(14,268)
Other assets	(133,034)	(87,208)
Accounts payable	375,492	82,499
Third parties collections and other liabilities	103,208	(289,153)
Labor obligations	(120,511)	(80,713)
Net cash provided by operating activities	2,980,010	2,373,298
Cash flow from investments activities		
Assets and infrastructure investments	(2,431,170)	(2,919,439)
Bussiness combination	-	(62,980)
Fusion UNE - Millicom, net	(342,670)	-
UNE Dividens	66,854	-
Other assets	(171,501)	(125,844)
Net cash used in investments activities	(2,878,487)	(3,108,263)
Cash flows from financing activities		
Public credit and treasury disbursements	2,128,325	1,484,653
Capital amortizations	(863,119)	(367,733)
Surplus paid to the Municipity of Medellin	(1,010,832)	(1,183,493)
Net cash used in financing activities	254,374	(66,573)





Net cash (decrease) increase and cash equivalents	355,897	(801,538)
Cash and cash equivalent at beginning of period	2,596,118	3,397,656
Cash and cash equivalents at end of period	2,952,015	2,596,118

The accompanying notes are an integral part of the financial statements

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Statement of Changes in Equity

Empresas Públicas De Medellín E.S.P.

Consolidated statement of changes in Equity

For the period comprised between January 1 and December 31,

(Amounts stated in millions of Colombian pesos)

	Tax capital	Surplus on donation	Reserves	Non-appropriate retained earnings	Equity revaluation	Traslation adjusment	Surplus on revaluation of assets	Surplus equity method	Total equity
Balances as of December 31, 2012	67	114,319	3,579,639	5,708,332	2,437,797	(68,150)	9,287,725	-	21,059,729
Appropriation of reserves	-	-	259,530	(259,530)	-	-	-	-	-
Revaluation movements	-	-	-	(526,122)	-	-	-	-	(526,122)
Ordinary and extraordinary surplus	-	-	-	(708,435)	-	-	-	-	(708,435)
Movements for the year	-	-	-	-	-	-	597,529	-	597,529
Net surplus for 2012	-	-	-	1,624,813	-	-	-	-	1,624,813
Balances as of December	67	114,319	3,839,169	5,839,058	2,437,797	(68,150)	9,885,254	-	22,047,514
Release of reserves	-	-	(52,833)	52,833	-	-	-	-	-
Revaluation movements	-	-	-	(1,007,402)	-	-	-	-	(1,007,402)



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Ordinary and extraordinary surplus	-	-	-	(837,366)	-	-	-	-	(837,366)
Movements for the year	-	-	-	-	-	-	(1,919,636)	1,089,740	(829,896)
Net surplus for 2013	-	-	-	1,783,232	-	-	-	-	1,783,232
Balances as of December	67	114,319	3,786,336	5,830,355	2,437,797	(68,150)	7,965,618	1,089,740	21,156,082
The accompanying notes are an integral part of the financial statements									



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General Notes



EPM Group financial management

Notes to the financial statements **as of 31 december 2014 and 2013 (in million of colombian pesos, except where otherwise noted)**

Note 1 – Legal nature, corporate purpose and business activities

1.1. Legal nature

Empresas Públicas de Medellín E.S.P. (hereinafter “EPM” or the “Company”) is the Parent Company of a business group of 48 related parties and is present in Colombia, Chile, El Salvador, Guatemala, Mexico and Panamá.

EPM is a municipal decentralized entity created in Colombia by means of Agreement 58 of August 6, 1955 issued by the Administrative Council of Medellín as an autonomous public Establishment. It was transformed into a Municipal Government-owned industrial and commercial company through Agreement 069 of December 10, 1997, issued by the City Council of Medellín. As a result of its legal nature, EPM has administrative and financial autonomy and its own equity, in accordance with Article 85, Law 489 of 1998. All the capital of its incorporation and its current operation, as well as its equity, is public, its sole owner being the Municipality of Medellín. Its main domicile is located at Carrera 58 No. 42-125, Medellín, Colombia. No duration term has been established for the company.



The EPM Group offers its services through the following segments:

- Energy: made up by the business of Generation, Transmission, Distribution and Commercialization of Energy and Distribution of Natural Gas.
- Water: consisting of the waterworks, wastewater and cleaning and sanitation businesses.
- Other segments: made up by the investment vehicles: EPM Inversiones, PDG, EPM Chile, EPM Capital Mexico. Additionally, there is Max Seguros Ltd, captive reinsurance company, incorporated to negotiate, contract and provide reinsurance services.



It participates, in addition, in the telecommunications business, segment where as of August 2014 it has an important influence in accordance with the accounting practices established by the General Accounting Office of the Nation, through UNE Telecomunicaciones and its affiliates Inversiones Telco S.A.S.: Edatel, Telefónica de Pereira, Orbitel Servicios Internacionales, Cinco Telecom Corp., Orbitel Comunicaciones Latinoamericanas, and Colombia Móvil; providing voice, data, internet, professional and data center services, among others.

1.2. Corporate Object

The EPM Group through its affiliates and subsidiaries provides domiciliary public utility services of water supply, cleaning, electric power and distribution of fuel gas. Through UNE Telecomunicaciones, investment with a significant influence, provides the services of telephone landlines, mobile telephones and other telecommunications services.



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1.3. EPM Group structure

The following is a detail of the companies related to the EPM Group, indicating the direct or indirect participation that EPM has within the companies:

EPM Group structure						
Company		Location	Corporate purpose	Direct participation percentage		Creation date
				2014	2013	
NATIONAL						
ENERGY						
EPM Inversiones S.A.		Medellín	Capital investment in domestic or foreign societies organized as public utilities companies.	99.99%	99.99%	August 25, 2003
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)		Manizales	Rendering of essential public utilities of electric power, mainly generation of exploitation of electric power generation plants, transmission and sub transmission lines, and distribution network; purchase, sale and distribution of electric power; construction or acquisition of electric power generation plants, substations, transmission lines, distribution networks, and various installations related to production, purchase and sale of electric power, as well as commercialization, imports, distribution and sale of electric power.	80.10%	80.10%	September 9, 1950
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)		Armenia	Rendering of public utilities of electric power; purchase, sale and distribution of electric power; these activities are conducted through the execution of policies, plans, programs and projects concerning distribution and commercialization of electric power, as well as related management, handling and uses in conformity with the regulations, guidelines and standards issued by the MME, primarily fulfilling the social function framed by such activity.	92.85%	92.85%	December 22, 1988



Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)		Cúcuta	Rendering of electric power utility, for which the following operations are performed, among others: purchase, exports, imports, distribution and sale of electric power and other energy sources; construction and exploitation of electric power stations, generating plants and substations, and the construction and exploitation of transmission and sub transmission lines and distribution networks.	91.52%	91.52%	October 16, 1952
Electrificadora de Santander S.A. E.S.P. (ESSA)		Bucaramanga	Rendering of residential public utilities of electric power and related complementary activities of generation, transmission, distribution and commercialization, as well as rendering of services related to public utilities activities, in accordance with the legal and regulatory framework.	74.05%	74.05%	Septiembre 16, 1950
AGUAS						
Aguas de Malambo S.A. E.S.P.	(1)	Malambo	Rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of Malambo in the Department of Atlántico.	88.73%	87.99%	November 20, 2010
Aguas de Urabá S.A. E.S.P.	(2)	Apartadó	Rendering of residential public utilities of water, draining and sanitation and compensate for the underdevelopment of infrastructure for those services in associate municipalities.	75.45%	63.42%	January 18, 2006
Aguas Nacionales EPM S.A. E.S.P.		Medellín	Rendering of residential public utilities of water, sewage draining, sanitation, and treatment and use of waste material and related complementary activities and engineering services pertaining to those public utilities.	99.99%	99.99%	Noviembre 29, 2002
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		El Retiro	Rendering of residential public utilities of water and draining, as well as other complementary activities related to each of those public utilities.	56.01%	56.01%	November 22, 1999
Empresas Públicas del Oriente S.A. E.S.P.		Rionegro	Rendering of public utilities of water and draining services for rural areas and sub urban areas of the Municipalities of Envigado, Rionegro and El Retiro, in the so called Valle de San Nicolás.	57.31%	57.31%	November 12, 2009



Regional de Occidente S.A. E.S.P.		San Jerónimo	Rendering of residential public utilities of water, draining and sanitation, as well as other complementary activities related to each of those public utilities and treatment and use of waste material.	62.11%	62.11%	December 26, 2006
Empresas Varias de Medellín S.A. E.S.P.	(3)	Medellín	Rendering of cleaning service as part of the integral management waste collection treatment.	99.90%	99.90%	January 11, 1964
INTERNATIONAL						
ENERGY						
CHILE						
EPM Chile S.A.		Santiago de Chile	Develop infrastructure projects of any kind, including but not limited to projects related to electric power, public lighting, gas, telecommunications, sanitation, treatment plants for potable water, draining, sewage treatment plants, wells; render electric power services, water and cleanness; participate in all kind of competitiveness, tenders, of kind private or public.	100.00%	100.00%	February 22, 2013
Parque eólico Los Cururos Ltda.	(4)	Santiago de Chile	Electricity generation through all types of fuels and renewable energy in any form, such as wind, photovoltaic and biomass. Transmission, purchase and sale of electricity to customers either or any interconnected system. Elaborate, execute, implement, manage and maintain projects related to the use of renewable energy, cogeneration or regeneration.	100.00%	100.00%	August 26, 2011
Parque eólico La Cebada S.A.	(4)	Santiago de Chile	Electricity generation through all types of fuels and renewable energy in any form, such as wind, photovoltaic and biomass. Transmission, purchase and sale of electricity to customers either or any interconnected system. Elaborate, execute, implement, manage and maintain projects related to the use of renewable energy, cogeneration or regeneration.	N.A.	100.00%	February 17, 2011



EL SALVADOR						
Distribuidora de Electricidad del Sur (Delsur)		San Salvador	To transform, distribute and commercialize electricity, supplying energy to the Center-South of El Salvador, in Central America.	86.41%	86.41%	November 16, 1995
Innova Tecnología y Negocios S.A. de C.V.		San Salvador	To provide services specialized in electric engineering and electrical appliances sale to electricity users of Delsur.	86.41%	86.41%	October 19, 2010
Electricidad de Centroamérica Ltda. de C.V. (ELCA)		Santa Tecla	Investment in shares and other securities titles, and advisory to DELSUR company.	100.00%	100.00%	December 9, 1997
GUATEMALA						
Distribución Eléctrica Centroamericana DOS S.A. (DECA II)		Ciudad de Guatemala	Capital investments in companies dedicated to distribution and commercialization of electric power and to provide telecommunication services.	100.00%	100.00%	March 12, 1999
Almacenaje de Materiales y Manejo Eléctricos S.A (AMESA)		Ciudad de Guatemala	To provide outsourcing services to the materials administration area.	100.00%	100.00%	March 23, 2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)		Ciudad de Guatemala	To commercialize energy.	80.52%	80.52%	November 5, 1998
Crediegsa S.A. (CREDIEGS)		Ciudad de Guatemala	To provide personnel hiring and other administrative services.	80.90%	80.90%	December 1, 1992
Empresa Eléctrica de Guatemala S.A. (EEGSA)		Ciudad de Guatemala	To commercialize energy.	80.90%	80.90%	Octubre 5, 1939



Enérgica S.A. (ENÉRGICA)		Ciudad de Guatemala	To build and maintain projects and goods for energy sector.	80.90%	80.90%	August 31, 1999
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)		Ciudad de Guatemala	Investment in real estate.	80.90%	80.90%	Juny 15, 2006
Transportista Eléctrica Centroamericana S.A. (TRELEC)		Ciudad de Guatemala	Energy services (transport)	80.90%	80.90%	October 6, 1999
Gestión de Eléctricas Empresas S.A. (GESA)		Ciudad de Guatemala	Provide advisory and consultancy services to companies of electric power distribution, generation and transportation.	100.00%	100.00%	December 17, 2004
PANAMÁ						
Panama Distribution Group S.A. (PDG)		Ciudad de Panamá	Capital investments in partnerships.	100.00%	100.00%	October 30, 1998
Elektra Noreste S.A. (ENSA)		Ciudad de Panamá	Rendering of electric power utility, for which the following operations are performed, among others: purchase, transport throught the distribution network, tension transformation, to install, operate and maintain public lighting in the concession area. Also, the entity is authorized to generate energy power with a limit of 15% in respect of the maximum energy in the concession area.	51.16%	51.00%	January 19, 1998
Hidroecológica del Teribe S.A. (HET)	(5)	Ciudad de Panamá	Finance the construction of the Bonyic Hydroelectric project to meet the growing demand of electric power in the Isthmus of Panama.	99.19%	99.04%	November 11, 1994
AEI El Salvador Holding S.A.		Ciudad de Panamá	Capital investments in partnerships.	100.00%	100.00%	May 17, 2007



AGUAS						
MÉXICO						
EPM Capital México S.A. de C.V.		Ciudad de México	Development of infrastructure projects related to energy, electricity, gas, telecommunications, sanitation, water treatment plants, sewage, waste water treatment plants, wells, and buildings.	100.00%	100.00%	May 4, 2012
Tecnología Intercontinental S.A. de C.V. (TICSA)	(6)	Ciudad de México	Construction, development, procurement, operation and maintenance of water treatment plants, sewage, waste water treatment plants and wells.	80.00%	80.00%	July 28, 1980
Aguasol Morelia S.A. de C.V.	(6)	Morelia	Construction of a wastewater treatment plant, as well as the equipment and operation of the plant in Atapaneo in the Municipality of Morelia, Michoacan State.	80.00%	80.00%	November 13, 2003
Aguasol Pachuca S.A. de C.V.	(6)	Pachuca de Soto	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, in the city of Pachuca de Soto. Develop drineable water projects and water treatment plants.	57.60%	57.60%	July 5, 2004
Corporación de Personal Administrativo S.A. de C.V.	(6)	Ciudad de México	Providing the professional services towards to operate, manage and carry out all the activities needed for the development of a company, commercial, industrial or services in the form of individuals or legal persons, as well as the management, recruitment, hiring and interchange of staff that perform functions at the petitioner companies.	80.00%	80.00%	August 1, 2008
Desarrollos Hidráulicos de TAM S.A. de C.V.	(6)	Ciudad de México	Construction, procurement, operations and maintenance of a waste water treatment plant and provision of related services.	79.29%	79.29%	August 25, 1995
Ecoagua de Torreón S.A. de C.V.	(6)	Torreón	Provide services for wastewater treatment operation, whether municipal or domestic, as well as activities related to the treatment of wastewater.	80.00%	80,00%	October 25, 1999
Ecosistema de Ciudad Lerdo S.A. de C.V.	(6)	Lerdo Durango	Construction, equipping, commissioning, operation and maintenance for 20 years of a sewage treatment system in the City of Lerdo, Durango, and the execution of additional works in the mode of total private recoverable investment.	80,00%	80.00%	April 24, 2007



Ecosistema de Morelos S.A. de C.V.	(6)	Cuernavaca	Preparation of the final design, construction, equipping, testing, commissioning, operation, conserve and conservation and maintenance the wastewater treatment plant in Acapantzingo, Municipality of Cuernavaca, Morelos State.	80.00%	80.00%	November 17, 2009
Ecosistemas de Celaya S.A. de C.V.	(6)	Celaya	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, as well as the transportation and disposal of solid waste and sludge generated by the plant, in the city of Celaya, Guanajuato State.	80.00%	80.00%	December 5, 2008
Ecosistemas de Colima S.A. de C.V.	(6)	Colima	Preparation of the final design, construct, equipment and operation of a wastewater treatment plant, covering a period of one year for the construction, testing and commissioning, and 19 years for the operation, preservation and maintenance of the plant, and stabilization of sludge generated in the municipalities of Colima and Villa de Alvarez, in the Colima State.	79.99%	79.99%	February 14, 2006
Ecosistemas de Tuxtla S.A. de C.V.	(6)	Tuxtla	Construction, equipping, testing, commissioning, operation and maintenance of a wastewater treatment system, as well as the execution of additional works, in the form of total private recoverable investment. Develop drinkable water projects and water treatment plants.	80.40%	80.40%	November 17, 2006
Ecosistemas de Uruapan S.A. de C.V.	(6)	Uruapan	Rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of Uruapan, Michoacán. The company is also preparing of the final design for a wastewater treatment plant. It comprises a period of one year to prepare the final design, construction, equipment, testing and commissioning and 15 years for the operation, preservation and maintenance of the plant.	80.20%	80.20%	November 18, 2009
Proyectos de Ingeniería Corporativa S.A. de C.V.	(6)	México	Providing the services of design, general, engineering or the construction, professional and technical services, managing and performing and carry out all the activities needed for the development of a company, commercial, industrial or services in the form of individuals or legal persons.	80.00%	80.00%	August 1, 2008
Sistema de Aguas de Tecmán S.A. de C.V.	(6)	Tecmán	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, covers a period of one year for the construction, testing and commissioning, and 19 years for the operation, preservation and maintenance of the plant, and stabilization of sludge generated.	49.60%	49.60%	August 21, 2009



OTHER						
Maxseguros EPM Ltd.		Bermudas	Negotiation, contracting and handling of reinsurance for policies covering equity.	100.00%	100.00%	April 23, 2008
PPLG El Salvador II		Islas Caimán	Capital investment in corporations	100.00%	100.00%	April 9, 1999
INVESTMENTS IN ASSOCIATES						
Company		Domicile	Corporate Object	Percentage participation		Creation Date
				2014	2013	
UNE EPM Telecomunicaciones S.A.	(7)	Medellín	Rendering of telecommunications services, information and communication technology services, information services and complementary activities.	50.00%	99.99%	June 29, 2006
Inversiones Telco S.A.S. (*)	(8)	Bogotá	Investing in companies which corporate objects are based on the rendering Business Processes Outsourcing (BPO) services for companies, especially, but not limited to telecommunications services.	50.00%	N.A.	November 5, 2013

1) In June 2014, EPM made an investment of \$1,894, reaching a participation of 88.73%.

(2) In December 2014, EPM made an investment of \$20,000, reaching a participation of 75.45%.

(3) On November 1, 2013 EPM acquired 99,90% of the shares.



(4) In December 2014 a merger process was carried out through which the Aeolic Park Los Cururos Ltda. incorporated in its financial statements all rights and obligations of the Aeolic Park La Cebada S.A. The latter, in accordance with Law 18,046 on joint stock companies, was dissolved on December 23, 2014.

(5) In 2014, EPM made investment of USD\$ 48 reaching a participation of 99.19%.

(6) In September 2013 an investment of was made equivalent to 80% of the shares of the company Tecnología Intercontinental S.A. de C.V. (TICSA), through the affiliate EPM Capital México S.A. de C.V. TICSA is a holding company which has investment of 13 companies.

(7) In August 2014, there was a change in the classification of the investment in UNE, which as of this date is recognized in the consolidated financial statements under the equity method as a consequence of the loss of control and recognition of significant influence.

(8) In December 2014, EPM made investment in Inversiones Telco S.A.S. for \$55,224.

The Board of Directors of EPM authorized, at its meeting of June 10, 2014, the establishment of a branch of the organization in Costa Rica, within the framework of an internationalization strategy that seeks to explore new business opportunities in this country, catalogued as one of the target markets of the EPM Group.



Number of people employed by the EPM Group

The number of people employed by the EPM Group as of December 31, 2014 and 2013 with the detail of personnel expenses and costs was:

Number of people employed by the EPM Group		
Item	2014	2013
Number of employees	10,025	14,506
Personnel costs *	459,037	898,210
Personnel expenses *	375,666	468,293
Total personnel costs & expenses*	834,703	1,366,503
* Figures in thousands of Colombian pesos		

1.4 Legal and regulatory framework

The activities performed by EPM, rendering of domiciliary public utilities, are regulated in Colombia, Guatemala, El Salvador, Panamá, Chile and México. The most significant applicable regulatory aspects are the following:

1.4.1 Regulations in Colombia

EPM and its national affiliates provide public utilities, regulated in Colombia mainly by Law 142, Public Utilities Law, and Law 143 of 1994, Electric Law.

The General Accountant of the Nation has the function of establishing the accounting regulations that are to rule in the country for the public sector, as provided in Article 354 of the Political Constitution of Colombia of 1991, regulated by Law 298 of 1996.



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The control, inspection and monitoring functions of entities that provide public utilities, are exercised by the Superintendency of Domiciliary Public Utilities (SSPD).

Since EPM is a decentralized municipal entity it is subject to the political control of the Council of Medellin, to the fiscal control of the General Controller's Office of Medellin and to the disciplinary control of the Attorney General's Office.

Regulation commissions

The President's function of establishing general policies for administration and efficiency control of residential public utilities was delegated to the Regulatory Commissions by means of Decree 1524 of 1994.

These entities are the following:

- The Energy and Gas Regulatory Commission (CREG, for its initials in Spanish) technical entity attached to the Ministry of Mines and Energy (MME) that regulates the energy sale rates and aspects related to the operation of the Wholesale Energy Market and the rendering of the electric power and gas services.
- The Potable Water and Basic Sanitation Regulatory Commission (CRA, for its initials in Spanish), regulates the water and sewage rates, technical entity attached to the Ministry of Housing, City and Territory.



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Regulation by sector



Activities of the water supply, sewage and cleaning sector

Law 142, Law of Public Utilities, defined the services of water supply, sewage and cleaning:

Water supply: also called domiciliary public utility of potable water. Activity that consists in the municipal distribution of water fit for human consumption including its connection and measurement. It also includes complementary activities such as water abstraction, its processing, treatment, storage, conduction and transportation.

Sewage: activity that consists in the municipal collection of waste, mainly liquid waste, through pipes and ducts. It includes complementary transportation activities, treatment and final disposal of such waste.

Cleaning and Sanitation: activity that consists in the collection of municipal waste, mainly solid. It includes complementary activities of transportation, treatment, usage and disposal of that waste.



Electric power sector



Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which may be carried out by independent companies. The legal framework's purpose is to supply the demand of electricity under economic and financial viability criteria and move towards an efficient, secure and reliable operation of the sector.

Generation: Involved the production of electric power based on different sources (conventional or non-conventional), whether this activity is performed exclusively or combined with another or other activities of the electricity sector, regardless of which of them is the main activity.

Transmission: The national transmission activity is the transportation of electric power in the National Transmission System (STN, for its initials in Spanish). It is made up by the set of lines, together with their corresponding connection equipment, that operate at voltages equal to or higher than 220 kV. The National Transmitter is the legal body that operates and transport electric power in the STN or has incorporated a company whose purpose is the performance of said activity.

Distribution: Consists in transporting electric power through a set of lines and substations, with their associated equipment, that operate at voltages lower than 220 kv.

Commercialization: Activity consisting of the purchase of electric power in the wholesale market and its sale to other market agents or end subscribers (regulated or not regulated). This activity is performed exclusively or combined with other activities of the electric power sector, regardless of which of them is the main activity.

Law 143 of 1994 prohibits the vertical integration between generators and distributors, but allows that both agents may perform the commercialization activity. For the transmission, it defined that the companies that perform it must have this activity as their exclusive object. However, companies that as of the date of passing of Law 143 of 1994 were vertically integrated could continue being so, provided that they keep separate records for the various activities.



Natural gas sector



Law 142 of 1994 defined the legal framework for the rendering of domiciliary public utilities, environment in which natural gas is defined as a public utility.

Gas: This set of activities involves to the distribution of fuel gas, through pipes or other means, from a place of accumulation of large volumes or from a central gas pipeline up to the facilities of a final consumer, including its connection and measurement. This Law also applied to the complementary activities of commercialization from the production and transportation of gas through a main gas pipeline, or other means, from the generation site to that where it is connected to a secondary network.

1.4.2. Regulations for Chile

In the Chilean electric market the activities of generation, transmission and distribution are identified, and regulated by the General Electric Service Law (LGSE).

In Chile there are four interconnected electric systems: The Interconnected System of the Large North (SING) that covers the territory between the cities of Arica and Antofagasta, with 28.06% of the country's installed capacity; the Central Interconnected System (SIC) that covers from the towns of Taltal and Chiloé, with 71.03% of the country's installed capacity; the Aysen System that serves the consumption of Region XI, with 0.29% of the capacity; and the Magallanes System that supplies the Region XII, with 0.62% of the country's installed capacity.

The reforms in the Chilean electric sector started in 1978 with the creation of the National Energy Commission and were formalized with the approval of the Electric Law in 1982. In Chile there is no participation by the State in the sector given that it was privatized as of 1980.



Regulatory framework

According to the General Law of Electric Services (LGSE), the National Energy Commission is the competent authority to calculate the rates by means of the technical reports for setting the base price, which is later established by decree from the Ministry of Economy, Promotion and Reconstruction. The legislation in effect establishes as basic premise that rates must represent the actual electricity generation, transmission and distribution costs in order that an optimum development of the electric systems can be obtained.

The legal framework of the Chilean electric sector consists mainly of:

- Law 20402 of 2009. It creates the Ministry of Energy, establishing modifications to Decree Law 2224 and to other legal regulations.
- Law 20257 of 2008. It introduces modifications to the General Law of Public Utilities – LGSE – in respect to the generation of electric power with renewable non-conventional energy sources.
- Decree with Force of Law No. 4 DFL No. 4 of 2007. It approves modifications to the Decree with Force of Law No 1 of 1982, General Law of Public Utilities, on the subject of electric power.
- Decree with Force of Law No. 1 DFL No. 1 of 1982. The General Law of Public Utilities establishes the fundamental provisions for the development of the economic activity in the electric industry. It can only be modified in Congress, its most relevant modifications being those applied by Law No. 19940 of 2004 (Short Law I) that reformed the regulatory framework of Transmission and Law Mo. 20018 of 2005 (Short Law II), which reformed the commercialization regime between generators and distributors for the supply of regulated customers. The regulations, in turn, are prepared by the sector entities of the Executive Branch and must be submitted to the provisions established by the Law.

Regulatory entities

Ministry of Economy, Encouragement and Reconstruction: Designs and monitors the implementation of public policies that affect the country's competitiveness. Its main lines of action are related to the design and promotion of Innovation and Enterprising Policies.

Ministry of Energy It is the highest body of cooperation of the President of the Republic in the duties of government and administration of the energy sector. This public entity is responsible for determining the plans, policies and rules for the development of the electric sector. In addition, it grants concessions for hydroelectric plants, transmission lines, substations and electric distribution zones. The National Energy Commission (CNE) is an instrumentality of the Ministry of Energy.

National Energy Commission (CNE) The National Energy Commission (CNE) is a public and decentralized organization with its own equity and full capacity to acquire and exercise rights and obligations that relate the President of the Republic through the Ministry of Energy.

In particular, the National Energy Commission conducts the setting of prices to electricity and network gas companies. It is responsible for designing techniques and calculating the regulated prices established in the Law. Likewise, it monitors and projects the current and expected operation of the energetic sector, through the generation of the works plan, which constitutes a guideline for the ten-year expansion of the system. Furthermore, it proposes to the Ministry of Energy the legal and regulatory rules that are required in its areas of supervision.



Superintendence of Electricity and Fuels (SEC): This is the public entity whose purpose is to monitor the adequate operation of the electricity, gas and fuels services, in terms of their safety, quality and price. In addition to setting the technical standards, the objective of the SEC is to examine and oversee the compliance of legal and regulatory provisions on generation, production, storage, transportation and distribution of liquid fuels, gas and electricity to verify that the quality of the services rendered to users will be as indicated in those provisions and technical regulations and that the operation and the use of the energetic resources do not represent any danger for people or their possessions. The constitutional framework of the SEC is Law 18410 of 1985, modified by Law 20402.

Economic Load Dispatch Center (SIC): The CDEC –SIC is the entity in charge of coordinating and determining the operation of the SIC facilities, including generating plants, lines and substations of the transmission system and free customer consumption bus-bars of free customers. Among its duties is to monitor the safety of the service in the electric system, guarantee the economic operation of the group of facilities of the electric system and guarantee the easement on the transmission systems established through electric concessions decree. The CDEC-SIC is made up by the generators, transmission companies and free customers that operate in the SIC and are its members which finance it. The institutional framework of the CDEC is Decree 291.

Economic Load Dispatch Center (SING): The CDEC – SING is the entity in charge of coordinating and determining the operation of the facilities of the SING. It is analogous to the CDEC-SIC.



1.4.3.Regulations in El Salvador



A procedure for restructuring the electricity sector was developed in El Salvador. Such procedure was embodied in a legal and institutional framework aimed at promoting competition and necessary conditions to secure the availability of an efficient energetic offer, capable of supplying the demand under technical, social, economic, environmental and financial viability criteria.

In the 1990, El Salvador promoted a reform process in the energy sector that consisted in the restructuring of the hydrocarbon and electricity sectors, the privatization of most of the state companies that provided energetic goods or services and markets deregulation.

Regulatory framework

The legal framework of the Salvadorian electricity sector is made up by the Law for Creation of the General Superintendence of Electricity and Telecommunications (SIGET), enacted by means of Legislative Decree 808 of September 12, 1996, which gave legal life to the regulatory entity; the General Electricity Law (LGE), enacted by means of Legislative Decree 843 of October 10, 1996 and the Regulation of the General Electricity Law, established by means of Executive Decree 70 of July 25, 1997, including their amendments.

As a result of the electricity sector restructuring, two entities were created, the Unidad de Transacciones S.A. (UT), which manages the Wholesale Electric Energy Market, and Empresa de Transmisión de El Salvador (ETESAL); at the same time, distribution as well as thermal generation companies were privatized. Furthermore, the activities of hydroelectric and geothermal generation were separated, with a private partner incorporating the latter one.



Regulatory entities

Ministry of Economy (MINEC): Institution of the Central Government, whose purpose consists of the promotion of the economic and social development through the increase of production, productivity and rational utilization of resources. Among its responsibilities is that of defining the country's commercial policy and the follow up and encouragement of economic in Integration Central America.

It has under its command the Direction of Electric Energy and the Social Investment Fund for Local Development; in addition, it heads the National Energy Council.

It also contributes to the development of competition and competitiveness of productive activities both for the internal and for the external market.

General Superintendence of Electricity and Telecommunications (SIGET): This is a non-profit autonomous public service institution. Said autonomy consists of the administrative and financial aspects and it is the competent entity to apply the rules contained in international treaties about electricity and telecommunications in effect in El Salvador and in the laws that rule the electricity and telecommunications sectors and their regulations, in addition to deciding on their non-fulfillment.

Transactions Unit (UT): Among the duties is that of managing with transparency and efficiency the wholesale electric energy market and operating the transmission system, maintaining the safety and quality and providing to the market operators satisfactory answers for the performance of their activities. Likewise, it coordinates with the Regional Operator Entity (EOR), the energy transactions performed by El Salvador with other countries at the Central American and international levels. Finally, it determines the responsibilities in case of failures in the systems.

National Energy Council (CNE): It is a government entity in charge of the oversight of the formulation of the energetic policy of the country.

Prepares, proposes, coordinates and executes policies, programs, projects and actions that permit an efficient operation of the sector, taking into account the generation, transportation and distribution activities, that must be reflected in wellbeing for society. In addition, it analyzes the current energy problems and proposes short, medium and long-term measures, intended to the efficient use of energy, proposes to government entities and to the private sectors the actions necessary for the achievement of the measures that are decided to be implemented, among other functions. As of 2010, it performs the functions of the electric energy direction of the MINEC.



1.4.4 Regulations for Guatemala



The political constitution of the republic of Guatemala of 1985 declared as a national urgency the electrification of the country, based on plans formulated by the State and the municipalities, in a process that could have the participation by private initiative.

With the constitution as legal support, in 1996 the General Electricity law was passed, whereby fundamental legal regulations were established to facilitate the actions of the different sectors of the electric system.

Regulatory authorities

Ministry of Energy and Mines: The Ministry of Energy and Mines is the Guatemalan government's most important entity in the electric sector. It is responsible for enforcing the General Electricity Law and the related regulations, as well as for the coordination of policies between the CNEE and the AMM. This government division also has the authority to grant authorization permits for the operation of distribution, transmission and generation companies.

National Electrical Energy Commission (CNEE for its initials in spanish): The Guatemalan electricity sector is regulated by the CNEE, a regulatory entity created pursuant to the General Electricity Law, as technical entity of the Ministry of Energy and Mines and subordinated to the latter. It is made up by three members appointed by the President of the Republic based on groups of three people proposed by the presidents of universities, the Ministry of Energy and Mines and the Wholesale Market agents. The term of each directory is of five years.

Wholesale Market Administrator (AMM): The Guatemalan wholesale market is managed by the AMM, a private entity created by the General Electricity Law that coordinates the operation of the generation facilities, international interconnections and transmission lines that form the national electricity system. It is also responsible for the safety and operation of the system by carrying out an economically efficient dispatch and managing the electricity resources in such a way as to minimize the operating costs, including costs loss, within the restrictions imposed by the transmission system and the quality requirements of the service. Similary, the AMM is in charge of scheduling the supply and dispatch of electricity.

The AMM regulations are subject to approval by the CNEE. If a generation, transmission or distribution company or an electricity agent or large user does not operate his facilities in accordance with the regulations established by the AMM, the CNEE has the capacity to penalize it with fines and, in case of a serious violation, it may require it to disconnect from the national electricity system.



1.4.5.Regulations for Mexico (Sanitation)

In the state environment, each one of the 32 federative entities has its respective water laws, with notably equal purposes, notwithstanding the various denominations. The modifications to the state legislature associated to the rendering of water supply and sanitation services derived mainly from a series of initiatives promoted by the National Water Commission – CAN in the nineties. The evolution that since then and up to the beginning of this decade has experienced the state legal regime on the subject of water and sanitation.

- Reforms of 1983 to constitutional article 115, whereby the municipal nature of the water supply and sanitation services was ratified and strengthened, which forced to redirect the role of the state authorities on this subject, in order to assign them a subsidiary role and to some extent, regulatory.
- Government policies established to promote the creation of decentralized organizations (decrees of creation) of the Municipal Administration, with the technical capacity and administrative and financial autonomy necessary for the efficient provision of the services, together with the instruction of schemes of participation by the private sector.
- Greater participation of the state authorities in the administration of the national water, through agreements that, pursuant to the provisions of constitutional article 116, may be executed by the federation with the state F-42 governments, in order that the latter carry out or exercise different tasks or authorities, of the exclusive competence of the federal government. This possibility was reinforced even more with the reforms and additions to the National Water Law that entered into force in 2004.

Regulatory entities

SEMARNAT: Incorporates in the different environments of society and the public function, criteria that secure the optimum protection, conservation and use of the natural resources of the country, creating in this manner an integral and comprehensive environmental policy that permits to reach sustainable development, provided that they are not expressly entrusted to another agency; as well as on the subject of ecology, environmental sanitation, water environmental regulation of urban development and of the fishing activity, with the participation that corresponds to other agencies and entities.

CONAGUA: Administers and preserves national waters, with the participation of society, in order to achieve the sustainable use of the resource with the joint responsibility of the three government levels and society in general, it being an authority with technical quality and promoter of the government orders in the integrated management of the hydric resource and its inherent public goods and protects the bodies of water, guaranteeing sustainable development and preserving the environment.



SEDESOL: Defines the commitments of the administration to progress in the achievement of an effective social development. It formulates and coordinates the solidary and subsidiary social policy of the federal government, oriented towards the common good, and executes it in joint responsibility with the society.



1.4.6 Regulations for Panamá

The electricity sector of Panama is divided into three areas of activities: generation, transmission and distribution. Panama has established a regulatory structure for the electricity industry, which is based on the legislation approved between 1996 and 1998. This framework creates an independent regulator, the National Authority of Public Utilities – ASEP- and creates also a transparent pricing process for the sale of energy to regulated customers.

It mainly consists of the following regulations:

- Law 6 of February 3, 1997. It sets forth the regulatory and institutional framework for the rendering of the public service of electricity. It establishes the regime to which the distribution, generation, transmission and commercialization of electric energy are subject to.
- Law 57 of October 13, 2009. Several modifications to Law 6, 1997 are made, among which are the following: obligation by generating companies to participate in the energy or power purchasing processes, the obligation by the Company Transmisión Eléctrica S.A. (ETESA) to purchase energy in representation of the distributors and the increase in the fines that may be imposed by the regulator up to \$20 million Balboas, and at the same time establishes the right of customers to refrain from paying the portion being congested and grants them a term of 30 days to file a claim with the regulator in case of



not being satisfied with the answer given by the distributor.

- Law 58 of May 30, 2011. The articles related to rural electrification are modified, among which we can mention the modification of the calculation of the subsidy that the Rural Electrification Office (OER) must pay to the distributors for a period of 4 years (previously it was paid at 20 years) and the creation of a rural electrification fund for 4 years that will be made up by the contributions by the market agents that sell electric energy, which shall not exceed 1% of their net profit before taxes.

Regulatory entities

Secretary of Energy: Its objective is to formulate, propose and promote the national energy policy in order to guarantee the safety of the supply, the rational and efficient use of resources and the energy in a sustainable manner, according to the National Development Plan. Currently it is processing with the Empresa de Transmisión Eléctrica (ETESA), the creation of an energetic parent company with more and more varied renewable and clean renewable resources (eolic, gas, among others).

National Authority of Public Utilities (ASEP): Established in accordance with the law of the regulatory entity of public utilities of 1996. It is an autonomous entity of the Government with responsibility to regulate, control, monitor the rendering of the services of water and sanitary sewage, telecommunications, radio and television, electricity and natural gas.

On November 22, 2006, by Decree Law 10, the Regulatory Entity of Public Utilities (ERSP) was restructured and changed its name, and thus since April 2006 it is known as the ASEP, with the same responsibilities and functions that the regulatory entity had but with a general administrator and an executive director, each designated by the President of the Republic of Panama and ratified by the National Assembly.

Similarly, it has three national directors under the authority of the general administrator, one for the electricity and water sector, one for the telecommunications sector and one for the customer service sector. The national directors are responsible for issuing resolutions related to their respective industries and their appeals are resolved by the general administrator as the final stage of the administrative process.

Planning Unit of the Empresa de Transmisión Eléctrica (ETESA): This entity prepares the reference expansion plans. It projects the global requirements of energy and the forms to satisfy those requirements, including the development of alternative sources and establishing programs to keep and optimize the use of energy. The public service companies are required to prepare and present their expansion plans to ETESA.

National Dispatch Center (CND): This entity is operated by the ETESA. It plans, supervises and controls the integrated operation of the National Interconnected system. It receives the offers of the generators that participate in the energy spot market, determines the spot prices of energy, manages the transmission network and provides the settlement values between suppliers and producers and consumers, among others.

Rural Electrification Office (OER): This is the entity responsible for promoting electrification in rural areas not served, not profitable and not concessioned.

1.5 Statutory audit

Empresas Públicas de Medellín E.S.P. has no obligation to have a statutory auditor, since it is an industrial and commercial company of the State, and since all the capital for its incorporation and operation is of a public nature. For the same reason, the entity is subject to full fiscal control by the Contraloría General de Medellín.



1.6 External audit

According to provisions of the Good Corporate Governance Code, as a control mechanism the external audit is established, whose purpose is the examination of the accounting information in general and of the financial statements, as well as the issuing of an independent opinion in respect to the reasonableness of the financial statements to indicate the financial condition of the company at the closing of each fiscal period. The Audit Committee of the Board of Directors previously reviews the External Audit Plan and follows up the auditors performance.

1.7 Accounting practices

For the preparation and presentation of the financial statements, the company, as a public entity, complies with the Public Accounting Regime (RCP, for its initials in Spanish), established by the Nation's General Accounting Office (CGN, for its initials in Spanish), a public entity of the Republic of Colombia. The RCP is harmonized with rules and practices accepted internationally for the public sector. Local regulations contain international elements applicable to the local context and strategic for the interaction of the public sector in a globalized environment.

The regulations in effect of the CGN that rule accounting matters are:

- Resolution 354 of 2007: adopted the RCP, established its structure and defined the scope of application.
- Resolution 355 of 2007: adopted the General Public Accounting Plan (PGCP, for its initials in Spanish), which contains the general public accounting regulations and the grounds to recognize and disclose the transactions, events and operations carried out.
- Resolution 356 of 2007: adopted the procedures manual of the public accounting regime consisting of the general catalogue of accounts, the accounting procedures and the accounting instructions manual.
- Resolution 357 of 2008: establishes the internal accounting control procedure and the remittance of the annual internal control evaluation report that must be sent to the CGN.
- The regulations of the Superintendence of Domiciliary Public Utilities (SSPD, for its initials in Spanish). Are also applicable the unified system of costs and expenses by activities of EPM is ruled by Resolution 20051300033635 of December 28, 2005, issued by the SSPD, updated with Resolution 20101300021335 of 2010, which was derogated with Resolution 20131300001025 of 2013.

Pursuant to Article 4 of its bylaws, EPM has the obligation to maintain a separation in the account of its income, costs and expenses associated to each one of the public utilities it provides, and guarantee the specific destination of the funds proceeding from the loans.

According to the regulations in effect, EPM adopts the accounting practices that are detailed below:



Practices of a general nature

1.7.1. Consolidation process

EPM consolidates its financial information with the companies in which it has an equity interest equal to or in excess of 50%, either directly or indirectly, or it has the administrative control.

The consolidated financial statements are issued quarterly and are presented to the Board of Directors. Once the board has approved them, they are published in the official page of EPM together with their respective notes.

Financial statements involved

The financial statements of all affiliates and subsidiaries used in the consolidation process have as closing date December 31, 2014 and 2013. The financial statements of international affiliates prepared based on accounting principles different from those applied by the EPM Group are consolidated in work papers for such purpose.



Accounting practices consolidation adjustments

The main adjustments made on the financial statements of the international affiliates and subsidiaries were:

• Accounting practices consolidation adjustments

Distribución Eléctrica Centroamericana II S. A. - DECA II	Application of the equity method on investments in controlled companies.
	Recalculation of goodwill on the intrinsic value of the equity consolidation to accounting policies of the EPM Group.
Crediegsa S.A. (CREDIEGSA)	Application of the equity method on investments in controlled companies.
Empresa Eléctrica de Guatemala S.A. (EEGSA)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
	Reclassification to profit and loss of previous periods of deferred charges for issue of debt.
Transportista Eléctrica Centroamericana S.A. (TRELEC)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
Hidroecológica del Teribe S.A. (HET)	Adjustment of financial liabilities by valuation to amortized cost.
	Adjustment of impairment of constructions in progress.
EPM Chile S.A.	Application of the equity method on investments in controlled companies.
	Adjustment of financial liabilities and assets by valuation to amortized cost.



Parque Eólico Los Cururos Ltda.	Adjustment of financial liabilities by valuation to amortized cost.
	Reversal of provision for dismantling of fixed assets.
	Reversal of provision for dismantling of fixed assets.
Distribuidora de Electricidad del Sur (Delsur)	Application of the equity method on investments in controlled companies.
	Reclassification to appreciation accounts of revalued costs of properties, plant and equipment and consequential adjustment to depreciation.
AEI El Salvador Holding S.A.	Application of the equity method on investments in controlled companies.
Panama Distribution Group S.A. (PDG)	Application of the equity method on investments in controlled companies.
Elektra Noreste S.A. (ENSA)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
EPM Capital México S.A. de C.V.	Application of the equity method on investments in controlled companies.
Tecnología Intercontinental S.A. de C.V. (TICSA)	Application of the equity method on investments in controlled companies.



The effect of the above adjustments in the financial statements of each affiliate or subsidiary is the following:

The effect of the above adjustments in the financial statements of each affiliate or subsidiary is the following:

Company	Effect of homologation adjustment			
	Net result	Assets	Liabilities	Equity
Distribución Eléctrica Centroamericana II S. A. - DECA II	150,266	667,967	-	667,967
Crediegsa S.A. (CREDIEGSA)	339	1,816	-	1,816
Empresa Eléctrica de Guatemala S.A. (EEGSA)	30,187	240,688	(32,163)	272,851
Transportista Eléctrica Centroamericana S.A. (TRELEC)	(471)	113,292	-	113,292
Hidroecológica del Teribe S.A. (HET)	21,089	295,888	(6,551)	302,439
EPM Chile S.A.	8,337	(15,507)	(10,049)	(5,458)
Parque Eólico Los Cururos Ltda.	9,036	379,217	(24,027)	403,243
Distribuidora de Electricidad del Sur (Delsur)	3,543	5,861	(13,300)	19,161
AEI El Salvador Holding S.A.	(3,541)	(28,674)	-	(28,674)
Panama Distribution Group S.A. (PDG)	748	(36,540)	(470)	(36,070)
Elektra Noreste S.A. (ENSA)	1,411	75,827	78,010	(2,183)



EPM Capital México S.A. de C.V.	(148)	(1)	-	(1)
Tecnología Intercontinental S.A. de C.V. (TICSA)	57	(1)	-	(1)
Amounts stated in millions of Colombian pesos				

1.7.2. Functional currency

The functional currency of Colombia is the Colombian peso. Consequently, the operations carried out by EPM and his domestic subsidiaries in other currencies are considered denominated in a “currency different from the peso” and are recording according to the exchange tariffs in effect on the dates of the operations. Colombia’s economy is not hyperinflationary.

1.7.3. Exchange difference

For individual financial statements the differences between the historic exchange rate and the exchange rate in effect as of the date of collection or payment are recorded as exchange gain or loss and are presented in the “non operating result net” of the income statement. Excepted from this practice are investments made abroad in controlled companies, which are recorded in the equity through the equity method.

Balances in cash, banks, accounts receivable, investments, suppliers and financial obligations in foreign currency were expressed in Colombian pesos based on the Market’s Representative Exchange Rate (MRER) certified by the Financial Superintendency of Colombia.



For the financial statements of the Group, the following procedure is used for the conversion of the companies abroad:

- Assets and liabilities are converted at the closing rate.
- Capital at historic rates.
- Results for the period at the average rate of the year.

The difference by the application of different exchange rates is recorded in an account called adjustment for conversion, which is presented in equity.

1.7.4. Accounting period

The company has defined by its bylaws to make a closing of its accounts, prepare and disclose general-purpose financial statements, at least once a year, as of December 31.

1.7.5. Accounting estimates and judgments

In the preparation of the financial statements estimates are used to quantify some of the assets, liabilities, income, expenses and commitments that are recorded in the accounting. Basically estimates refer to:

- Valuation of assets to determine the existence of losses by their impairment.
- Useful life of properties, plant and equipment and intangibles.
- Realization value to determine the inventories provision.
- Recoverability of accounts receivable to determine the receivables provision.
- Hypothesis used to calculate the reasonable value of properties, plant and equipment.
- Public utilities supplied to customers, corresponding to billing cycles with consumptions of December, but the invoices for which are issued in January of the following year. The records are made globally and at the respective tariffs of the specific income in consideration that the right to said income already exists.
- Hypothesis used in the actuarial calculation of the retirement pension and seniority bonus calculations.
- Amount of liabilities associated to possible contingencies, which gives rise to recognition of provisions.
- Determination of reasonable value of investments that are not quoted in the public exchange market.



These estimates are made as a function of providing reasonable information that reflects the economic reality of the company as of the closing date. The end result of the operations referred to by those estimates may be different from the final values and originate future modifications according to their occurrence.

1.7.6. Materiality

The recognition and disclosure of the economic events is made according to their relative importance. An economic event is material when because of its nature or amount, its knowledge or lack of knowledge, taking into account the circumstances, may significantly alter the economic decisions for users of information. When preparing the financial statements, the relative importance for disclosure purposes was determined on 5% basis applied to each group of accounts.

1.7.7. Classification of assets and liabilities

Assets and liabilities are classified according to the use to which they are intended or according their degree of realization, enforceability or assessment in terms of times and values. The values realizable or payable within a term not exceeding one year are considered current assets and liabilities.

Character specific practices

1.7.8. Cash

Money in cash and in banks is considered cash. Funds that because of contractual o conventional reasons have a restricted availability are recorded separately.

1.7.9. Equivalente de efectivo

Correspond to the investments made to optimize the excess liquidity surpluses, that is, all funds that are not immediately intended for the performance of activities that constitute the company's corporate object. Investment of excess liquidity is made under the criteria of transparency, security, liquidity, profitability, under the guidelines of an adequate control and at market conditions with no speculative purposes in accordance with Decree from the General Management 1651 of 2007.

The portfolio of liquidity investments is valued daily at market prices, according to the provisions of the regulations in effect. Prices and benchmark tariff used for the different categories of securities are: for local currency those published by the Stock Exchange of Colombia in its information for valuation page (Infovalmer), and for foreign currency those published by Bloomberg.

The purchase of investments, administration of fixed income liquidity, is recorded at purchase cost, which is the same reasonable value. The costs of these transactions are recognized as expenses when incurred. Subsequently to their initial recognition, they are valued at reasonable value taking into consideration the market value established in the stock exchange where said security is traded. Differences that arise between each valuation increase or decrease their cost, with debit or credit to the results accounts of financial income or expenses.



1.7.10. Equity investments

Consists of investment in controlled and uncontrolled entities.

- **Investments in controlled entities** Equity investments in controlled entities consist of investments made with the intention of exercising control or joint control. They are recognized at their historic cost and the equity investments in which EPM exercises major influence are included.

Control is the power conferred on the public accounting entity to define or direct the financial and operating policies of another entity, given its equity greater than fifty percent (50%) , directly or indirectly, excluding shares with preferential dividends without voting, in order to ensure the development of state functions committed, or to benefit from the activities of the same

Joint control is the agreed sharing of control over an entity through a binding agreement.

For its part, the major influence is the power that an entity has, regardless of the percentage share in the share capital is not enough to be in control, to intervene in the definition and guidance of financial policies and operational of another entity so as to obtain benefits from the activities of the same. This ability is based on the relationship between the investor and the associate. The existence of significant influence is usually in one or more of the following ways:

- a. Representation on the board of directors or equivalent governing body of the associate;
- b. Participation in policy-making processes;
- c. Transactions between the investor and the associate;
- d. Interchange of managerial personnel; or
- e. Supply of essential technical information.

And are recognized at historical cost are included and Equity investments in which EPM exerts significant influence.

Historical cost consists of the purchase price or original amount plus all necessary expenses incurred in the EPM for the acquisition of the investment. These investments are not subject to adjustment for exchange differences, since the equity method incorporates these differences. However, the investments but are subject to intrinsic value adjustment to recognize at the time of purchase, the difference between the purchase price and the intrinsic value of the shares, quotas or social interest. If as a result of the comparison, the value of the investment is less than the intrinsic value, the difference is recognized as recovery. If, on the contrary, as a result of comparing the value of the investment is higher than the intrinsic value, the difference is recorded as a provision affecting results. The adjustment to the intrinsic value is modified by new acquisitions.

- **Equity investments in uncontrolled entities:** : They consist of the participative securities classified as of low or minimum tradability or without any trading, which do not permit EPM to control, share the control or exercise any major influence on the issuing entity. These investments have the characteristic of not being available for sale. They are updated by the cost method quarterly, based on the value in the stock exchange or their intrinsic value. If the intrinsic value or stock exchange trading value is higher than the adjusted cost, the difference is recognized as appreciation, affecting the equity as surplus. If the intrinsic value or stock exchange trading value is lower than the adjusted cost, the appreciation created is reduced until it is extinguished, and beyond that value provisions are recognized against results for the period as other non-operating expenses.



1.7.11. Debtors

This balance constitutes the value of the rights in favor of the Group Companies originated in the rendering of the public utilities services. Within this item are the utilities of electric power, water, basic sanitation, fuel gas and their respective subsidies. The balance also includes other items such as related parties, prepayment and advances for contractors and suppliers of goods and services, sale of goods, loans to employees, financing for the conversion to gas and for gas appliances, rendering of other information technology services, technical assistance and leases, among others.

One of the following conditions must be met for their recognition:

- That the service or good has been satisfactorily delivered.
- That there is a right on which the transfer of money or its compensation in kind may be legally demanded.
- The existence of a collection document, agreement, court ruling or other document legally issued that supports the right.

1.7.12. Doubtful accounts

Doubtful accounts are considered to be those that are over six month past due or when they are sent to legal collection. In these cases, the amounts are reclassified from current account receivables to doubtful accounts. This reclassification debtors that are classified as official entities are not subject to this reclassification.

1.7.12.1. Provision for debtors

An administration provision is established for receivables, charged to the expense account of provision for debtors. When risks for the recovery of debtor balances are evidenced, the calculation of this provision corresponds to a technical evaluation that allow to determine the loss contingency or risks for eventual debtor's insolvency. Each month the collectability status of debtors is assessed using the cascade model; which requires a historic base of minimum 12 months to determine the non-collectability percentages.

When there are rights which recovery is not possible through legal process, coercive jurisdiction, or ordinary channels, the write-off will apply to recognize the extinction of the account receivable in favor of the Group.

The accounts receivable write-off does not release the Group Companies of the responsibility to continue with the collection efforts. The practice for the recognition of the receivable write-off a charge to the account of debtors provision and a credit to the account receivable from the customer or to doubtful accounts.

The value of the account receivable to be cancelled against the provision is recorded in memorandum accounts. In an eventual recovery, the balance of the memorandum account is reduced and an income for recovery is recorded.



The accounts receivable write-off does not release the Group Companies of the responsibility to continue with the collection efforts. The practice for the recognition of the receivable write-off a charge to the account of debtors provision and a credit to the account receivable from the customer or to doubtful accounts.

The value of the account receivable to be cancelled against the provision is recorded in memorandum accounts. In an eventual recovery, the balance of the memorandum account is reduced and an income for recovery is recorded.

1.7.13. Inventories

As inventories are classified the goods acquired with the intention to sell them or consume them in the process of rendering public utility services. They include goods in stock that do not require transformation such as power, gas and water meters, supplies, materials such as parts and accessories for rendering services and goods in transit and held by third parties.

The goods acquired will be incorporated to inventories at the time of their receipt for their acquisition cost, added with all costs and expenses necessary to put them in usable or saleable conditions. The weighted average method is used for their valuation. The consumption of materials and spares is recorded with credit to the account of inventory of materials for rendering of services, for the average cost, with charge to the respective expense, cost or investment account.

In order to reflect the value of the inventory in accordance with its economic reality, in the Group Companies the inventories will be updated at their realization value, provided that this value is lower that the book value. In this case the provisions will be recognized for the difference; otherwise, provisions will be recovered when they exist, not exceeding the value created for this item. For the case of physical reductions, such as decreases, deterioration or obsolescence the inventory retirement will be made directly against expense.

Physical inventory counts are taken on a rotating basis throughout the year, in order to cover all articles catalogued in the inventories. Inventories keep their inventory nature, regardless of the fact that because of exogenous factors proper of the economy or by natural situations inherent to the business conditions they have a slow turnover. Although they continue as inventories, this low turnover gives them a "immobilized good" characteristic.

1.7.14. Properties, plant and equipment

Represents the tangible goods acquired, constructed or in process of construction, with the intention of using them permanently in operating activities for the production and rendering of services, to lease them or to use them as administrative support of the organization, that are not intended for sale in the normal course of business and whose useful life exceeds one year.

The historic value of these assets includes all disbursements and charges necessary to put them in usable conditions. All disbursements made by the company to increase the useful life of these assets, extend their productive capacity and operating efficiency, improve the quality of products and services, or allow a significant reduction of operating costs are capitalized as higher value of the asset.

Pursuant to the provisions of Resolution 356 of September 2007, issued by the CGN, the company updates the value of properties, plant and equipment by means of technical appraisals with the application of methodologies of recognized technical value, which consider among other criteria, their useful life, economic life and remaining life, the location, condition, productive capacity, market situation, degree of tradability,



obsolescence and deterioration suffered by goods.

The update of properties, plant and equipment is made every three years from the latest update made and the recording is made in the respective accounting period. However, if prior to the completion of this term the value in books of properties, plant and equipment experiences significant changes in respect to the replacement cost, or the realization value, a new update is made, recording its effect in the respective accounting period.

Useful lives of fixed assets in EPM Group are defined taking into account technical criteria, in accordance with the characteristics proper of the asset, considering future economic benefits, the potential of the asset service, the capacity or physical performance expected of it, as well as the physical and environmental conditions.

They shall be defined taking into account technical criteria and in the terms that it is expected that they will bring economic benefits to the company, taking into account the following factors to determine them:

- Represents the tangible goods acquired, constructed or in process of construction, with the intention of using them permanently in operating activities for the production and rendering of services, to lease them or to use them as administrative support of the organization, that are not intended for sale in the normal course of business and whose useful life exceeds one year. The historic value of these assets includes all disbursements and charges necessary to put them in usable conditions. All disbursements made by the company to increase the useful life of these assets, extend their productive capacity and operating efficiency, improve the quality of products and services, or allow a significant reduction of operating costs are capitalized as higher value of the asset. Pursuant to the provisions of Resolution 356 of September 2007, issued by the CGN, the company updates the value of properties, plant and equipment by means of technical appraisals with the application of methodologies of recognized technical value, which consider among other criteria, their useful life, economic life and remaining life, the location, condition, productive capacity, market situation, degree of tradability, obsolescence and deterioration suffered by goods. The update of properties, plant and equipment is made every three years from the latest update made and the recording is made in the respective accounting period. However, if prior to the completion of this term the value in books of properties, plant and equipment experiences significant changes in respect to the replacement cost, or the realization value, a new update is made, recording its effect in the respective accounting period. Useful lives of fixed assets in EPM Group are defined taking into account technical criteria, in accordance with the characteristics proper of the asset, considering future economic benefits, the potential of the asset service, the capacity or physical performance expected of it, as well as the physical and environmental conditions. They shall be defined taking into account technical criteria and in the terms that it is expected that they will bring economic benefits to the company, taking into account the following factors to determine them:
- The use of the asset or its physical wear and tear, which is estimated by reference to the capacity or physical yield expected of it.
- The expected natural deterioration caused by reasons other than its use that depends on operating aspects such as: number of work shifts in which the asset will be used, the repairs and maintenance program, among others.
- The geographic location of the asset.
- The legal limits or similar restrictions on the use of the asset.



In case there are no technical criteria, the useful lives established by the CGN may be taken as reference.

The average of general useful life by type of asset used in EPM head office were:

The average of general useful life by type of asset used in EPM head office were

Type of assets	2014	2013
Constructions		
Dams, repeating stations	48	49
Buildings, houses, offices, stores, booths, camps, parking, garages, warehouses, sports facilities	33	30
Storage tanks	33	30
Plants, ducts and tunnels		
Generation plants	37	43
Treatment plants	41	48
Conduction plants	52	45
Substations and regulation stations	31	24
Water works and channeling	30	30
Pumping stations	31	27



Networks, lines and cables		
Distribution and air networks	30	22
Wastewater collection networks	35	35
Transmission lines and cables	35	33
Gas supply networks	28	28
Machinery and equipment		
Construction equipment, industrial machinery	7	7
Tools and accessories	6	7
Equipment for pumping stations	5	7
Control center equipment		13
Dredging machinery and equipment, cleaning equipment, other machinery and equipment	7	7
Medical and scientific equipment		
Research equipment	7	6
Laboratory, medical and scientific equipment	11	11
Furniture, fixtures and office equipment	6	7
Communications and computer equipment	5	5
Transportation traction and lifting equipment	6	5
Dining, kitchen, pantry and hotel equipment	8	7



The following are among the classifications:

- **Constructions in progress:** Presents all disbursements made by the company in the process of construction, expansion, modernization, rehabilitation or replacement of networks, plants and equipment, among others, until they are in conditions to be used in performance of the operation to guarantee the expansion and sustainability of the infrastructure to provide the services offered through construction.

El valor por el que se reconocen las construcciones en curso está dado por la totalidad de las erogaciones necesarias e indispensables que estén directamente asociadas con la adquisición o construcción del bien, desde la fecha de inicio de la ejecución hasta la fecha en que el activo esté listo para su uso.

The value for which the constructions in progress are recognized is given by the total disbursements necessary and indispensable that are directly associated to the acquisition or construction of the good from the date of initiation of the performance until the date when the asset is ready for its use or operation.

Commissions, financial costs, interest and exchange difference of interest originated in loans obtained for financing of works under construction, are capitalized up to the time when they are in operating conditions.

Disbursements made to carry out the pre-feasibility and feasibility phases in projects shall not be capitalized, that is, they must be recorded in expense accounts. If during these phases fixed assets or intangibles are acquired, they shall be recorded in the corresponding accounts of property, plant and equipment or intangibles.

In the power generation business investments are made, mainly for the construction, rehabilitation or modernization of power generation plants as well as for the repowering and replacement of their equipment.

Investments in infrastructure for the expansion and replacement of transmission the investment and distribution networks in different voltage levels are intended to the construction of general use networks in order to cover the needs arising from the growth of power demand to take care of the works aimed at the system's reliability. Additionally, to cover regulatory requirements, improvement of service quality level, shielding of networks to reduce fraudulent connections and the change of elements that show a high degree of deterioration.



In the gas distribution business, in turn, investments are made to address the non-residential market and the expansion beyond the Valle de Aburra through Compressed Natural Gas system in the municipalities where access with conventional gas pipelines is not yet possible.

In the Strategic Business Group of Water, investments are made intended for the modernization and replacement of waterworks and wastewater networks in the different circuits, expansion of conductions and acquisition of equipment for water treatment plants and pumping stations. In addition, replacement of equipment in waste water treatment plants, as well as the construction, replacement, optimization and expansion of secondary networks and collectors as part of the “Sanitation Program of the Medellin River and its affluent streams”.

- Movable goods in storage: Correspond to the movable goods acquired in any modality, which are characterized as permanent because they will be used in the future in production or administration activities in EPM. While they maintain this condition they are not subject to depreciation, as provided in paragraph 171 of the General Public Accounting Plan.
- Properties, plant and equipment not exploited: include assets that because of obsolescence, are not required for the operation of the business and those that are temporarily out of service, in rehabilitation or waiting for a technical decision to be rehabilitated or retired. Movable good assets that are retired by obsolescence or because they are no longer required by the company, are taken to the reuse warehouse where they are offered through public auctions (by internal regulations). Are retired at the time they are reintegrated, with the exception of vehicles that are removed from the accounting when sold.
- Buildings: Represents the value of buildings and houses, offices, booths, parking, garages, warehouses, sports and recreational facilities, dams and storage tanks among others, acquired by the company for the performance of its functions and the provision of public utilities.
- Plants, ducts and tunnels: Represents the value of plants, ducts and tunnels acquired by the company for the generation, transmission and distribution of energy, distribution of gas, provision of water and sanitation. In the operating infrastructure used by EPM in the power generation, transmission and distribution of power, natural gas, water supply and sanitation are, among others, the civil works and equipment of the generation, treatment, conduction plants, gas pipelines, power substations, channeling and pumping stations.
- Networks, lines and cables: Represents the value of the distribution networks of energy, waterworks, collection of wastewater, gas supply networks, power transmission and distribution lines used in the business operation.



- **Depreciation:** It is calculated on the historic cost under the straight-line method. The base used is the useful life determined according to technical criteria, such as additions or improvements, technological advances, maintenance and repairs policies, obsolescence, physical exposure of the goods and other factors. Deferred depreciation reflects the value obtained by the excess of the fiscal over the accounting depreciation expense, because the tax regulation provides the use of depreciation methods and useful lives different from those used for accounting purposes, which permits that for tax purposes an asset will be depreciated in a more accelerated.

1.7.15. Actuarial financial reserve

It is the set of assets that have been intended by the public accounting entity according to legal provisions in effect or by its own initiative to take care of pension obligations. These assets are recorded in accounts associated to funds and the payments of retirement pension and pension bonds are paid against them.

1.7.16. Expenses paid in advance

These are disbursements that are paid before receiving the good or service required. They are deferred during the period in which the services are received or the costs or expenses are accrued. Expenses paid in advance are measured for their original cost, as provided in the contractual agreements or the prices set and agreed with third parties.

1.7.17. Deferred charges

Are disbursements corresponding to the supply of goods or rendering of services received that, with reasonable certainty, will generate future benefits. The amortization is recognized during the periods in which it is expected to receive the benefits of the costs and expenses incurred, according to the feasibility studies for their recovery, the estimated periods of consumption of goods or services or the effective periods of the respective agreement.

The balances of deferred assets must be appraised at their net recovery value. At the end of each year, it must be determined if the deferred charges will generate future benefits; otherwise, their value will be fully amortized.

1.7.18. Intangibles

Are those disbursements made for the acquisition or development of the set of incorporeal goods, or without physical appearance, such as rights, licenses and software, from which future benefits may be obtained. Intangibles will be recognized in the balance sheet accounts for, among others, those goods that are intended for the performance of primary activities of the value chain, through on which it is expected to obtain future economic benefits. These goods are recognized if they are:

- **Identifiable:** their value can be established.
- **Controllable:** they can be transferred or their access can be restricted.
- **Generate future economic benefits or a service potential.**
- **Their monetary measurement is reliable.**

Intangibles aire:

Goodwill: Corresponds to the additional amount that is paid in the purchase of shares or quotas of corporate interest, above their equity value, as recognition of attributes such as good name, qualified personnel, good credit reputation or the control of the economic entity.



- In order to reflect the economic reality of the operation and its direct association with the economic benefits that are expected to be obtained from the investment, the goodwill must be amortized based on methodologies of recognized technical value, during the term in which, according to the technical study made for the acquisition, the investment is expected to be recovered. Nevertheless, the goodwill with indefinite useful life is not subject to amortization.
- At the closing of each accounting period, the Group Companies assesses the goodwill in order to verify if the conditions of generation of future economic benefits are maintained, taking into account the financial projects of each company.
- Licenses and software: Are those right acquired by a company to exploit a determined invention, knowledge, trademark or technology that has their corresponding intellectual property. The updates of licenses, that form a part of the support and maintenance agreement entered into, are accounted for as a maintenance cost.
- Software is understood as the set of computer programs, procedures, rules, documentation and associated data that form part of the operations of a computer system.
- Internally generated intangibles: For their recognition it is necessary to identify and separate the research phase and the development phase, where the disbursements made in the research phase are recorded as cost or expense in the income statement in the period in which they are made, and disbursements made in the development phase may be, may be capitalized provided that each and all the characteristics for their recognition are evidenced.
- The research phase includes all original and planned study is performed to obtain new scientific or technical knowledge. The development phase involves the application of research results, or any other type of scientific knowledge to a plan or design for the production of materials, products, methods, processes or systems new or substantially improved before its production or commercial use.
- **Easements:** they are amortized in accordance with the provisions of the act that originated them; that is, if the contract is in perpetuity, they will not be amortized; if, to the contrary, is for a definite term, it will be amortized upon expiration of the term agreed in the contract.

1.7.19. Asset appreciations

It corresponds to the excess of the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM calculates and records appreciations for investments, properties, plant and equipment, and other assets, as follows:

- **Investments:** corresponds to the valuation of investments in entities controlled and not controlled, as follows:

Investments in controlled entities: these are subject to adjustment to their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of shares, quotas or part of corporate interest, at the time of purchase.

Equity investments in not controlled entities: they are updated quarterly by the cost method, based on the intrinsic value or stock market value of the entity.

- **Properties, plant and equipment:** corresponds to the excess between the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM with calculates and records provisions and appreciations for investments, properties, plant and equipment, and other assets.



1.7.20. Financial Obligations

Correspond to the acts or contracts that, in accordance with legal provisions on public credit, are intended to provide EPM the resources for the acquisition of goods or services with a term for their payment such as loans, issue and placement of bonds and public debt securities. They are recognized for the value disbursed. Bonds and securities must be recognized for their face value. Guarantees granted to secure the payment of the debt are recognized for the value of the payments corresponding to capital that could be made, which are recorded in memorandum accounts.

Public credit operations are classified as:

- According to the place where they are agreed:
- According to the expiration:

Public credit operations agreed in foreign currency must be recognized at the Market's Representative exchange rate (TRM, for its initials in Spanish) on the date of the transaction. This value must be re-expressed monthly applying the TRM of the end of the month. In the case of operations made in different units of value or specific indexes, they must be recognized for the price of the unit on the date of the obligation and be re-expressed periodically, applying the price of the unit or the index of the date of the update. The higher or lower value obtained as a result of the re-expression is recognized in the period in profit and loss accounts.

1.7.21. Hedging operations

They represent the value of financial operations that are entered into in order to cover the risk of liabilities and may be carried out to purchase or sell assets, such as foreign currency, securities or financial futures on exchange rates, interest rates, stock exchange indexes or any other underlying asset agreed, which will be calculated on a future date agreed.

They are recognized for the value agreed in the agreement. If made in currencies other than the Colombian peso, they are recognized at the TRM of the date of the transaction. Monthly they are re-expressed with the TRM certified by the Financial superintendence of Colombia at the end of the month. The higher or lower value obtained as result of the re-expression is recognized in the period of in the profit and loss accounts. International subsidiaries re-express figures in accordance with the official rates of their respective countries.



1.7.22.Accounts payable

Includes the payment rights in favor of third parties originated in services received or purchase of goods, use of assets owned by third parties and other obligations incurred in favor of third parties. These obligations are recognized at the time that the service or good has been satisfactorily received and in accordance with the value agreed, complying with these conditions:

- That the good or service has been satisfactorily received and that its risks and benefits have been received.
- That it is probable that from the payment of that obligation a disbursement of funds will derive that incorporate economic benefits.
- That the value may be determined in a reliable manner.

1.7.23.Taxes , levies and duties

- **Ordinary income tax:** The Companies in Colombia are a taxpayer of the ordinary income tax regime, at the general rate of 25%. The income tax is recognized as a current expense in accordance with calculation adjustment made between the income for tax purposes and the accounting profit or loss, affecting the item 'income tax' as an offsetting entry in the accounts payable called 'taxes payable'. In intermediate periods a current income tax estimate is recognized based on the forecast of fiscal results for the year, and thus during the year the provision account is used. The deferred tax is recognized separately from the income tax as expense or recovery.
- **Deferred tax:** This balance arises from the application of the income tax to the temporary differences between the tax income and the accounting profit or loss. This tax is recognized to the extent that there is a reasonable expectation that such differences will be reversed in the future. The income tax rate applicable is that in effect at the time when the mentioned differences will be reversed.



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If the temporary difference entails a higher payment of income tax in the future, it is recognized as a deferred liability in the account of other liabilities, deferred taxes and its offsetting entry will be a lower value of the income tax expense of the current year; this entry is presented separately from the current tax.

If the temporary difference entails a lower payment of income tax in the future, it is recognized as an asset in the account of other assets and its offsetting entry will be a higher value of the income tax expense of the current year and will be presented separately from the current tax.

- **Wealth tax:** with the passing of Law 1739 of 2014 the wealth tax is created for tax years 2015, 2016 and 2017. This tax will be eliminated as of 2018 for legal entities. For the purposes of this tax the notion of wealth is equivalent to the taxpayer's total gross equity owned as of January 1st of each year, less his debts outstanding on that date. The taxable base on which it is calculated, corresponds to the net equity of the taxpayer owned as of January 1, 2015, 2016 and 2017, less some exceptions specifically indicated in the tax regulation. It will be recognized as expense, affecting the item 'taxes, contributions and rates' as an offsetting entry in accounts payable, denominated 'taxes payable', in January of each of the years indicated.

Its marginal rate corresponds to the following:

Taxable base ranges			
Rangos base gravable	2015	2016	2017
From \$ 0 hasta \$2,000,000	0.20%	0.15%	0.05%
From \$2,000,000 hasta \$3,000,000	0.35%	0.25%	0.10%
From \$3,000,000 hasta \$5,000,000	0.75%	0.50%	0.20%
From \$5,000,000 en adelante	1.15%	1.00%	0.40%



Other provision:

- **Sales tax:** The domestic Companies of EPM Group are a taxpayer of the common regime. This tax is generated by the sale of goods and services taxed, as well as by the exempt income derived from the exports of services. The utilities of energy, waterworks, sewage and domiciliary gas are excluded from the tax. The sale tax that is not discountable is a higher value of the asset, cost or expense and is recognized at the time that the payment is made or the respective invoice is accrued.
- **Transfers of Law 99 of 1993** companies that generate hydroelectric energy, which a total rated capacity installed exceeds 10,000 kilowatts, will transfer to the regional autonomous corporations (CAR) and to the municipalities and districts where the reservoir or hydrographic basin is located, 6% of gross sales of energy by own generation, in accordance with the rate that for sales in block is indicated by the CREG. In the case of the thermal plants the transfer is of 4%.

For the settlement of transfers, Resolution CREG 135 of 1996 established the rate for sale of electric power in block at \$62.88/kWh (set in Resolution CREG 060 of 1995 and its modifications), which is increased annually as of January 1, 1997, with an index equivalent to the inflation goal provided by the competent authority for each period.

- **FAZNI Contribution** (Financial Support Fund for Energizing of not Interconnected Zones): created according to Article 81 of Law 633 of 2000: for every kWh dispatched in the Wholesale Power Pool, ASIC (Administrator of Commercial Interchanges) charges one peso to the power generation agents. The CREG, in Resolution 102 of December 2006, made adjustments in compliance with Article 1 of Law 1099 of 2006, which extended the term of this contribution up to December 31, 2014, updating the peso again as of January 1, 2007 with the Producer Price Index (PPI), calculated by the Central Bank.
- **FAER Contribution** (Financial Support Fund for Energizing of Interconnected Rural Zones): created according to Article 105 of Law 788 of 2002 and regulated by Decree 3652 of December 17, 2003 as owner of assets of the National Transmission System, EPM must contribute one peso, legal tender, for every kilowatt/hour dispatched in the Wholesale Power Pool. These recourses will be managed by the Ministry of Mines and Energy and will be used to projects for construction and installation of new rural electric infrastructure.
- **PRONE Contribution** (Program of Standardization of Electric Networks in Subnormal Neighborhoods): created by means of laws 812 of 2003, 1112 of 2006 and 1151 of 2007: the MME manages the fund, having as taxpayers the users of the energy transportation; the taxable event is the transmission of energy, the taxable base is the kWh, at a rate of one peso per kW/hour transmitted. With the funds from this program the Colombian Government has as objective the legalization of users, the optimization of the service and the reduction of non-technical losses through the installation or adaptation of the distribution networks, the connection to the user's home and installation of power meter.
- **Social Energy Fund (FOES):** created by Article 118 of Law 812 of 2003 as a national special fund, financed with the funds from the congestion revenues calculated by the ASIC, as a result of exports of electric power to neighboring countries within covenants of the Andean Community of Nations (CAN).
- **Subsidies and contributions:** At the time of billing, subsidies are recorded as an account receivable



and contributions as an account payable; at the end of the period subsidies and contributions are applied for each service and an account receivable or payable is recorded according to the deficit or surplus that has been generated.

1.7.24. Pension obligations



Pension obligations by EPM have two components, pension bonds and pensions, which in turn include the pension quota shares. Their calculation has its legal base on legal regulations in effect on pensions. For the purposes of the actuarial evaluation, the parameters established in Decree 2783 of 2001 of the National Government were followed.

Labor obligations are adjusted at the end of each period based on the provisions and legal agreements in effect.

1.7.25. Estimated liabilities

These are recognized when the following conditions are met:

- The EPM Group Companies has obtained a benefit from the good or service, but the supporting document has not been received from the supplier to be recognized as real.
- The EPM Group Companies has the obligation, according to the provisions of the law, to make payments or to give up resources in the future to take care of credits, on a date established by the parties.
- The value of the resources to be delivered or the payment may be reasonably estimated and very close to their actual value.

Contingencies: for the recognition of the contingencies associated to legal processes it follows the procedure established by the CGN in chapter V for “the recognition and disclosure of legal processes, arbitration awards, out of court conciliations and attachments decreed and executed on bank accounts”. It is established therein that the processes with a rating of probable must be recorded as provision, while the processes with lower probability of loss must be recorded in memorandum account as potential obligations.

The situation or set of circumstances that generate uncertainty on possible losses and which final result will only become known when one or more events occur or cease to occur and that are not classified within the described procedure, are recognized taking into account the principle of prudence for the recording of expenses.



Pension obligations: pension obligations have two components, pension bonds and pensions, which in turn include the pension quota shares. Their calculation has its legal base on legal regulations in effect on pensions. For the purposes of the actuarial evaluation, the parameters established in Decree 2783 of 2001 of the National Government were followed.

The pension adjustment rate as of December 31, 2014 was of 2.41% (as of December 31, 2013 it was 2.99%). Pension bonds were updated at an interest rate of 4%, from the closing date to the date of update, and in 2009 they formed part of type B bonds, corresponding to the defined benefit plan and that were valued at a rate of 3%. The values already known of the bonds as of the closing date, after deducting those paid during the year were taken as the balance.

The pension liability is 100% amortized for EPM as the Head office. In compliance with Resolution 356 of 2007, since 2009 pension payments are recorded affecting the liability account.

Pension Commutation: according to Minutes 1466 of December 4, 2006, EPM assumed in 2007 the pension liabilities of Empresa Antioqueña de Energía E.S.P. (EADE), liquidated.

The methodology used for the actuarial calculation of pensions and pension bonds of EADE follows the parameters and technical bases established by the competent authority and are the same ones used for measuring pension liabilities in EPM. These pension liabilities are amortized 100%.

Pursuant to the provisions of Decree 941 of 2002, which regulates Law 100, the respective trust funds were created to guarantee the payment of pension obligations derived from pension funds and pension quota shares that correspond to EPM, as well as the payment of pensions and from the pension commutation. The fund is forecasted in such a way that it will extinguish at the time of payment of the last pension payable by EPM (year 2065). With the creation of these funds the availability of resources to take care of the payment of the pension liabilities and pension bonds of the companies is guaranteed, at the same time that their financial management is independent.

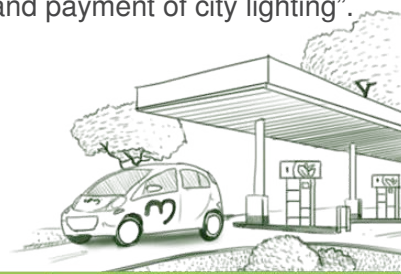
1.7.26. Equity

Is made up by the accounts that represent the tax capital, reserves, profits from previous periods, results for the period, surplus and equity appreciation.

- **Reserves:** In compliance with tax provisions contained in Articles 130 (70% reserve for excess tax depreciation over accounting) and 211 of the Colombian Tax Code, EPM has been required reserves to enjoy special tax treatment and obtain a rationalization in the payment of income tax and complementary.

In compliance with Decree 2336 of 1995, Article 1, a reserve was created by the application of the equity participation method. The reserve corresponds to the profits that are generated at the closing of the accounting period as a consequence of the application of special valuation systems at market prices and that have not been realized in the name of the company, in accordance with the rules of Article 27 (income realization) and other concurring regulations of the Colombian Tax Code.

- **Financial surpluses:** in compliance with Municipal Agreement 12 of 1998, from the Council of Medellin, it was established in Article 5 that the base for assessment of the financial surpluses that are transferred to the Municipality of Medellin is the net profit. With this base, the COMPES (Municipal Council for Economic and Social Policy) determines the amount or percentage of the financial surpluses that will form part of the resources of the budget of the municipal budget. Additionally, Municipal Agreement 69 of 1997, in its Article 13, mentions: "The percentage of EPM financial surpluses, in conformity with Article 97 of Decree 111 of 1996, cannot be transferred by a percentage over 30% to the Municipality of Medellin and will be intended by the latter exclusively to social investment and payment of city lighting".



Financial surpluses to be transferred to the Municipality of Medellín are recognized when the COMPES determines them, in compliance with legal formalisms, based on the financial statements of the previous year approved by the Board of Directors and sent by the General Manager of EPM to the Secretary of Finance of the Municipality, through a decrease in the profits of previous periods.

In those exceptional cases in which the Municipal Council approves extraordinary or additional financial surpluses, the recognition will be made with the document that gives rise to the obligation for EPM to transfer the financial surpluses, that is, when the certain amount is determined as well as the condition of method, place and time to make their transfer.

- **Equity appreciation:** This records the value of inflation adjustments of the equity account balances made since 1992 to 2000, year in which the CGN eliminated them. According to regulations in effect, this balance cannot be distributed as profit until the company is liquidated or decapitalized.
- **Surplus for appreciation:** Represents the value of the net increase of the book value of assets, determined as result of the update, in accordance with technical rules. In EPM the excess of the intrinsic value of investments compared to their book value and the excess of the realization value or replacement cost of goods over the book value are recognized as appreciation. Las valoraciones de inversiones y propiedades, planta y equipos comprenden:
 - **Investments in controlled entities:** These are subject to adjustment at their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of the shares, quotas or parts of corporate interest, at the time of purchase.
 - **Properties, plant and equipment:** Corresponds to the excess between the valuation value and the book value of the assets owned at the end of the period, in accordance with regulations in effect.

1.7.27. Memorandum accounts

Debtor and creditor memorandum accounts represent the estimate of events or circumstances that may affect the financial, economic, social and environmental situation of the public accounting entity, as well as the value of the goods, rights and obligations that require to be controlled. It also includes the value originated in the differences that arise between the public accounting information and that used for tax purposes.

1.7.28. Operating income

It's the cash flow received by the EPM Group Companies in the accounting period, originated in the performance of its main activity. The returns, discounts and rebates for these items are recorded in separate accounts as lower value of the income. For the recognition of revenues the following conditions must be fulfilled:

- That the service has been effectively rendered or the good has been delivered.
- That the value of the service of good may be reasonable quantified.
- That it is expected to receive the product of the service provided or good sold.
- That the income is susceptible of increasing the net equity.



The income will not be recognized if there are any doubts about its realization.

1.7.29. Non-operating income:

Represents the income obtained by the EPM Group Companies in operations other than the provision of the public utility, including also the income for entries of an extraordinary nature.

EPM will recognize as non-operating income those that are not framed within its main corporate object, on which the risks or benefits have been transferred or the service has been effectively provided, that their value may be reasonably quantified and that it is probable to obtain the proceeds of the good or service delivered.

1.7.30. Costs of services

These are the disbursements necessary to provide the public utility service, without which it would not be possible to provide it or its quality would not be optimum. These costs are connected directly to the rendering of the service, at a difference of the expenses that are disbursements associated to administrative activities. For the recognition of costs it is necessary to fulfill the following:

- That the good or service subject of the costs has been satisfactorily received or is being received (for the case of services provided in several periods).
- That the risks and benefits of the good or service have been received.
- That the value of the cost may be reliably measured.
- It is probable that from the payment of the good or service received the outflow of resources that involve future benefits may be derived.
- That the good or service subject of the cost is related to the rendering of services or is an element necessary in those services.

1.7.31. Expenses

c) These expenses are necessary disbursements, derived from the normal operation of the organization, that serve as support for the rendering of the service. EPM recognizes its expenses to the extent that the financial, economic, social and environment events occur, in such a way that they will be systematically contemplated in the corresponding accounting period, regardless of the flow of monetary or financial resources. For this purpose it will be necessary to take into account that the recognition will be made when:

- The good or service subject of the expense has been satisfactorily received or is being received.
- That the risks and benefits of the good or service have been received.
- That the value of the expense may be reliably measured.
- It is probable that from the payment of the good or service received the outflow of resources that involve future benefits may be derived.

1.7.32. Reclassifications

In order to present the figures of both periods in a way that their comparability is propitiated, the following reclassifications were made in the presentation of the figures of the previous year:



- At the closing of December 2014, reclassifications were made in the presentation of the figures in respect to 2013, related to the exchange difference, in order to present this income and expense net. Thus, the non-operating income reported in 2013 changes from \$827,025 to \$691,225 and the non-operating expense changes from \$1,009,906 to \$874,106.
- In the public credit operations the balances of public credit and hedging operations were grouped: current portion for \$496,528 (2013 – \$880,609) and noncurrent for \$9,614,329 (2013 – \$8,418,325).
- In the balance of the liabilities for tax, contributions and rates payable, the balance of the income tax for equality CREE was reclassified as higher value of the item of Income tax: current portion for \$96,642 (2013 – \$72,138).

Others accounting aspects

1.7.33. International Financial Reporting Standards (IFRS) Adoption

The International Financial Reporting Standards (IFRS) are a set of standards and interpretations of a technical nature, approved, issued and published by the International Accounting Standards Board (IASB). These standards established the criteria for the recognition, valuation, presentation and disclosure of financial information.

These standards are becoming the universal accounting language enforceable and accepted to make sure that in all countries the same financial language is used, with greater consistency in the accounting policies and comparability of the companies' financial information.

EPM began the adoption project of International Financial Standards (IFRS) since 2009, to respond to its growth strategy and facilitate the access to international capital markets.

In Colombia, the approval of Law 1314 of 2009, whereby accounting and financial reporting and information assurance principles and standards are regulated, has gained great importance. In December 2013, the CGN issued Resolution 743 whereby the Public Accounting Regime, the regulatory framework provided in the annex to National Decree 2784 of 2012 from the Ministry of Trade, Industry and Tourism of Colombia whereby the International Financial Reporting Standards are officially adopted in the country. According to these regulations, EPM belongs to Group 1 of preparers of financial information and therefore, it presented to the authorities in charge of monitoring the company the IFRS implementation plan and progress reports of 2013, as per the information requirements established in the different resolutions. The issue of the first financial statements under International Financial Reporting Standards will be December 31, 2014.

1.7.34. General operating or administrative limitations and deficiencies that have an accounting impact

The accounting process was carried out normally during the period and the procedures established for handling documents and accounting supports were followed.



Note 2 – Significant changes in accounting information

During 2014, no significant changes were made of the accounting information in the Group companies. However, in 2013 adjustments were made in the methodologies of valuation of the receivables provision, litigations and lawsuits, as follows:

- Methodology to determine the receivables provision: up to 2012 the methodology for establishing the receivables provision was the individual provision, as of 2013 a method of recognized technical value, the cascade method is used.
- Methodology to value litigations and lawsuits: up to 2012 the value of litigations and lawsuits corresponded to the value of the claim or the amount expected to be paid; as of 2013 the value of litigations and lawsuits classified as long term, determined as indicated in the policy of estimated liabilities – contingencies, is established as the present value of the estimated value to be paid using as discount rate that of the fixed term Government TES bonds.

2.1. Business combination and corporate restructure

Under Colombian regulations, equity investments in controlled companies are subject to adjustments, recognizing as goodwill the excesses between their acquisition price and their book value. If the purchase value is lower than the book value of the entity acquired, the difference is recognized as an increase of the equity, affecting the business combination in the respective equity accounts.

In Colombia no negative goodwill is recorded in the income statement for the period. However, the net equity is affected by the surplus for appreciation.

The following is a description of the business combinations, mergers and liquidations made in 2014:

2.1.1. Liquidation of the company EPM Ituango S.A. E.S.P.

On January 15, 2014 the commercial registry of this company in the Chamber of Commerce of Medellin was cancelled.

2.1.2. Liquidation of the company Espiritu Santo Colombia S.A. E.S.P.

On June 9, 2014 the final liquidation account of this company was recorded in the Chamber of Commerce of Bogota on June 9, 2014.

2.1.3. Master merger agreement EPM -Millicom

On August 14, 2014 the public deed of merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. was signed, whereby EPM and Millicom closed the transaction to integrate their interest in the landline and mobile businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil-TIGO. By virtue of this merger, EPM kept a direct interest of 50% plus one (1) share of UNE EPM Telecomunicaciones S.A., and Millicom assumed the administrative and operating control.

Consequently, the investments in UNE and its subsidiaries, Emtelco S.A., Edatel S.A. E.S.P., Empresa de Telecomunicaciones de Pereira S.A., Cinco Telecom Corporation, Orbitel Comunicaciones Latinoamericanas S.A.U. and Orbitel Servicios Internacionales S.A., as of August 2014 are recognized in the consolidated financial statements under the equity method.



The main consolidated figures of UNE and its subsidiaries as of December 31, 2013 and as of July 31, 2014, were:

The main consolidated figures of UNE and its subsidiaries

	Net Result	Assets	Liabilities	Minority Interest	Equity
31/12/2013	27,495	5,080,251	2,238,535	126,875	2,714,841
31/07/2014	35,011	4,691,954	1,953,848	61,482	2,676,624

Figures in millions of Colombian pesos

The following detail the effect on the balance sheet and the statement of financial, economic, social and environmental activity of 2014, not including the contribution of UNE and its affiliates in 2013:

Balance sheet

Assets	2014	2013	UNE and subsidiaries 2013	2013 without UNE and subsidiaries	% Change without UNE and subsidiaries
Current assets	6,019,640	6,306,990	1,308,845	4,998,145	20%
Cash	915,994	1,306,580	543,456	763,124	20%
Investments for liquidity management	2,036,021	1,289,538	94,447	1,195,091	70%
Accounts receivable, net	2,768,334	3,303,599	530,104	2,773,495	0%
Inventories, net	236,845	258,083	59,157	198,926	19%
Prepaid expenses	39,232	64,590	16,573	48,017	(18%)
Other assets, net	23,214	84,600	65,108	19,492	19%
Non-current assets	32,730,615	31,991,689	3,771,406	28,220,283	16%



Balance sheet

Assets	2014	2013	UNE and subsidiaries 2013	2013 without UNE and subsidiaries	% Change without UNE and subsidiaries
Current assets	6,019,640	6,306,990	1,308,845	4,998,145	20%
Cash	915,994	1,306,580	543,456	763,124	20%
Investments for liquidity management	2,036,021	1,289,538	94,447	1,195,091	70%
Accounts receivable, net	2,768,334	3,303,599	530,104	2,773,495	0%
Inventories, net	236,845	258,083	59,157	198,926	19%
Prepaid expenses	39,232	64,590	16,573	48,017	(18%)
Other assets, net	23,214	84,600	65,108	19,492	19%
Non-current assets	32,730,615	31,991,689	3,771,406	28,220,283	16%
Investments for liquidity management	15,574	8,185	-	8,185	90%
Investments, net	1,555,954	501,370	66,687	434,683	258%
Accounts receivable, net	972,071	959,692	35,903	923,789	5%
Property, plant and equipment, net	16,464,668	16,023,149	2,091,137	13,932,012	18%



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Investments for liquidity management	15,574	8,185	-	8,185	90%
Investments, net	1,555,954	501,370	66,687	434,683	258%
Accounts receivable, net	972,071	959,692	35,903	923,789	5%
Property, plant and equipment, net	16,464,668	16,023,149	2,091,137	13,932,012	18%
Actuarial financial reserve	740,415	736,183	52,962	683,221	8%
Prepaid expenses	122,951	200,678	125,233	75,445	63%
Other assets, net	1,786,040	2,377,768	841,012	1,536,756	16%
Revaluation off assets	11,072,942	11,184,664	558,472	10,626,192	4%
Total assets	38,750,255	38,298,679	5,080,251	33,218,428	17%
Debit memorandum accounts					

Balance sheet

Liabilities	2014	2013	UNE y filiales 2013	2013 sin UNE y filiales	% Var sin UNE y filiales
Current liabilities	4,182,758	4,173,817	784,885	3,388,932	23%
Public credit transactions	496,528	880,609	80,000	800,609	(38%)
Accounts payable	2,875,567	2,123,326	327,065	1,796,261	60%
Taxes payable	348,100	462,063	137,925	324,138	7%
Labor obligations	122,008	157,774	63,842	93,932	30%
Pension obligations and pension commutation	101,105	241,793	56,113	185,680	(46%)
Estimated liabilities	80,342	66,264	9,188	57,076	41%



Other liabilities	159,108	241,988	110,752	131,236	21%
Non-current liabilities	12,463,239	11,109,051	1,453,650	9,655,401	29%
Public credit transactions	9,614,329	8,418,325	1,230,000	7,188,325	34%
Accounts payable	414,655	300,941	443	300,498	38%
Taxes payable	422	2,805	2,876	(71)	(694%)
Labor obligations	45,875	67,194	1,498	65,696	(30%)
Pension obligations and pension commutation	1,163,617	1,157,999	66,407	1,091,592	7%
Estimated liabilities	217,737	219,558	48,299	171,259	27%
Other liabilities	1,006,604	942,229	104,127	838,102	20%
Total liabilities	16,645,997	15,282,868	2,238,535	13,044,333	28%
Minority interesees	948,176	968,297	126,875	841,422	13%
Equity	21,156,082	22,047,514	2,714,841	19,332,673	9%
Total liabilities and equity	38,750,255	38,298,679	5,080,251	33,218,428	17%
(Amounts stated in millions of Colombian pesos)					



Consolidated Statement of Financial, Economic, Social and Environmental Activity

	2014	2013	UNE and subsidiaries 2013	2013 without UNE and subsidiaries	% Change without UNE and subsidiaries
Net income	11,519,303	12,986,466	2,474,120	10,512,346	10%
Service rendering costs	(7,072,672)	(8,123,724)	(1,626,571)	(6,497,153)	9%
Depreciation, provision and amortization	(510,343)	(946,047)	(478,740)	(467,307)	9%
Gross surplus	3,936,288	3,916,695	368,809	3,547,886	11%
Administrative expenses	(888,137)	(1,069,680)	(213,489)	(856,191)	4%
Depreciation, provision and amortization	(209,104)	(338,364)	(121,361)	(217,003)	(4%)
Operating surplus	2,839,047	2,508,651	33,959	2,474,692	15%
Non-operating income, net	454,158	691,225	115,097	603,623	(25%)
Non-operating expenses, net	(758,338)	(874,105)	(101,053)	(773,052)	(2%)
Non-operating surplus	(304,180)	(182,880)	14,044	(169,429)	80%
Surplus from the period before taxes	2,534,867	2,325,771	48,003	2,305,263	10%



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Income tax provision and income tax for equity - CREE, net	(638,599)	(599,016)	(17,222)	(581,794)	10%
Surplus for the period before minority interes	1,896,268	1,726,755	30,781	1,723,469	10%
Minority interes	(113,036)	101,942	(3,286)	(98,656)	15%
Net surplus	1,783,232	1,624,813	27,495	1,624,813	10%
(Amounts stated in millions of Colombian pesos)					

- For the purposes of the analysis, in 2013 without UNE and affiliates, the adjustment for equity method with UNE was incorporated into in the non-operating income, as if it had been realized that period, simulating the effect in the result as it is made in 2014.

2.1.4. Merger Aeolic Park Los Cururos - Aeolic Park La Cebada



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The Aeolic Park Los Cururos Ltda. through purchase from EPM Chile S.A. acquired 100% of the shares of Aeolic Park La Cebada S.A. The latter is dissolved on December 23 and the Aeolic Park Los Cururos Ltda. assumes all rights and obligations of Aeolic Park La Cebada S.A.

The major figures of Aeolic Park Los Cururos after incorporation of the goods, rights, obligations and operations of the Aeolic Park La Cebada are the following:

Fusion Parque Eólico Los Cururos - Parque Eólico La Cebada

	Net result	Assets	Liabilities	Equity
31/12/2014	(1,987)	238,187	242,384	(4,197)
Figures in thousands of U.S. dollars				



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2.1.4. Merger Aeolic Park Los Cururos- Aeolic Park La Cebada



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Fusion Parque Eólico Los Cururos - Parque Eólico La Cebada

	Net result	Assets	Liabilities	Equity
31/12/2014	(1,987)	238,187	242,384	(4,197)
Figures in thousands of U.S. dollars				



Note 3 – Subsequent events

- **TICSA will carry out project for reutilization of water in Mexico**

Through an agreement executed in January 2015 between PEMEX Refinería Madero and the COMAPA (Water Operating Entity of Tampico), TICSA, will be in charge of carrying out and operating the works to supply treated waste water to PEMEX Refinación of Ciudad Madero, in a project which investment amounts to USD \$45 million.

- **TRELEC was won the bid to construct new electric power transmission network in Guatemala**

In January 2015 the company Transportista Eléctrica Centroamericana S.A. (TRELEC), was the successful bidder of the international open bidding process to design and construct 160 kilometers of 69 kW lines and 12 substations at 230, 138 and 69 kV to supply high quality electric energy in the Guatemalan Southeast.

The project will benefit the inhabitants of the departments of Escuintla, Jutiapa, Jalapa, Santa Rosa, Zacapa and Chiquimula.

- **Bonyic Hydroelectric Plant started commercial operation in Panama**

The Bonyic hydroelectric power generation plant, built by Hidroecológica del Teribe S.A. (HET), started its commercial operation in January 2015. The plant is located in the district of Changuinola, in the province of Bocas del Toro, in the Northeast of Panama, frontier with Costa Rica. With its generation capacity of 31.8 megawatts (MW) will contribute to the reliability of the Panamanian electric system.

- **Bonyic Hydroelectric Plant started commercial operation in Panama**

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Specific Notes



Note 4 – Conversion of values in foreign currency

The balances in cash, banks, accounts receivable, investments, suppliers and financial obligations in foreign currency were expressed in Colombian pesos based on the Market's Representative Exchange Rate (TRM, for its initials in Spanish) certified by the Financial Superintendence of Colombia. As of December 31st the values are:

Conversion of values in foreign currency			
Currency	2014		2013
US dollar (USD)		2,392.46	1,926.83
Euro (EUR)		2,895.00	2,655.08
Japanese yen (JPY)		19.95	18.32
Sterling pound (GBP)		3,730.44	3,191.31
Swiss franc (CHF)		2,407.75	2,166.56
Quetzal (Q)		314.93	245.72
Mexican peso (MXN)		162.30	147.12
Chilean peso (CLP)		3.86	3.66

The effects in results for exchange difference as of December 31st were the following:



Non-operating income from exchange differences

	2014	2013
Non-operating income from exchange differences		
Cash	49,876	(1,885)
Acquisition of goods and services	(8,490)	39,731
Investments	312,278	15,180
Others debtors	178,629	(2,591)
Public credit transactions	(532,842)	7,932
Other adjustments for exchange difference	258	(228,266)
Total non-operating income from exchange differences	(291)	(169,899)
Amounts stated in millions of Colombian pesos		



Note 5 – Cash

As of December 31, cash are comprised as follows

Cash			
		2014	2013
Cash		2,203	6,738
Banks		882,522	1,243,154
Others available resources	(1)	31,269	56,688
Total cash		915,994	1,306,580
Restricted cash	(2)	138,581	144,945
Amounts stated in millions of Colombian pesos			

(1) Includes funds in foreign currency payable on demand, realized through overnight operations that generate a financial return.

(2) Cash in banks includes the following accounts with special destination:



Restricted resources EPM parent

Fund	Destination	2014	2013
Restricted resources EPM parent			
Agreements			
IADB Credit 2120	Disbursement for the construction of the wastewater treatment plan (PTAR) Bello.	23,008	43,246
Master Agreement Municipality of Medellín No. 4600049285	Construction by EPM of sidewalks and other roadway elements in the center of the city, taking advantage of the Centro Parilla project, that is, the renewal of the waterworks and sewage networks.	11,292	-
Governor's Office of Antioquia - Gas without Frontiers	Support the development of the expansion component through the construction of domiciliary gas connections, in the framework of the program "Gas without Frontiers", in the sub-regions of the Department of Antioquia.	6,627	2,398
Municipality of Medellín - Water	Integral management of water for human consumption of the inhabitants of the Municipality of Medellín.	5,925	5,124
Ministry of Mines and Energy - Special Promotion Quota Fun	Co-financing agreements of the construction, distribution and connection infrastructure to lower income subscribers in the municipalities of Amagá, Santa Fe de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar, Colombia. Compressed natural gas and connect subscribers to Don Matías, Entreríos, San Pedro, Santa Rosa and Yarumal. Agreement No. 106 construction infrastructure to lower income subscribers of Valle de Aburrá, La Ceja, La Unión, and El Retiro. Agreement 179: includes the municipality of Sonsón	2,504	2,415
Green Basin	Manage the resources assigned for the fulfillment of the objectives of the Green Basin Corporation	2,015	-
Aldeas program	Take advantage of the wood that completes its maturity cycle in the forests planted by EPM around its reservoirs, to construct low-income homes in the municipalities of Antioquia out of Valle de Aburrá and deliver them to low income people, preferably who have been forced or voluntary displaced.	1,194	260
Municipality de Medellín - Moravia	Construction, repair and replacement of waterways and sewage networks and paving in the Municipality of Medellín of the streets affected by these works in the neighborhood of Moravia.	1,082	1,069



Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	1,053	2,974
Multilateral Fund of the Montreal Protocol	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities in the framework of the implementation of the Montreal Protocol in Colombia.	590	-
Public lightning and sanitation and cleaning rate agreements with municipalities	Agreement to manage resources of territorial entities for the payment to municipalities with agreements for collection of public lighting and sanitation and cleaning; these are funds exempt from the Tax on Financial Transactions.	584	-
IPSE-EPM Agreement	Performance of integral project of individual photovoltaic solar systems, as rural energy solution with nonconventional sources of energy (FNCE), in zones not interconnected.	425	-
Fondo Nacional de Regalías - Gas	Construction of the compressed natural gas distribution infrastructure and subsidies for the connection of users of social economic level 1 and 2 of the municipalities of El Peñol and Guatapé.	274	1
City of Caldas	Management of resources assigned by the city to develop the project for the re-siting and modernization of secondary aqueduct and sewage networks together with their associated works.	220	-
Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	139	135
Municipality de Barbosa	Replacement and modernization of secondary waterways and sewage networks and their complementary works in the neighborhoods of Robles, Centro, La Bicentenario, Los Angeles and El Portón in the Municipality of Barbosa.	65	1,039
Espíritu Santo	EPM - Espíritu Santo Liquidation	62	-



City of Barbosa - Subsidies	Agreement to partially subsidize the connection of users in stratum 1 and 2	52	-
Municipality de Medellín - Land	Acquisition of pieces of land identified and characterized within the zones of protection of the hydrographic basins that supply the water systems of the Municipality of Medellín.	47	47
Thermal District	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities of La Alpujarra Thermal District.	20	290
Ministry of Mines and Energy - Trust management	Manage the funds and make the payment of the agreement entered into with the Ministry of Mines and Energy FAER GGC 225 2012 (CT-2012-001774 in EPM), to extend and improve the electric power services in the zones of the National Interconnected System located in the Commercialization Market of the Network Operator.	-	673
Rural Electrification Agreements	Construction and works supervision of domiciliary installations by EPM, to develop rural electrification programs in different municipalities of the Department of Antioquia.	-	369
Conventional			
Sintraemdes Housing Fund	Contribute to the acquisition of homes and their improvement, of workers beneficiary of the labor agreements entered into between EPM and the labor unions.	29,985	14,897
Sinpro Housing Fund		16,371	15,501
Sintraemdes Disaster Fund	Promote the wellbeing of its workers through the availability of funds in order that they may take care of their urgent and unforeseen needs or those of their primary family group.	936	912
Sinpro Disaster Fund		869	851
Sinpro Education Fund	Promote the wellbeing of workers in order that they may take care of their payment needs of school tuition, textbooks and supplies required to carry out their own studies or those of their family group.	879	796
Sintraemdes Education Fund		930	904
Motorcycle Repair Fund	Promote the wellbeing of official workers who perform their work in the regional market and use motorcycles owned by them for the performance of their work.	155	152
Motorcycle Replacement Fund		63	61



Guarantees			
Entidad Adaptada de Salud Fund and Fosyga Fund	Control and Monitoring mechanism to the collection of contributions of the Contributive Regime of the General Social Security System for Healthcare.	865	641
International Energy Transactions	Corresponds to the "compensation" that should be performed between the invoice transaction and prepayments bag, looking that perform the actual payment XM.	533	358
Deposits Law 820	Corresponds to the guarantee required by the landlord to the tenant for the payment of public utilities. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	44	40
Total restricted resources EPM parent		108,808	95,153
Restricted Resources ESSA			
Self-insurance Agreement	Self-insurance Agreement	5,075	4,960
Covenant FAER 090	Interconnected System – SIN located in the commercialization market of the NETWORK OPERATOR, through execution of resources of the Financial Support Fund for Energizing of Interconnected Rural Zones FAER.	2,318	4,867
FAER 030	Technical assistance agreement between the Nation's Ministry of Mine and ESSA for the administration and execution of resources from the Financial support fund for electric power supply to Interconnected Rural Areas (FAER).	1,294	1,260
FAER Agreements	Administration of FAER resources	560	-
Public lighting San Gil	Resources from surplus from Public lighting of the Municipality of San Gil.	478	348
Covenant Provincial Government -ESSA Stage IV	Construction of low and medium voltage networks, assemble of transformers and internal installations for rural electric power supply in villages of the Department of Santander	413	498
FAER 014	Administration and execution of resources from the Financial support fund for electric power supply to Interconnected Rural Areas (FAER), allocated to rural electric power supply and normalization of electric power networks.	215	342
Covenant FAER 235	Extend coverage, improve quality and continuity of electric power service and satisfy its demand in the zones of the National	192	4,940
Covenant Jesus María	Construction of low and medium voltage networks, assemble of transformers and internal installations for rural electric power supply in villages of the Department of Jesús - María, Santander.	138	138
Public hearings	General administration and execution of resources from Public hearings by ESSA allocated to projects for construction of low and medium voltage networks for Rural Electric Power Supply.	97	93
FAER GSA 160 2012 Agreement	Technical assistance agreement between the Nation (Ministry of Mines) and ESSA for the management and execution of resources of the financial support fund for energizing of interconnected rural zones (FAER).	81	395
Macaravita Agreement	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages of municipality of Macaravita - Santander	26	-



Puerto Wilches Barranca Line	Construction of a double circuit line Termobarranca Puerto Wilches 115/34.5 kv, a substation in Puerto Wilches 115/34.5 kV, and expansion of the Termobarranca substation.	24	-
Governor's Office of Santander – ESSA Phase IV	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages in he department of Santander	-	203
Prone	Execution of resources from the Program for Normalization of Electric Power Supply Networks - PRONE	-	817
Governor's Office of Santander – ESSA Phase III	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages in he department of Santander	-	296
Total restricted resources ESSA		10,911	19,157
Restricted resources EDEQ			
Housing fund	Resources destined to improve workers' quality of life by granting loans for the purchase or improvement of houses.	1,114	554
Restricted resources EDEQ			
Social Wellbeing and Training Fund	Resources intended to facilitate to the workers and their families the access to higher education, healthcare, wellbeing and recreation.	168	-
Fund for household damages	Resources destined to cover damages caused by difficult and unforeseen events affecting the workers or their families.	10	11
Total restricted resources EDEQ		1,292	565
Restricted resources CENS			
Contract FAER GGC 105 - 2013 entered into between the Nation (MINISTRY OF MINES) AND CENS. (FAER Fondo de Apoyo Financiero para la Energización de las Zonas Rurales Interconectadas CATATUMBO III)	Execution of the works for the rural electrification of the municipalities of Convención, San Calixto, Cáchira, Hacarí, Ocaña, La Playa, Villa Caro, Teorama and La Esperanza Department of Norte de Santander.	3,031	14,829
CONVENIO CENS - ECOPETROL	Execution of the works for the rural electrification of the municipalities of Tibu and El Carmen, Department of Norte de Santander. Implementation of rural electrification works in the municipalities of Abrego , El Carmen and El Tarra , Department of Norte de Santander.	2,950	4,007
Convenio CENS - Gobernación de Santander	Implementation of rural electrification works in the municipalities of Abrego , El Carmen and El Tarra , Department of Norte de Santander.	2,354	-
Fundescat	Implementation of rural electrification works in the municipalities of Abrego , El Carmen and El Tarra , Department of Norte de Santander.	2,253	5,275
Rotating Housing Fund	Financing the value of a home for those workers that do not own it.	233	178
Convenio FAER 021	General administration and execution of some resources of the financial support fund for energizing of interconnected rural zones - FAER.	215	124



AOM Contract	Administration, operation, maintenance and replacement of the rural electrification assets constructed with the resources of the project "program of rural electrification zone of Catatumbo and province of Ocaña, phase 1, Norte de Santander".	62	62
FAER 003 Agreement	General administration and execution of some resources of the financial support fund for energizing of interconnected rural zones - FAER.	3	3
Electrificadora Vereda Aguablanca - FNR	Construction of medium and low voltage interconnection networks village Aguablanca Municipality of Bucarasica Norte de Santander.	-	106
Total restricted resources CENS		11,101	24,584
Restricted resources CHEC			
Malecón (Boardwalk) Agreement	Delegated Administration of Boardwalk Camaguadua	200	-
Geo Mark Agreement	Account intended for the Mipymes project.	239	-
Building Maintenance agreement	Account intended for the maintenance of the building.	100	-
Housing Fund	Resources intended to improve the living quality of its workers through the granting of credits for home purchase and improvement.	2,112	-
Financing Plan Agreement	Resources intended for the social financing plan of the company.	911	-
Total restricted resources CHEC		3,562	-
Restricted resources	Regional de Occidente		



Restricted resources Regional de Occidente			
Covenant 10000083 Sopetrán	Resources received during 2011 from inter-administrative covenant 08-CF-124850 agreed between the Department of Antioquia and Municipalities of Santafé de Antioquia and San Jerónimo, as well as resources received during 2011 under the inter-administrative covenant for financial support agreed between the Ministry of Environment, Housing and Territorial Development, the Department of Antioquia and Regional de Occidente with the purpose of providing financial support to the regional schemes for the rendering of water and draining services.	-	22
Covenant-San Jerónimo		-	13
Covenant- Santafé		-	2
Covenant 5847		-	1
Total restricted resources Regional de Occidente		-	38
Restricted resources Aguas de Urabá			
Contributions 10005141- 143 EAU	Financial yields 10004502 Balance of resources from capitalization received from the	2,007	3,402
Financial yields 10004502 Balance of resources from capitalization received from the	Financial yields 10004502 Balance of resources from capitalization received from the	611	582
Dwelling Fund	Resources destined for improving the quality of life of its workers by granting credits aimed at buying and improving the home	84	-
Interadministrative contract between the department of Antioquia and Aguas de Urabá	Interadministrative contract for the development of system optimization wastewater collection in the municipality of Turbo. Convention 122 .	62	371
Financial support 10005431- 07-CF12-4842	Balance of agreement signed with Department of Antioquia for the execution of works	2	2
Financial performance 10005141	Inter-administrative agreement for the construction of the master plans of waterworks – Phase II of the region of Uraba, Municipalities of Turbo, Carepa, Apartado y Chigorodo	-	5
Total restricted resources Aguas de Urabá		2,766	4,362



Restricted resources Aguas Nacionales			
Financial charge FiduBogota 197517	Inter-administrative cooperation agreement No. 1 signed by EPQ in Liquidation and EPM, for the management of investments and their supervision, maintenance and operation of the aqueduct, sewer and sanitation systems in the urban zone of the city of Quibdó.	-	1,002
Bancolombia FL 536423		102	53
MN Main Cash		38	30
FL Petty Cash Restricted A		1	1
Total restricted resources Aguas Nacionales		141	1,086
Total restricted resources		138,581	144,945
Amounts stated in millions of Colombian pesos			



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Note 6 – Investments for liquidity management

As of December 31 investments for liquidity management are comprised as follows:

Investments for liquidity management					
		2014		2013	
		Value	Average profitability	Value	Average profitability
Rights in securities funds and investment trust	(1)	39,945	3.34% E.A.	72,832	3.26% E.A.
Treasury securities –TES	(2)	22,196	4.64% E.A.	126,181	6.09% E.A.
Fixed term deposit certificates	(3)	321,342	5.98% E.A, 5.61% E.A. en GTQ, 1.40% E.A. en USD	633,692	4.06% E.A, 5.69% E.A. en GTQ, 3.85% E.A. en USD
Bonds and securities issued by financial entities	(4)	1,633,150	0.38% E.A. en USD	309,467	0.38% E.A. en USD
Bonds and securities issued by foreign entities	(5)	18,943	1.14% E.A. en USD	78,796	8.50% E.A. en GTQ 7.21% E.A. en USD
Bonds and securities issued by the National Government Nacional	(6)	-		51	
Bonds and securities issued by the private sector		-		31,492	
Other investments for liquidity		445	3.39% E.A en USD	37,027	0.99% E.A en USD
Current investments for liquidity management		2,036,021		1,289,538	
Other investments for admin of liquidity		15,574		8,185	
Non current investments for liquidity management		15,574		8,185	
Total investments for liquidity management		2,051,595		1,297,723	
Amounts stated in millions of Colombian pesos					



(1) Short-term investments made with own funds in investment funds. They are treated as a current account and are investments made to obtain a yield on cash surpluses.

(2) Internal public debt securities issued by the National Government and administered by the Central Bank. These instruments are valued by price in case that they have been traded on the day of the valuation. Includes mainly \$304 (2013 – \$45,646) of the Self-Insurance Fund created for the management of losses of vehicles owned by EPM, and \$454 (2013 – \$5,857) of Empresa Adaptada de Salud (EAS), entity created to guarantee the health care and the rendering of first level services to the employees who joined EPM before the entry into force of Law 100 of 1993.

The variation is due to the market strategy presented at the closing of each period.

(3) Financial instruments for borrowing of savings; their interest rate is determined by the amount, term and market conditions at the time of creation. These instruments are valued at market prices and the investments include mainly \$71,515 (2013 – \$22,040) of the Self-Insurance Fund and \$16,490 (2013 – \$9,142) of Empresa Adaptada de Salud (EAS).

(4) These correspond to term deposit investments, entered into with international financial institutions with a minimum rating of A+ for the long term, and A-1+ for the long term and branches abroad of banking institutions monitored by the Financial Superintendence of Colombia with the maximum rating in effect for long and short term. The position in bonds and securities issued by financial institutions is due to the international issue of bonds for USD \$500 million on September 10, 2014.

(5) Investments in international investment mutual funds.

(6) Correspond to Tax Refund Securities (TIDIS, for its initials in Spanish).



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Note 7 – Accounts receivable, net

As of December 31 accounts receivable are comprised as follows:

Rendering of public utilities			
		2014	2013
Electric power service			
Electric power service		1,269,388	1,268,526
Telecommunications service	(1)	-	296,898
Subsidy on telecommunications service	(1)	-	17,764
Subsidy on electric power service		24,887	5,741
Fuel gas service		107,867	98,402
Water service		64,344	62,123
Sewage draining service		52,105	69,140
Subsidy on fuel gas service		11,194	6,638
Subsidy on water service		8,270	5,511
Subsidy on sewage draining service		4,491	2,413
Cleaning service		17,471	6,929



Subsidy on cleaning service		1,281	1,451
Other accounts receivable			
Rendering of services other than public utilities	(1)	147,724	217,802
Advances or credit balances for taxes and contributions	(2)	160,899	351,273
Deposits and advances delivered		169,209	162,978
Loans to employees		24,810	28,481
Interests		188	328
Resources given for administration	(3)	437,900	664,976
Pension payment quotas		24,210	25,532
Collection schemes		73	10,732
Sales of goods		7,487	30,061
Payments on behalf of third parties		22,004	38,062
Leasing		5,875	8,706
Sales of assets		530	279
Fees and commissions		2,378	3,109
Dividends and shares receivable		1	-
Other minor accounts receivable	(4)	331,868	87,830
Doubtful accounts			
Electric power service		110,696	161,234
Telecommunications service		-	137,313



Water service		9,065	9,684
Fuel gas service		11,116	10,335
Sewage draining service		7,960	8,149
Cleaning service		864	73
Other doubtful accounts receivable		12,078	92,824
Current accounts receivable		3,048,233	3,891,297
Current portion provision	(5)	(279,899)	(587,698)
Current portion accounts receivable, net		2,768,334	3,303,599
Rendering of public utilities			
Fuel gas service		174,901	164,430
Electric power service		196,644	161,493
Water service		27,977	28,214
Sewage draining service		15,933	16,797
Cleaning service		113	-
Other accounts receivable			
Loans to employees		80,386	112,089
Deposits and advances delivered		105,827	91,539
Payments on behalf of third parties		3,081	3,091
Interests		188	319
Sales of assets		564	4,830
Rendering of services		1,179	1,370
Resources given for administration		7,947	1,506



Charging schemes		-	84
Others	(6)	366,596	374,108
Non-current accounts receivable		981,336	959,870
Non current portion provision	(5)	(9,265)	(178)
Non current Accounts receivable, net		972,071	959,692
Accounts receivable, net		3,740,405	4,263,291
Amounts stated in millions of Colombian pesos			

(1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014.

(2) Includes mainly sales tax advances for \$59,365 (2013 – \$80,465), income tax for \$41,760 (2013 – \$36,443), and withholding for \$13,932 (2013 – \$52,033).

(3) Includes trusts by Aguas Nacionales S.A E.S.P., associated to the construction of the PTAR of Bello. The variation of the period corresponds mainly to the utilization thereof in construction activities.

(4) There was an increase in accounts receivable in ENSA of Panama for \$218,418, mainly by the increase in the state subsidy that has not been paid, higher value by rate of the regulatory asset and a higher product of the rate increase.

(5) The movement of the allowance for doubtful accounts was as follows:



The movement of the allowance for doubtful accounts was as follows

	2014	2013
Initial balance:	587,876	544,579
Increase for the year	39,178	110,882
Expense from previous periods	-	(1,565)
Translation adjustment	4,928	1,055
Business combinations (*)	(277,938)	7,743
Reclassification of provision	-	(1,107)
Recovery of provision	(2,315)	(33,888)
Use of provision (**)	(62,565)	(39,823)
Total provision for accounts receivable	289,164	587,876
Amounts stated in millions of Colombian pesos		

(*) In 2014 it corresponds to the merger of UNE Telecomunicaciones (see note 2.1.3.).

(**) In 2014 it corresponds mainly to reduction in the affiliate CHEC for \$54,357.

As of 2013 the method of recognized technical value called "cascade model" is used.

(6) The balance of other long term debtors is made up mainly by accounts receivable of the companies of the Ticsa Group of Mexico. A reclassification was made in 2013 for \$332,957 from the account of rendering of services to other debtors.



Note 8 – Inventories, net

As of December 31, inventories are comprised as follows:

Inventories, net			
		2014	2013
Materials for the rendering of services	(1)	204,989	218,720
Merchandise in stock	(2)	23,873	30,787
Merchandise in possession of third parties		6,407	7,685
Merchandise in transit		647	5,302
Products in progress		1,566	1,024
Subtotal inventories		237,482	263,518
Provision			
Materials for the rendering of services		(637)	(3,587)
Merchandise in stock		-	(1,848)
Total provision	(3)	(637)	(5,435)
Total inventories		236,845	258,083
Amounts stated in millions of Colombian pesos			



(1) Includes minor spare parts used for the repair of company assets, also includes elements and accessories for the rendering of services.

(2) Include elements of food and provisions associated to products commercialized in the supply stores of EPM.

(3) The movement of the inventories provision was as follows:

Movement of the inventories provision		
	2014	2013
Initial balance	5,435	6,712
Increase of the period	507	2,319
Use of the provision	-	(476)
Adjustment from previous periods	(4,760)	-
Translation adjustment	(545)	(8)
Recovery of provisions	-	(1,392)
Reclassifications	-	(1,720)
End balance	637	5,435
Amounts stated in millions of Colombian pesos		



Note 9 – Prepaid expenses

As of December 31, prepaid expenses are comprised as follows:

Prepaid expenses			
		2014	2013
Insurance		31,682	38,667
Leasing		10	6,776
Other prepaid expenses		7,540	19,147
Current prepaid expenses		39,232	64,590
Insurance	(1)	27,864	38,489
Leasing		212	30,806
Other expenses paid in advance	(2)	94,875	131,383
Non-Current prepaid expenses (see note 18)		122,951	200,678
Non-Current prepaid expenses		162,183	265,268
Amounts stated in millions of Colombian pesos			

(1) Includes mainly all risks policies and third party liability of the Hidroituango project in EPM Parent. Both policies have an effective term up to March 2020.

(2) In 2013 expenses paid in advance were included, mainly for the rights of use of IRUS and Wilmax cables, among other items, belonging to UNE. Telecommunications services are not consolidated as of September 2014.



Note 10 – Other assets, net

The balance of other assets as of December 31 corresponds to:

Other assets, net			
		2014	2013
Goods given to third parties	(1)	23,214	35,667
Goods given to third parties	(2)	-	49,183
Provision of goods given to third parties	(2)	-	(250)
Total other current assets		23,214	84,600
Intangibles	(3)	1,268,597	2,322,117
Deferred charges	(1)	583,864	499,169
Trust fund rights	(4)	96,414	118,112
Works and improvements in third party property	(5)	94,427	133,158
Goods supplied to third	(2)	77,011	400,430
Goods acquired by financial leasing		1,685	-
Goods of arts and culture		29	77
Goods received as payment in kind		-	3,077



Total other non-current assets		2,122,027	3,476,140
Amortization of intangibles	(3)	(309,883)	(793,667)
Amortization of goods given to third parties	(2)	(26,100)	(301,787)
Amortization of goods given to third parties		-	(2,914)
Provision on goods given to third parties	(2)	(4)	(4)
Total depreciations, amortizations and provisions other assets		(335,987)	(1,098,372)
Total other non-current assets		1,786,040	2,377,768
Total other assets , net		1,809,254	2,462,368
Amounts stated in millions of Colombian pesos			



(1) Detail of the balance of deferred charges as of December 31st:

Deferred charges			
		2014	2013
Deferred tax	(1.1)	530,136	413,138
Studies and projects		48,161	72,641
Tax to preserve democratic security	(1.2)	-	16,671
Discount in bonds and securities of long term foreign public debt	(1.3)	15,868	18,616
Premium legal stability contracts	(1.4)	6,555	7,049
Organization and set up expenses		-	1,176
Other deferred charges		6,358	5,545
Total deferred charges		607,078	534,836
Amounts stated in millions of Colombian pesos			



(1.1) In 2013 deferred tax debit has been generated by receivables provision, actuarial calculation, provisions, exchange difference on investments abroad and goodwill, mainly.

(1.2) Corresponds to the equity tax, pursuant to Law 1370 of 2009 in Colombia, for the Group companies that did not have in their equity appreciation of equity to be discounted. This tax will be amortized up to year 2014.

(1.3) Corresponds to the discount granted by the issue of international bonds (coupon of 7.625%), by the credit of USD 500 million. The premium will be amortized up to its expiration date in July 2019.

(1.4) Corresponds to the premium paid to the Nation for the legal stability agreement for the power generation activity of EPM. It was executed in a term of twenty years and its value was equivalent to 0.5% of the value of the investments made in the unproductive period and 1% in the operating phase. The initial value amounted to \$9,894.



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(2) The goods delivered to third parties as of December 31 correspond to:

The goods delivered to third parties			
		2014	2013
Goods given for administration		73,456	368,353
Goods given as loan for use		3,555	51,330
Other goods given to third parties		-	29,930
Subtotal goods given to third parties	(2.1)	77,011	449,613
Amortization	(2.2)	(26,100)	(301,787)
Provision		(4)	(254)
Total goods given to third parties		50,907	147,572
Amounts stated in millions of Colombian pesos			

(2.1) In 2013 goods delivered in administration or loan, belonging to UNE and its subsidiaries are included . Telecommunications services are not consolidated as of september 2014 (see note 2.1.3).



(2.2) The movement the goods delivered to third parties amortization is:

Initial balance		301,787	254,811
Increase for the period		21	64,923
Withdrawals		-	(21,343)
Loss patrimonial control UNE		(275,708)	
Other increases (decreases)		-	3,396
End balance		26,100	301,787
Amounts stated in millions of Colombian pesos			



(3) The detail of intangible as of December 31st is:

Intangible			
		2014	2013
Goodwill and know how	(3.1)	935,445	1,420,440
Software, licenses, rights	(3.2)	244,184	877,837
Brands, concessions and franchises		2,362	24
Easements		19,954	14,230
Other intangibles		66,652	9,586
Subtotal intangibles		1,268,597	2,322,117
Less amortization of goodwill and know how	(3.1)	(107,047)	(353,635)
Less amortization of software, licenses, rights	(3.2)	(167,141)	(426,737)
Less amortization of brands, concessions and franchises		(9)	(4)
Less amortization of easements and others		(35,686)	(13,291)
Subtotal amortization	(3.3)	(309,883)	(793,667)
Total intangibles		958,714	1,528,450
Amounts stated in millions of Colombian pesos			



(3.1) The composition of the goodwill as of December 31st is the following:

Composition of the goodwill			
Company	Cost	Amortization	Net Value
Distribución Eléctrica Centroamericana II S. A. - DECA II	336,140	(32,818)	303,322
EPM Ituango S.A. E.S.P. en Liquidación	177,667	-	177,667
Panama Distribution Group S. A. - PDG	109,883	(22,961)	86,922
Del Sur S.A. de C.V.	56,946	(18,447)	38,499
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	23,923	(23,923)	-
Gestión de Empresas Eléctricas S.A.	17,682	(1,648)	16,034
Tecnología Intercontinental S.A. de C.V. (TICSA)	140,143	-	140,143
Hidroecológica del Teribe S.A. (HET)	6,032	(6,032)	-
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	593	(593)	-
Aguas de Malambo S.A. E.S.P.	64	(7)	57
Espíritu Santo Energy S. de R.L.	32,200	-	32,200
Aguas Nacionales EPM S.A. E.S.P.	3	-	3
Parque Eólico Los Cururos Ltda.	34,169	(618)	33,551
Total Goodwill	935,445	(107,047)	828,398
Amounts stated in millions of Colombian pesos			



In 2013 UNE included goodwill for \$365,105 and know how for \$105,930.

The goodwill of EPM Ituango S.A. E.S.P. and of Espíritu Santo Energy S. de R.L will initiate their amortization, respectively, once the hydroelectric plants begin operations. In compliance with accounting regulations, in December 2013 EPM evaluated the generation condition of future economic conditions that supported the goodwill of HET and decided to amortize it in its entirety.

(3.2) In 2013 software, licenses and rights belonging to UNE and its affiliates were included. Telecommunications services are not consolidated as of september 2014, see note 2.1.3.



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(3.3) The movement of the amortization is detailed below:

Movement of the amortization		
	2014	2013
Initial balance	793,667	716,946
Increase for the year	54,919	51,945
Withdrawal of intangibles	-	
Loss control of UNE	(534,958)	
Others	(3,745)	24,776
End balance	309,883	793,667
Amounts stated in millions of Colombian pesos		

(4) Trust rights are the resources delivered by the group companies to companies in charge of the administration of autonomous trusts.

(5) In 2014 purchases were reported for \$46,646, which most important charges correspond to water networks. The investment in the program of replacement of water meters is emphasized.



Note 11 – Investments, net

As of December 31, balances of investments are comprised as follows:

Investments, net			
		2014	2013
Investments in associates	(1)	1,122,098	-
In non-controlled entities	(2)	447,481	604,872
In entities under liquidation		102	102
Investments		1,569,681	604,974
Provision	(3)	(13,725)	(103,604)
Investments, net		1,555,954	501,370
Amounts stated in millions of Colombian pesos			



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(1) The investments recorded under the cost method as not controlled were:

The investments recorded under the cost method as controlled

Company	Domicile	Corporate Object	Participation Percentage		Creation Date
			2014	2013	
UNE EPM Telecomunicaciones S.A. (*)	Medellín	Rendering of telecommunications, information technology and communications services, as well as information services and complementary	50.00%	99.99%	June 29, 2006
Inversiones Telco S.A.S. (*)	Bogotá	Investing in companies whose corporate activities. objects are based on the rendering of Business Process Outsourcing (BPO) services to companies, especially but not limited to telecommunications companies.	50.00%	N.A.	November 5, 2013



(2) The investments recorded under the cost method as not controlled were:

The investments recorded under the cost method as not controlled

Company	Domicile	Corporate Object	Participation Percentage		Creation Date
			2014	2013	
Isagen S.A. E.S.P.	Medellín	Generation and commercialization of electric power, natural gas by grids, as well as commercialization of coal, steam and other energy sources of industrial.	13.14%	13.14%	April 4, 1995
Interconexión Eléctrica S.A. E.S.P.	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	10.17%	10.17%	September 14, 1967
Hidroeléctrica Ituango S.A. E.S.P.	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	46.47%	46.47%	December 29, 1997
Gestión Energética S.A. E.S.P. - GENSA	Manizales	Rendering of one or more public utilities considered under ACT 142 of 1994 or the conduction of one or several activities considered as complementary or one and the other activity.	0.19%	0.19%	May 4, 1993
RIA - Reforestadora Integral de Antioquia S.A.	Medellín	Produce, transform and sell timber products and non-timber products from forestry plantations, seeking high profitability and sustainability.	6.72%	6.72%	February 28, 2003
Electrificadora del Caribe S.A.	Barranquilla	Distribution and sale of energy in the Colombian Caribbean.	0.07%	0.07%	June 06, 1998
Promoriente S.A. E.S.P. (**)	Bucaramanga	Transportation of fuel gas by means of construction, operation and maintenance of gas pipelines, ducts and branches.	6.72%	6.72%	March 24, 1994





Gas Natural del Oriente S.A. E.S.P.	Bucaramanga	Rendering of essential public utilities of residential fuel gas distribution in any part of the country.	10.00%	10.00%	August 30, 1997
* Investments accounted under the equity method due to the significant influence of EPM					
** Before Transoriente S.A. E.S.P.					



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The value of investments recorded under the cost method, with detail of adjusted cost, revaluation and associated provisions, were:

Investments in associates companies and uncontrolled companies					
2014					
Entity	Cost	Provision	Net	Revaluation	Dividends
Investments in associates					
UNE EPM Telecomunicaciones S.A.	1,061,826	-	1,061,826	527,595	66,854
Inversiones Telco S.A.S.	60,272	-	60,272	-	-
Total investments in associates	1,122,098	-	1,122,098	527,595	66,854
Investment uncontrolled					
Isagen S.A. E.S.P.	194,312	-	194,312	868,142	28,559
Interconexión Eléctrica S. A. E.S.P. - ISA	187,035	-	187,035	784,751	24,098
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,442	-
Gestión Energética S.A. E.S.P.	12,700	(12,042)	658	-	-
Promorient S.A. E.S.P. (*)	8,633	-	8,633	4,974	-
Gas Natural del Oriente S.A. E.S.P.	7,651	-	7,651	10,266	2,135
RIA - Reforestadora Integral de Antioquia S.A. Reforestadora Industrial de Antioquia (RIA)	5,076	(393)	4,683	-	-
Electrificadora del Caribe S.A. E.S.P.	1,763	(335)	1,428	-	-
Hidroeléctrica del Río Aures S.A E.S.P. Hidroeléctrica del río Aures	446	-	446	11	-
Others	1,941	(955)	986	883,114	1,937





Total investment uncontrolled	447,582	(13,725)	433,857	2,557,700	56,729
Total	1,569,680	(13,725)	1,555,955	3,085,295	123,583

Amounts stated in millions of Colombian pesos

* Before Transoriente S.A. E.S.P.



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Investments in associates companies and uncontrolled companies

2013					
Entity	Cost	Provision	Net	Revaluation	Dividends
Isagen S.A. E.S.P.	194,312	-	194,312	955,907	24,460
Interconexión Eléctrica S. A. E.S.P. - ISA	187,035	-	187,035	837,676	21,170
Colombia Móvil S.A. E.S.P. (*)	152,073	(85,493)	66,580	-	-
Hidroeléctrica Ituango S.A. E.S.P.	28,111	-	28,111	6,314	1,977
Gestión Energética S.A. E.S.P.	12,700	(12,059)	642	-	-
Transoriente S.A. E.S.P.	8,633	-	8,633	4,089	-
Gas Natural del Oriente S.A. E.S.P.	7,651	-	7,651	11,137	2,416
RIA - Reforestadora Integral de Antioquia S.A.	5,076	(125)	4,951	-	-
Electrificadora del Caribe S.A. E.S.P.	1,764	(336)	1,428	-	-
Hidroeléctrica del Río Aures S.A. E.S.P.	446	-	446	12	-
Others	1,794	(213)	1,581	14,583	455
Total	599,595	(98,226)	501,370	1,829,718	50,478
Amounts stated in millions of Colombian pesos					

(*) During 2014 UNE increased its participation in this company, acquiring control. Due to the merger process of UNE, this company is not presented as of December 2014. See note 2.1.3.

The main financial information of investments under which the equity method was applied, which was the basis for calculations, was:



Financial information subsidiaries

2014					
Company	Net result	Assets		Liabilities	Equity
UNE EPM Telecomunicaciones S.A.		(28,567)	5,038,399	1,859,557	3,178,842
Inversiones Telco S.A.S.		9,998	120,713	170	120,543
Amounts stated in millions of Colombian pesos					

The effect of the application of the equity method meant a net expense for \$9,285 and an equity method surplus for \$1,089,740. The detail is as follows:

The application of the equity method

Company	Equity method results		Equity method other equity items	
	2014	2013	2014	2013
UNE EPM Telecomunicaciones S.A.	(14,284)	-	1,089,691	-
Inversiones Telco S.A.S.	4,999	-	49	-
Total effect of application of equity method	(9,285)	-	1,089,740	-
Amounts stated in millions of Colombian pesos				



The main financial information of the investments recorded under the cost method, as of December 31 was:

The investments recorded under the cost method

2014				
Company	Net result	Assets	Liabilities	Equity
Interconexión Eléctrica S. A. E.S.P. - ISA	593,065	11,328,744	2,699,672	8,629,072
Isagen S.A. E.S.P.	436,583	8,560,230	4,311,930	4,248,300
Hidroeléctrica Ituango S.A. E.S.P.	239	94,098	19,690	74,408
Reforestadora Industrial de Antioquia -RÍA-	(4,055)	78,661	2,846	75,815
Amounts stated in millions of Colombian pesos				
2013				
Company	Net result	Assets	Liabilities	Equity
Interconexión Eléctrica S. A. E.S.P. - ISA	433,048	10,233,090	2,818,975	7,414,115
Isagen S.A. E.S.P.	391,483	7,286,515	3,453,641	3,832,874
Hidroeléctrica Ituango S.A. E.S.P.	834	92,436	18,005	74,431
Reforestadora Industrial de Antioquia -RÍA-	67	77,203	3,480	73,723
Amounts stated in millions of Colombian pesos				



(3) The movement of the investments provision was as follows:

The movement of the investments provision		
Concept	2014	2013
Initial balance	103,604	99,515
Increase for the year	1,171	4,097
Provision expense from previous years	-	855
Business combination	-	47
Recovery of provisions	(80)	(910)
Business combinations *	(90,970)	-
End balance	13,725	103,604
Amounts stated in millions of Colombian pesos		

(*) The item Business Combination corresponds to the effect of the merger of UNE and Millicom (see note 2.1.3.)



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Note 12 – Property, plant and equipment, net

As of December 31, the components of property, plant and equipment are comprised as follows:

Property, plant and equipment, net			
		2014	2013
Constructions in process	(1)	4,620,762	3,204,013
Plants, pipelines and tunnels	(2)	7,107,666	7,966,692
Networks, lines and cables	(2)	6,768,886	7,980,215
Buildings	(2)	3,030,312	3,058,647
Communication and computer equipment		430,398	493,079
Machinery and equipment		362,079	1,298,462
Land		219,125	210,648
Transportation, traction and lifting equipment		205,892	203,365
Property, plant and equipment not used		118,399	103,530
Machinery, plant and equipment in assembly		83,978	113,978
Property, plant and equipment in transit		80,162	13,126
Movable winery		61,841	179,552



Medical and scientific equipment		35,452	29,787
Machinery, plant and equipment in assembly		12,519	131,409
Property, plant and equipment in maintenance		5,530	10,640
Others		10,951	11,215
Subtotal property, plant and equipment		23,153,952	25,008,358
Depreciation accrued			
Plants, pipelines and tunnels		(4,793,205)	(5,719,737)
Networks, lines and cables		(2,911,904)	(3,517,871)
Buildings		(829,638)	(780,247)
Communication and computer equipment		(267,112)	(855,934)
Machinery and equipment		(239,103)	(286,407)
Transportation, traction and lifting equipment		(164,383)	(161,560)
Furniture, fixtures and office equipment		(67,728)	(84,501)
Medical and scientific equipment		(19,564)	(17,483)
Others		(1,004)	(1,812)
Depreciation accrued (cr)	(3)	(9,293,641)	(11,425,552)
Deferred depreciation		2,628,745	2,561,246
Total depreciation		(6,664,896)	(8,864,306)
Provisions for protection of property, plant and equipment (cr)	(4)	(24,388)	(120,903)
Total property, plant and equipment, net		16,464,668	16,023,149
Amounts stated in millions of Colombian pesos			



(1) An increase of \$1,416,749, 44% in respect to the previous year is mostly, explained by the incorporation of the Hydroelectric Project Ituango to the balance sheet of EPM: acquisition of goods and services, mainly in the energy generation business for the construction of the Ituango Power Plant, which is under construction in relation with the tracks on the edge of the Cauca River, the construction of tunnels and of 13 vehicular bridges; construction of cofferdam and of the military facilities San Juan de Rodas; placement of fillings of dam; excavation of drain and of the intermediate discharge tunnel; construction of north and south galleries in the machine cavern, excavation of bar galleries and machine cavern, transformers and beacon.

The rest of the charges were incurred on to projects of expansion and replacement of Water, Energy and Gas networks.

(2) Corresponds to operating infrastructure components of the business of Generation, Transmission and Distribution, Natural Gas, Waterworks and Wastewater Sanitation.

(3) The movement of the depreciation during the year is detailed below:



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Movement of the depreciation

	2014	2013
Initial balance	11,425,552	10,392,462
Increase for the period	512,625	818,206
Business combination	(3,171,164)	46,735
Translation adjustments	-	59,601
Deferred depreciation, net	299,422	238,110
Discharge of property, plant and equipment	(46,642)	(120,460)
Charges previous years	142	3,757
Others	273,706	(12,859)
End balance	9,293,641	11,425,552
Amounts stated in millions of Colombian pesos		

(4) The movement in the provision of property, plant and equipment was:



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Movement in the provision of property, plant and equipment

	2014	2013
Initial balance	120,903	103,291
Increase for the period	11,573	29,811
Provision expense from previous years	-	(706)
Reclassification of provision	1,466	(223)
Discharge of property, plant and equipment	-	3
Translation adjustments	(85,523)	26
Initial balance	120,903	103,291
Increase for the period	11,573	29,811
Provision expense from previous years	-	(706)
Discharge of property, plant and equipment	1,466	(223)
Translation adjustments	-	3
Business combinations	(85,523)	26
Recovery of provision	-	(2,365)
Others	(24,031)	(8,934)
End balance	24,388	120,903
Amounts stated in millions of Colombian pesos		



Note 13 – Actuarial financial reserve

The actuarial financial reserve as of December 31 is made up by:

Concept		2014	2013
Trust funds	(*)	740,415	736,183
Total trust funds		740,415	736,183
Amounts stated in millions of Colombian pesos			

(*) This mainly comprises trust funds of EPM, the most relevant being:

- The autonomous equity trust was created with Fiduciaria Davivienda S. A. for the management of the resources intended to the payment of pension both of EPM and those derived from the pension commutation of EADE.

The amount for which the trust was created was of \$322,000 and in December 2014 a capitalization was made for \$100,000; with this figure plus the expected returns, it will be possible to cover through 2056 the total pension payments, in accordance with the actuarial study. In 2013, UNE and its affiliates contributed to the group \$52,962. Due to the merger process UNE-Millicom, this company is not consolidated as of September 2014.



- An autonomous equity trust was created with the Consortium EPM 2008 (made up by BBVA Fiduciaria S.A. with the participation of 40%, BBVA Horizonte with a participation of 40% and Fiduciaria Corficolombiana with a participation of 20%) to guarantee the coverage of the obligations generated by the pension bonds, pension quota shares and the payment of substitution indemnification derived from the risks regulated by the general pension system.

The value of the autonomous equity trust is projected in such a way that it will extinguish at the time of the last pension bond payment due by EPM in 2065; therefore its creation guarantees the availability of funds to cover the pension liability of bonds and their financial management independent.



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Note 14 – Revaluation of assets

As of December 31, revaluation of assets is comprised as follows:

Revaluation of assets			
		2014	2013
Equity participation investments		2,202,482	1,840,799
Property, plant and equipment	(*)	8,799,333	9,290,911
Other assets		71,127	52,954
Total revaluation of assets		11,072,942	11,184,664
Amounts stated in millions of Colombian pesos			

(*) As of December 31 comprise:



Detail revaluation of assets

	2014	2013
Plants, pipelines and tunnels	2,892,297	3,303,625
Networks, lines and cables	3,269,934	3,154,869
Buildings	1,181,694	1,263,924
Lands	1,358,585	1,410,552
Communication and computer equipment	8,894	55,423
Transportation, traction and lifting equipment	50,516	50,178
Machinery and equipment	19,960	3,3187
Furniture, fixtures and office equipment	14,484	17,230
Medical and scientific equipment	2,950	1,885
Dining room, kitchen, pantry and hotel equipment	19	38
Total revaluation of property, plant and equipment	8,799,333	9,290,911
Amounts stated in millions of Colombian pesos		



Note 15 – Public credit transactions

As of December 31st, public credit transactions are as follows:

Public credit transactions			
		2014	2013
Domestic debt transactions	(1)	128,476	326,604
Foreign debt transactions	(2)	410,520	521,202
Obligations on derivative contracts	(3)	239,694	133,940
Rights in derivative contracts (db)	(3)	(282,162)	(101,137)
Current public credit transactions		496,528	880,609
Domestic debt transactions	(1)	2,898,893	3,473,724
Foreign debt transactions	(2)	6,772,108	4,908,966
Obligations on derivative contracts	(3)	406,317	141,029
Rights in derivative contracts (db)	(3)	(462,989)	(105,394)
Non current public credit transactions		9,614,329	8,418,325
Total public credit transactions		10,110,857	9,298,934
Amounts stated in millions of Colombian pesos			



(1) Domestic debt transactions:

Domestic debt transactions		
	2014	2013
Current domestic debt transactions	128,476	326,604
Non-current domestic debt transactions	2,898,893	3,473,724
Total public credit transactions	3,027,369	3,800,328
Amounts stated in millions of Colombian pesos		



Domestic debt transactions

	2014			2013	
Owing company debtor	Entity	Interest rate	Pesos (millions)	Interest rate	Pesos (millions)
EPM	Bonds *	IPC + 3.25% a 7.12%, Fija 10.80% a 13.80%	2,011,390	IPC + 3.25% a 7.12%, Fija 10.80% a 13.80%	1,662,990
EPM	Club Deal (Davivienda, BBVA, Santander, Helm Bank)	DTF + 2.7%	477,429	DTF + 2.7%	557,000
ESSA	Banco de Bogotá	DTF + 2,84%	183,500	DTF + 2,84	155,500
CHEC	Icel, Corpbanca y BBVA	Fija 6.5% e IPC + 4.5%	118,374	Fija 6.5%	486
EPM	Banco Agrario ***	IPC +4.7%	116,000		-
CENS	Bancolombia y Banco de Bogotá	DTF + 3.0%	70,000	DTF + 3.3% - DTF + 3.0%	70,000



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Aguas de Urabá	Helm Bank, Banco Popular y BBVA	DTF -0.7% a DTF + 3.45 e IPC + 4.90%	21,066	DTF - 1% - DTF + 3.9%	17,844
EDEQ	Bancolombia y BBVA	DTF + 2.45% - DTF + 2.9%	21,390	DTF + 2.45% - DTF + 2.9%	20,508
Aguas de Occidente	Bancolombia y Popular	DTF + 2.75 %-3.5%	8,220	DTF + 2.75 %-3.5%	6,000
UNE	Bonds **		-	IPC + 3.67% a 5.10%	600,000
UNE	Local syndicated credit		-	DTF + 3,9%	400,000
UNE	Davivienda		-	DTF+1.36%	310,000
Total			3,027,369		3,800,328

Amounts stated in millions of Colombian pesos

* The EPM bonds do not have guarantee and included: i) \$1,000,000 million whose auction took place between November 2008 and March 2009, with expiration between the years of 2011 and 2024, and ii) \$500,000 million whose auction took place on December 14, 2010, with expiration in years 2016, 2022 and 2030.



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EPM bonds

Subserie	Amount awarded (COP) 2014	Amount awarded (COP) 2013	Amount awarded (COP) 2011	amount awarded (COP) 2010
A5a IPC 5 años	41,880	193,480	151,600	151,600
A10a IPC 10 años	409,220	409,220	313,010	313,010
A15a IPC 15 años	198,400	198,400	198,400	198,400
B3a DTF 3 años	-	-	-	204,290
C10a tasa fija 10 años	132,700	132,700	132,700	132,700
A6a IPC 6 años	237,700	112,700	112,700	112,700
A12a IPC 12 años	244,900	119,900	119,900	119,900
A20a IPC 20 años	746,590	496,590	267,400	267,400
Total	2,011,390	1,662,990	1,295,710	1,500,000
*Amounts stated in millions of Colombian pesos				

The detail of the current balance is shown below:



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EPM Bonds

Issue	Currency	Amount	Rate	Years term	Due date
Local	COP	112,700	IPC + 3.25 %	6	14/12/2016
	COP	174,410	IPC + 7.12 %	10	20/11/2018
	COP	58,000	13.8 %	10	20/11/2018
	COP	41,880	IPC + 3.82 %	5	04/12/2018
	COP	138,600	IPC + 5.8 %	10	22/01/2019
	COP	74,700	10.8 %	10	22/01/2019
	COP	125,000	IPC + 3.57 %	6	29/07/2020
	COP	119,900	IPC + 4.2 %	12	14/12/2022
	COP	96,210	IPC + 4.52 %	10	05/12/2023



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	COP	198,400	IPC + 6.24 %	15	21/04/2024
	COP	125,000	IPC + 4.17 %	12	29/07/2026
	COP	267,400	IPC + 4.94 %	20	14/12/2030
	COP	229,190	IPC + 5.03 %	20	05/12/2033
	COP	250,000	IPC + 4.52 %	20	29/07/2034
International	USD	500	7.625 %	10	29/07/2019
	COP	1,250,000	8.375 %	10	01/02/2021
International	COP	965,745	7.625 %	10	10/09/2024



EPM Bonds					
International	COP	965,745	7.625 %	10	10/09/2024

** This item corresponds to bonds without guarantee whose auctions were carried out as follows: i) \$300,000 in March 12, 2010 with expiration in 2015 and 2020 and ii) \$300,000 in October 20, 2011 with expiration in 2016 and 2013.

As of September 2014 the financial debt of UNE and its affiliates is not included, due to the merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. (see note 2.1.3.)

*** In 2014 Banco Agrario de Colombia disbursed a credit for \$116,000 with expiration in 2030, which is intended to finance the investment plan and the growth opportunities of the business.

(2) Foreign debt transactions:

Foreign debt transactions		
	2014	2013
Current foreign debt transactions	410,520	521,202
Non-current foreign debt transactions	6,772,108	4,908,966
Total public credit transactions	7,182,628	5,430,168
Amounts stated in millions of Colombian pesos		



(2) Foreign debt transactions

2014						2013				
Owing company debtor	Entity	Interest rate	Source currency	Balance source currency	Equivalent in pesos	Interest rate	Source currency	Balance source currency	Equivalent in pesos	
EPM	Bonds **	7.625% - 8.375%	COP	2,215,745	2,215,745	8.38%	COP	1,250,000	1,250,000	
EPM	Bonds *	7.63%	USD	500	1,196,230	7.63%	USD	500	963,415	
EPM	AFD	4.32%	USD	269	643,572	4.32%	USD	195	375,732	



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EPM***	BID 2120-1	6.27%	COP	190,295	190,295				-
EEGSA	Banco Industrial	Tasa activa - 6.56%	GTQ	497	156,395	Tasa activa - 5.30%	GTQ	497	122,028
EPM	BID 1664, 2120, 800, 792 y 2217	Libor + 1.05%, 1.43%, 2%	USD	266	637,581	Libor + 1.05%, 1.43%, 2%	USD	370	712,289
ENSA	Bonds	7.6% - Libor + 2.375% - 4,73% EA	USD	200	478,492	7.6% - Libor + 2.375% - 4,73% EA	USD	200	385,366
EPM	Bank of Tokyo y BBVA Tokyo	Libor + 0,95%	USD	150	358,859	Libor + 0,95%	USD	167	321,133
EEGSA	Citibank	8.50%	USD	-	-	8.25%	USD	97	187,355
EEGSA	Banco Industrial S.A.	TAPP USD -1.56%	USD	25	59,812				-
EEGSA	Interbanco	TAPP USD-1.50%	USD	3	7,177				-
EEGSA	Banrural	TAPP USD-1.20%	USD	10	23,925				-
EEGSA	Banco de America Central	TAPP USD-1.50%	USD	10	23,925				-





EPM***	BID 2120-1	6.27%	COP	190,295	190,295				-
EEGSA	Banco Industrial	Tasa activa - 6.56%	GTQ	497	156,395	Tasa activa - 5.30%	GTQ	497	122,028



TICSA****	Interacciones	TIIE+3.00% ,3.90%, 4.0% y 4.07%	MXN	611	99,201	TIIE+3.00%, 3.90%, 4.0% y 4.07%	MXN	672	98,805
ENSA	Others	TF	USD	12	29,180			-	-
EEGSA	Banco G&T Continenta	Tasa activa - 6.56%	GTQ	323	101,597	Tasa activa - 5.50%	GTQ	323	79,271
DEL SUR	Bonds	Min 4.5 % - Max 8%	USD	30	71,774	Min 4.5 % - Max 8%	USD	30	57,692
DEL SUR	Banco Davivienda	3.97%	USD	25	59,581	3.97%	USD	25	48,056
EEGSA	Banco Agromercantil de Guatemala	Tasa activa - 6.56%	GTQ	175	55,135	Tasa Activa - 6.56%	GTQ	175	43,002
TICSA****	Banco del Bajío	TIIE+2.75%	MXN	331	53,802	TIIE+2.75%	MXN	117	17,185
EEGSA	Banco Reformador	Tasa activa - 6.56% Tasa Piso 6%	GTQ	130	41,049	Tasa activa - 6.56% Tasa Piso 6%	GTQ	130	32,029
TICSA****	Banobras	8.16% , 8.28% , 9% y 11.5%	MXN	213	34,561	8.16% , 8.28% , 9% y 11.5%	MXN	217	31,994



TICSA****	Banorte	TIIE+4.00%	MXN	124	20,059	TIIE+4.00%	MXN	143	20,992
EEGSA	Banco Internacional	Tasa activa - 6.55% 13.48%	GTQ	33	10,393	Tasa activa - 6.55% 13.48%	GTQ	33	8,109
TICSA****	Santander	TIIE + 4.5%	MXN	-	-	TIIE + 4.5%	MXN	20	2,932
HET	Others	9.00%	USD	-	-	9.00%	USD	-	319
Total					7,182,628				5,430,168
Amounts stated in millions of Colombian pesos									



(*)Bonds without guarantee issued in July 2009, quoted in the Luxembourg Euro MTF stock exchange, placed in the United States, Europe, Asia and Latin American markets, with expiration in July 2019. They are exempt from compliance with financial covenants because they have double investment degree rating granted by Fitch Ratings and Moody's. This issue was place at a yield of 7.875% and a coupon of 7.625%.

(**)EPM issued in January 2011, global bonds in pesos in the international capital market for an amount of \$1,250,000 million, intended to the general investments plan. The issue, which received an investment grade rating of Baa3 by Moody's and BBB- by Fitch Ratings, was placed at a yield of 8.5% with expiration on February 1, 2021 and coupon of 8.375%.

Likewise, on September 3, 2014, EPM placed bonds in the international capital market for \$965,745 at a term of 10 years and with a yield of 7.625%. The issue received from the firms Fitch Ratings and Moody's the investment grade ratings "BBB", stable outlook, and "Baa3", positive outlook, respectively. This operation permits to achieve the availability of resources to advance in the execution of investments as relevant as the Ituango Hydroelectric project, securing partially the funds required for its construction during 2015.

(***) Credit for USD\$98 with the BID, monetized to pesos in 2014.

(****) In the month of September 2013 the EPM Group entered the Mexican water market, with the capitalization of USD 113 to the firm Tecnología Intercontinental SAPI de C.V., TICSА, equivalent to 80% of the shares of the company, through the affiliate EPM Capital México S.A. de C.V.



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(3) The operations with derivative instruments as of December 31, in their current portion, was

Operations with derivative instruments				
Company		2014		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(21,605)	26,017	4,412
Cross Currency Swap	JP Morgan Tramo JBIC	(9,969)	7,442	(2,527)
	BBVA-JBIC	(15,951)	12,405	(3,546)
	Bancolombia-JBIC	(13,956)	10,891	(3,065)
Cross Currency Swap	JP Morgan Tramo-IFC	(95,317)	80,393	(14,924)



	BBVA -IFC	(31,899)	25,707	(6,192)
	BNP Paribas-IFC	(93,465)	76,839	(16,626)
Total current portion		(282,162)	239,694	(42,468)

* Amounts stated in millions of Colombian pesos

Company		2013		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank 1664	(69,022)	103,202	34,180
Cross Currency Swap	JP Morgan Tramo JBIC	(8,029)	7,442	(587)
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total current portion		(101,137)	133,940	32,803

* Amounts stated in millions of Colombian pesos



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The operations with derivative instruments as of December 31, in their non current portion, was:

Operations with derivative instruments				
Company		2014		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(69,381)	84,274	14,893
Cross Currency Swap	JP Morgan Tramo-IFC	(96,464)	81,362	(15,102)



Operations with derivative instruments

Cross Currency Swap	BBVA-IFC	(95,698)	77,120	(18,578)
	BNP Paribas-IFC	(201,446)	163,561	(37,885)
Total non-current portion		(462,989)	406,317	(56,672)

* Amounts stated in millions of Colombian pesos



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Operations with derivative instruments

Company		2013		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(73,279)	110,291	37,012
Cross Currency Swap	JP Morgan Tramo V JBIC	(8,029)	7,442	(587)
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total non-current portion		(105,394)	141,029	35,635

* Amounts stated in millions of Colombian pesos

Covenants related to loans

1. Bank of Tokyo Mitsubishi and Banco Bilbao Vizcaya Argentaria Tokyo with Guarantee from the Japan for International Cooperation JBIC:

- Debt to EBITDA ratio – EPM should not allow the total financial debt to EBITDA ratio to be higher than 3.5 to 1.
- • Debt to capital ratio – EPM should not allow the total long term financial debt to capital ratio to be higher than 1.5 to 1.

2. Inter-American Development Bank “IADB”



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- Total debt to EBITDA ratio of EPM Group must be lower than or equal to 3.5.
- Relationship between total long term debt and assets of EPM Group should not exceed 1.5 times its assets.

The result of covenant testing as of 2014 and 2013 is the following:



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Covenant			
Loan	"Covenants"	2014	2013
Créditos Banco Interamericano de Desarrollo-BID	Deuda total / Ebitda	2.84	2.45
	Deuda largo plazo / patrimonio	0.45	0.38

3. International Finance Corporation "IFC"

- Total debt to EBITDA ratio of EPMs must be lower than or equal to 3.5.
- Interest coverage ratio must be higher than 3 times.

The result as of 2014 and 2013 is the following:

Covenant			
Loan	"Covenants"	2014	2013
International Financial Corporation-IFC	Deuda / Ebitda	2.88	2.54
	Ebitda / gasto intereses neto	11.93	12.2



4. French Development Agency – AFD

- Total debt to EBITDA ratio of the EPM Group must be lower than or equal to 3.5.
- Interest coverage ratio must be higher than 3 times.

The result as of 2014 and 2013 is the following:

Covenant			
Loan	"Covenants"	2014	2013
Agencia Francesa de Desarrollo-AFD	Deuda total / Ebitda	2.84	2.45
	Cobertura de intereses	6.23	6.68



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5. Credit of EGGSA with Citibank

- Total debt to EBITDA ratio must be lower than or equal to 5.
- EBITDA / financial expenses ratio should be 3 times higher

At December 31, 2013 and 2012, the EPM Group was in fulfillment of these covenants.

The detail of the expirations of public credit operations as of December 31st, corresponds to:

Expirations of public credit operations 2014					
Year	US dollars (millions)	Quetzales (millions)	Colombian pesos (millions)	Mexican pesos (millions)	Equivalent in pesos (millions)
2015	158	5	128,476	103	525,568
2016	163	167	254,848	112	715,074
2017	106	167	155,784	135	483,199
2018	130	167	419,108	144	805,757
2019	574	167	355,618	157	1,806,463
2020 onwards	627	486	4,119,575	629	5,873,936
Total	1,758	1,159	5,433,409	1,280	10,209,997



Expirations of public credit operations 2013

Year	US dollars (millions)	Quetzales (millions)	Colombian pesos (millions)	Mexican pesos (millions)	Equivalent in pesos (millions)
2014	261	5	326,604	114	847,806
2015	148	5	583,272	89	882,032
2016	159	167	397,239	100	758,771
2017	102	167	212,672	120	468,068
2018	120	167	475,996	125	766,285
2019 onwards	1,143	648	3,054,545	621	5,507,534
Total	1,933	1,159	5,050,328	1,169	9,230,496

The detail of expirations of hedging operations for the year is as follows:



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Expirations of hedging operations

2014			
Year	Contractual rights	Contractual obligations	Net
2015	(282,162)	239,694	(42,468)
2016	(291,689)	268,587	(23,102)
2017	(85,650)	68,865	(16,785)
2018	(85,650)	68,865	(16,785)
Total	(745,151)	646,011	(99,140)
2013			
Year	Contractual rights	Contractual obligations	Net
2014	101,137	(133,940)	(32,803)
2015	49,516	(56,755)	(7,239)
2016	55,878	(84,274)	(28,396)
Total	206,531	(274,969)	(68,438)



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Note 16 – Accounts payable

As of December 31st, the balance of accounts payable is comprised as follows:

Accounts payable			
		2014	2013
Creditors	(1)	1,298,716	565,887
Acquisition of domestic goods and services		717,085	960,536
Acquisition of foreign goods and services		528,409	350,270
Interests payable		230,839	186,703
Other accounts payable		100,518	59,930
Current accounts payable		2,875,567	2,123,326
Other accounts payable	(2)	412,496	298,708
Acquisition of domestic goods and services		1,403	2,233
Acquisition of foreign goods and services		756	-
Non-current accounts payable		414,655	300,941
Total accounts payable		3,290,222	2,424,267
Amounts stated in millions of Colombian pesos			

(1) There was an increase for \$732,829 associated mainly to surpluses payable to the municipality of Medellin, where ordinary surpluses were accrued for \$511,165 and extraordinary surpluses for \$423,835, both to be paid in the 2015 period.

(2) The increase of other accounts payable noncurrent in 2014 was due mainly to the reclassification from current to noncurrent in EPM of \$19,930 corresponding to account payable to the Municipality of Medellin for the acquisition of Emvarias, the receipt of advances in kind in EEGSA for \$21,692 and reclassification to noncurrent of the obligations of EPM Mexico with previous owners of TICSÁ.



Note 17 – Taxes , levies and duties payable

As of December 31, the balance of taxes payable is comprised as follows:

Taxes , levies and duties payable			
		2014	2013
Income tax	(1)	215,446	124,262
Tax on equity		59,222	80,359
Income withholdings		33,391	37,979
Value added tax - VAT		14,960	(4,049)
Industry and commerce tax	(2)	-	147,078
Other taxes, levies and contributions		25,081	76,434
Total current taxes payable		348,100	462,063
Tax on equity		422	-
Sales tax on temporary imports	(2)	-	2,085
Total non current taxes payable	(3)	-	720
Total taxes payable		422	2,805
Income tax		348,522	464,868

Amounts stated in millions of Colombian pesos



(1) Income tax: tax regulations applicable and in force provide the following:

- Colombia: The nominal rate of the income tax for equality (CREE) is of 9%. Guatemala: the tax is determined by the regime on the profits from lucrative activities (for 2014 a rate of 28% on the taxable income determined based on the net income) or by the optional simplified regime on income from lucrative activities (rate of 5% up to Q 30,000 of gross income, of 7% for over Q 30,000 and of 10% for capital gain). El Salvador: the rate is of 30% for companies with taxable income over US\$150,000 and 25% for those that do not exceed that cap. Panama and Mexico: there is a taxation rate of 30%. Chile: has a rate of 20%.

The capital gains tax for national affiliates is 10%. This applies for the sale of fixed assets owned for more than two (2) years. For lotteries, raffles, bets and similar items the tax rate is of 20%.

- In Colombia, public utilities are excluded from determining the income tax by the presumptive income system, calculated based on the net tax equity of the immediately preceding year. For the calculation of the income tax for equality CREE this exclusion does not exist.
- Due to the operations that EPM performs with its related parties abroad, it is subject to the regulations on transfer pricing, introduced in Colombia with laws 788 of 2002 and 863 of 2003..

In 2012 Law 52 was issued in Panama, which contemplates obligations on the subject of transfer pricing applicable to the operations with related parties.

- The parent of the EPM Group uses the tax deduction called “special deduction for investments in productive fixed assets”, equivalent to 40% of investments made during the fiscal year. This benefit continues for the parent company on occasion of the legal stability agreement signed with the National Government in 2008, contemplating the condition of applying the straight line depreciation system on assets subject to this deduction; of they are sold or cease to be used in the income producing activity before the expiration of the term of their economic life, it will be mandatory for the company to reimburse the value of



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the deduction claimed proportionately to the remaining useful life of the good in the income tax return of the tax period in which that event takes place. This benefit is transferred to the shareholders through the increase of dividends not taxed.

- With the entry into force of Decree 957 of December 2011, which modified the Law of ISR of El Salvador, the dividends paid or credited to partners or shareholders were taxed with a withholding of 5%.

The listing of the net taxable income for the entire Business Group as of December 31 is shown below:

Net taxable income			
		2014	2013
	Profit before income tax provision	2,534,867	2,325,770
Less	Less Profits before income tax provision in Guatemala ISR 6%(*)	54,521	39,761
Plus	Items increase income		
	Non- deductible expense for tax on equity	17,018	17,680



	Valuation of investments by straight line method	25,460	61,667
	Other non-deductible expenses	288,406	127,706
	Increase of non-deductible provisions	128,821	151,605
	Dividends received from companies where control is held	419,970	887,304
	Expenses and costs from previous periods	24,436	18,509
	Total items increasing net taxable income	541,518	158,112
Plus	Items increase income	1,445,629	1,422,583
Less	Items Decrease income		
	Special 40% deduction on investments in the year	439,004	268,247



	Excess property, plant and equipment depreciation (**)	455,963	458,938
	Non-taxable income	462,208	519,829
	Income not subject to income tax- dividends	402,306	798,213
	Profits from liquidity investments appraisal	32,429	24,044
	Total items decreasing net income	1,791,910	2,069,271
	Net ordinary income for the period	2,134,065	1,639,321
Less	Exempt income	47,755	38,962
	Clearings	32,147	2,181
	Net taxable income	2,054,163	1,598,178

Considering the different income tax rates, the detail of the calculation of the provision for this tax is as follows:



Calculation of the provision for this tax 2014

	Tariff 30%-25%*	Tariff 28%	Tariff 25%	Tarifa 20%	Total
Taxable income	62,869	107,713	1,871,818	11,763	2,054,163
Provision for current income tax before discounts	23,185	30,159	469,266	1,438	524,048
Tax discounts-water and draining / withholdings overseas (***)	-	-	72,634	-	72,634
Provision for current income tax (1)	23,185	30,159	396,632	1,438	451,414
Tax on occasional gain	-	-	26		26
Net charge to income for deferred income tax	14,876	-	(21,670)	(24,504)	(31,301)
Income tax provision charge to income	38,061	30,159	374,988	(23,066)	420,142
(+) ISR 6% on income taxable (****)	-	-	-		6,943
Total income tax					427,085
*El Salvador : A tax of 30% or 25 % depending on taxable income					

Income tax for equity – CREE



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Income tax for equity CREE

Plus	Items increase income	
	Special deduction in productive fixed assets	439,004
	Other special deductions	2,180
	Other increase items	317
	Total items increase taxable income	441,501
Less	Items decrease income	
	Other items decrease	838
	Total items decrease taxable income	838
	Taxable income for ordinary depuration	2,341,364



Más	Minimum income tax base for equity CREE	8,791
	Total taxable income liquid	2,350,155
	Tax rate	9.00%
	Income tax for equity CREE , provision	211,514

The detail of the calculation of the provision for income tax in 2013 was the following:



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Provision for income tax 2013

Taxable income	111,325	107,241	1,365,057	14,555	1,598,178
Provision for current income tax before discounts	34,511	36,608	343,678	2,183	416,980
Tax discounts-water and draining / withholdings overseas (***)	-	-	48,390	-	48,390
Provision for current income tax (1)	34,511	36,608	295,288	2,183	368,590
Tax on occasional gain	-	-	367	-	367
Net charge to income for deferred income tax	-	8,885	61,812	-	70,697
Income tax provision charge to income	34,511	45,493	357,467	2,183	439,654
(+) ISR 5% on income taxable (****)	-	-	-	-	5,268
Total income tax					444,922

(*) This excluded from the calculation of the net income because some Guatemalan affiliates are taxed on 6% of their income and not at the rate of 31% on taxable income.

(**)The excess of tax over accounting depreciation corresponds to: (i) the utilization of different useful lives; (ii) the application of the depreciation method of declining balances and additional shifts, and (iii) the increase in the depreciation base by the addition in the cost of historic inflation adjustments (2001-2006), since as of that date they were suspended by legal provision.

(***)In Colombia, the discount for investment in regional water networks and sewage companies is set forth in Article 104 of Law 788 of 2002, equivalent to 40% of the capital effectively paid in order to extend the service coverage.



(****) Tax calculated based on the income.

Movements of deferred taxes during the year were as follows:

Movements of deferred taxes		
	2014	2013
Initial balance of deferred tax asset	413,138	337,587
Initial balance of deferred tax liability	(978,430)	(878,073)
Subtotal	(565,292)	(540,486)
Net adjustment on income for the period	31,297	(70,696)
Adjustment on deferred tax charged to previous years	16,437	49,016
New investments / interests minority elimination	22,227	(3,126)
End balance of deferred tax asset	530,135	413,138
End balance of deferred tax liability	(1,025,466)	(978,430)
Total deferred tax, net	(495,331)	(565,292)
Amounts stated in millions of Colombian pesos		

Reconciliation between accounting equity and tax equity at December 31 is shown below:



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Reconciliation between accounting equity and tax equity

		2014	2013
	Accounting equity	21,156,082	22,047,514
Less			
	Revaluation of assets	(11,072,942)	(11,184,664)
	Adjustments for inflation, depreciation and tax amortization	(2,773,874)	(2,825,555)
	Excess of tax depreciation	(2,851,569)	(3,207,375)
	Income tax payable	(35,482)	(53,222)
	Credit deferred monetary correction, net	(530,135)	(413,138)



	Deferred tax, assets	(17,264,002)	(17,683,954)
Plus	Tax inflation adjustments	3,258,259	4,313,778
	Deferred tax, liabilities	1,025,466	978,430
	Actuarial computation	145,874	51,874
	Provisions and contingencies	188,692	252,677
	Provision for property, plant and equipment	24,388	120,903
	Provision accounts receivables	147,558	399,186
	Provisions of investments	13,725	103,604
		4,803,962	6,220,452
	Net worth tax	8,696,042	10,584,012



(2) Corresponds to the value of the equity tax, including the surtax. This was accrued in January 1, 2011 and was paid in eight equal installments (two installments annually) during four years. The payment of this tax was completed in September 2014.

(3) Corresponds to the VAT payable for temporary imports of goods.

On a general basis, income tax returns of the EPM Group for the years 2011 and 2012 are opened to review by the tax authorities. The Administration of EPM and subsidiaries, as well as their legal advisors consider that the amounts recorded are sufficient and it is not likely that liabilities arise in excess of those already recorded.

Legal stability contracts

EPM Parent Company entered into a legal stability contract in Colombia based on Law 963 of 2005 (for the power generation business). The contract protects EPM against adverse tax changes and permits it to use the rules that are favorable to it; the main rules stabilized are:

- Income tax rate of 33%.
- Tax on equity until 2010.
- Special deduction of 40% on the investment of real productive fixed assets.
- Special deduction for investment in science and technology and environmental
- Other basic rules in the determination of income.

The agreement has a term of 20 years counted as of June 2008.

New regulations

Tax reform and emergency measures Colombia

The main changes incorporated by the Law 1607 of 2012 are summarized in:

- CREE tax: a surtax is created to the CREE that will be of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018, which is subject to an advance of 100% of the value thereof.
- Wealth tax: the wealth tax is created for tax years 2015, 2016 and 2017.
- The generating event of this tax is the ownership of wealth as of January 1, 2015, which value is equal to or higher than \$1,000 million pesos. For the purposes of this tax the notion of wealth is equivalent to the total gross equity of the taxpayer owned on that date less the debts payable by the taxpayer outstanding on that date.

Tax reform in Guatemala:

The major changes brought by the income tax reform (Decree 10-2012), whose effects take place as of January 1, 2013 are:

- Modification of the rate for determination of the taxable income of profitable activities as follows:
 - Tax year 2013: 31%
 - Tax year 2014: 28%
 - Tax year 2015: 25%



- Modification of the rate for determination of capital income, capital gains and losses
 - Movable and immovable capital income: Rate 10% (formerly taxed in the general regime of 5% and the optional regime at a rate of 31%).
 - Capital gains: Rate 10% (formerly taxed in the general regime of 10% and the optional regime at a rate of 31%)
 - * Distribution of dividends, gains and profits: Rate 5%. In the previous law they were not taxed.

Tax reform in Mexico:



- Mexico had a tax reform in December 2013. By means of Decree published in the Official Diary, on December 11, this new regulation abolished the Business Tax at Single Rate (IETU) and the Tax on Cash Deposits.
- A new Income Tax Law (ISR) was issued, maintaining for legal persons a taxation rate of 30%. A withholding of 10% is established on dividends paid to individuals and foreigners, which in the case of payment of dividends to Colombia do not apply because of the Double Taxation Treaty signed with Mexico and which entered into force on January 1, 2014. Based on said treaty, the withholding in the payment of interest to a Colombian creditor shall not be higher than 10%.
- The profit sharing received by the workers of the company (PTU) will be calculated on the same basis of the income tax, without being reduced by the profit sharing paid in the period or with the tax losses pending to be applied.

Tax Reform in Chile:

The tax reform Law 20,780 contemplates a gradual implementation, with full effectiveness as of January 1, 2017

- Progressive increase of the First Category Tax, from the current 20% up to 25% or 27%, according to the taxation regime adopted by the company:
 - Attribution regime with a rate of 25% on the income obtained in each tax period, immediately attributed to shareholder ("Regime A").
 - Partial integration regime, with a rate of 27% on the income obtained ("Regime B"). In this regime, it will be permitted to defer the payment of final taxes that affect shareholders up to the effective withdrawal or distribution of the company profits. It only permits to use as credit 65% of the taxes paid by the Company, save that the shareholder is domiciled in a country with agreement.
- Additional Tax on Dividends: The rules related to withholding obligations are modified
 - Regime A, the withholding of the Additional Tax will only be made for withdrawals or distributions and remittances that are attributed to "Fund D" (profits that have not paid final taxes).
 - Regime B, the withholding will be made for distributions or remittances that correspond to income subject to Additional Tax.
- Capital Gains: Elimination of the Single Tax.

Currently, capital gains obtained in the sale of shares in Chilean companies may be benefited by a single tax of 20%.

The tax reform eliminates this reduced rate and taxes the capital gains with final taxes as of year 2017. For those purposes, the option is granted to tax based on income received or earned. In case of non-residents, the Additional Tax of 35% would be applied.



Note 18 – Labor obligations



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The balance of labor obligations as of December 31st was:

Labor obligations			
		2014	2013
Severance	(1)	32,372	56,972
Vacations premium	(2)	22,390	34,738
Vacations		17,734	24,435
Interest on severance		7,308	10,488
Payroll payable		121	11,234
Other premiums	(3)	33,233	14,281
Other salaries and fringe benefits	(3)	8,850	5,626
Total current labor obligations		122,008	157,774
Severance	(1)	33,297	34,838
Other premium		11,381	8,301
Compensations	(3)	439	23,962
Other salaries and fringe benefits		758	93
Total- non-current labor obligations		45,875	67,194
Total labor obligations		167,883	224,968
Amounts stated in millions of Colombian pesos			



- (1) The current portion corresponds to the severance payments for employees that shall be transferred to the severance funds before February 14, 2014. The non-current portion corresponds to the severance payments for employees of the previous scheme.
- (2) This This corresponds to the Premium granted to employees of EPM and UNE EPM Telecomunicaciones S. A. who enjoy vacations equivalent to 32 days of ordinary salary per each year of service and proportional to each fraction of a year.
- (3) It corresponds to the estimate, at present value, of the future payments corresponding to the seniority bonus. In EPM, Central Hidroeléctrica de Caldas SA. E.S.P. and the Empresa de Energia de Quindío S.A. E.S.P. the official workers are entitled to this bonus every time they complete five years of service in the company, continuous or discontinuous. The estimated value is determined by the actuary, taking into account the average salary increase, discount rate of 5.77% and the mortality rates approved by the Financial Superintendence in Resolution 155 of 2010.



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Note 19 – Pension obligations and pension commutation

The balance of pension obligations and pensions commutation as of December 31 is comprised as follows:

Pension obligations and pension commutation		
	2014	2013
Retirement pensions	7,527	79,744
Pension bonds	87,031	157,817
Pension commutation	6,547	4,232
Total current pension obligations and pension commutation	101,105	241,793
Retirement pension	625,389	637,867
Pension bonds	452,448	429,963
Pension commutation	85,780	90,169
Total non- current pension obligations and pension commutation	1,163,617	1,157,999
Total pension obligations and pension commutation (*)	1,264,722	1,399,792
Amounts stated in millions of Colombian pesos		

(*) The movement of the actuarial calculation was:



Movement of the actuarial calculation

	Actuarial computation	Balance to be amortized	Net liability
Balance at December 2012	1,368,907	(68,068)	1,300,839
Adjustment on actuarial computation	194,127	(194,127)	-
Amounts paid for pension liability	(96,708)	-	(96,708)
Charge to income – amortization	-	134,620	134,620
Bussines combination- Emvarias	174,086	(107,279)	66,807
Net movement pensions payable	86	-	86
Other charges to income	(5,852)	-	(5,852)
Balance at December, 2013	1,634,646	(234,854)	1,399,792
Adjustment on actuarial computation	88,112	(88,112)	-
Amounts paid for pension liability	(128,859)	-	(128,859)
Charge to income – amortization	-	116,216	116,216
Bussines combination- UNE	(154,542)	32,022	(122,520)
Net movement pensions payable	93	-	93
Other charges to income	-	-	-
Balance at December, 2013	1,439,450	(174,728)	1,264,722
Amounts stated in millions of Colombian pesos			

The major factors in the actuarial calculations corresponding to retirement as of December 31st were:



Major factors in the actuarial calculations

	2014	2013
Number of people covered	7,035	6,811
Technical interest rate	4.80%	4.80%
Pension readjustment rate*	2.41%	2.99%



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Note 20 – Estimated liabilities

As of December 31, the estimated liabilities balance is comprised as follows:

		2014	2013
Provision for contingencies	(*)	73,449	49,735
Other provisions		6,893	16,529
Total current estimated liabilities		80,342	66,264
Provision for contingencies	(*)	115,243	108,454
Other provisions		-	45
Provision for insurance and reinsurance		102,494	111,059
Total non-current estimated liabilities		217,737	219,558
Total Estimated liabilities		298,079	285,822
Amounts stated in millions of Colombian pesos			



Provisions for civil and administrative litigations, labor lawsuits, tax proceedings and other contingencies.

Third Party	Claim	2014	2013
Municipality of Tuta	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	15,412	17,547
Consortium Dragados Porce II	Claim for undue compensation by EPM for USD\$4,10	11,856	-
Manuel Márquez and others	Riogrande II Project, indemnification to the community for not having acquired the mining reserves.	7,877	7,728
Carmen María Álzate Rivera	Damages resulting from the increase of the flow intensity of Guatape River by EPM to 42 families.	7,255	-
José Alberto Ruiz Betancur	José Alberto Ruiz Betancur Injuries for primary power lines of EPM that pass close to a residence in Copacabana.	5,848	5,546
Municipality of Yumbo	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	4,152	3,940
Municipality of Caloto	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	3,396	3,095
Concretos y Asfaltos S.A	Indemnification for damages for USD 3,298,054	-	6,325
* Amounts stated in millions of Colombian pesos			



Note 21 – Other liabilities

As of December 31, other liabilities balance is comprised as follows:

		2014	2013
Collections in favor of third parties	(1)		
Public lighting		25,239	20,076
Collection of accounts receivables third parties		12,544	13,072
Taxes		11,232	14,011
Sales of public utilities and telecommunication		10,924	17,901
Sales on behalf of third parties		6,853	8,188
Other collections of third parties		4,130	7,632
Income received in advance			
Sales of public utilities and telecommunication		23,555	27,065
Other income received in advance		17,211	13,340
Sales	(2)	6,043	56,028
Leases		539	13,674
Deferred tax	(3)	40,838	50,892
Advance tax		-	109
Other current liabilities		159,108	241,988
Deferred tax	(3)	984,628	927,539
Other liabilities		21,976	14,690
Other non-current liabilities		1,006,604	942,229
Total other liabilities		1,165,712	1,184,217
Amounts stated in millions of Colombian pesos			



(1) Agreements for collection of receivables executed with entities such as Municipality of Medellin, Empresas Varias de Medellin E.S.P., Publicar S.A., Telmex S.A., Comcel S.A. and Colombia Movil S.A. E.S.P., among others.

(2) Due to the merger process of UNE, the other liabilities for sales are not consolidated as of September 2014 (see note 2.1.3.).

(3) The deferred tax is credit if the difference that originated implied the payment of a lower tax in the year.

The detail of the movement was the following:

Deferred tax movement		
	2014	2013
Beginning balance	978,431	878,074
Increase for the period	47,035	100,357
Ending balance deferred tax	1,025,466	978,431
Figures in millions of Colombian pesos		



Note 22 – Equity

The equity as of December 31 was:

Equity			
		2014	2013
Capital		67	67
Reserves	(1)	3,786,336	3,839,169
Surpluses of previous periods		4,047,123	4,214,245
Surpluses current period	(2)	1,783,232	1,624,813
Surplus for donation		114,319	114,319
Surplus for appreciation		7,965,618	9,885,254
Surplus for equity method		1,089,740	-
Appreciation of equity		2,437,797	2,437,797
Effect by conversion of currency		(68,150)	(68,150)
Total equity		21,156,082	22,047,514

Figures in millions of Colombian pesos



(1) As of December 31, the reserves balances are comprised as follows

Reserves			
		2014	2013
Legal reserves		3,204,737	3,257,570
Occasional reserves		574,008	574,008
Equity funds	(1.1)	7,591	7,591
Total reserves	(1.2)	3,786,336	3,839,169
Amounts stated in millions of Colombian pesos			



(1.1) As of December 31, the equity funds showed the following balances:

Equity funds		
	2014	2013
Self- Insurance fund	3,491	3,491
Financing plan	3,108	3,108
Housing fund	992	992
Self- Insurance fund	7,591	7,591
Amounts stated in millions of Colombian pesos		

- Create and release reserves to comply Article 130 of the Colombian Tax Code
- Create and release reserves to comply with Decree 2336 of 1995 for the profits in the application of the equity method.
- Create reserves for future reinvestments.

(2) Based on the determination by the COMPES in the meeting of March 17, 2014, ordinary financial surpluses were accrued for \$496,237 (2013 -\$526,122) and extraordinary financial surpluses for \$413,531 (2013 -\$708,435). The total financial surpluses paid as of December 2014 was \$1,010,832 (2013 – \$1,183,493). Additionally, according to minutes of the Government Council No. C-GO-65 of December 19, 2014, ordinary financial surpluses were accrued for \$511,165 and additional financial surpluses for \$423,835 to be paid in the fiscal period 2015.

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- Create and release reserves to comply Article 130 of the Colombian Tax Code
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Reconciliation of equity and consolidated profit

The effect of the consolidation of the financial statements of the Company and its subordinates for 2014 is the following:



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Reconciliation of equity and consolidated profit

The effect of the consolidation of the financial statements of the Company and its subordinates for 2014 is the following:

Effect of the consolidation of the financial statements			
Assets	49,944,291	(11,194,037)	38,750,254
Liabilities	20,385,382	(2,791,210)	17,594,172
Equity	29,558,909	(8,402,827)	21,156,082
Amounts stated in millions of Colombian pesos			

The reconciliation between the profit of EPM Parent and the consolidated profit is as follows:

	2014	2013
Individual profit	1,802,071	1,654,124
Profits not realized in sale of property, plant and equipment	(18,666)	(30,373)
Profits not realized in sale of investments	(14,253)	-
Adjustment of consolidation on investments	14,080	1,062
Consolidated profit	1,783,232	1,624,813



	2014	2013
Individual equity	21,346,568	22,259,331
Profits not realized in sale of property, plant and equipment	(204,755)	(212,866)
Profits not realized in sale of investments	14,253	-
Adjustment of consolidation on investments	16	1,049
Consolidated equity	21,156,082	22,047,514
Amounts stated in millions of Colombian pesos		



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Adjustment of consolidation on investments	16	1,049
Consolidated equity	21,156,082	22,047,514
Amounts stated in millions of Colombian pesos		



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Note 23 – Memorandum accounts

As of December 31, memorandum accounts are comprised as follows:

Memorandum accounts			
		2014	2013
Contingent rights	(1)	722,546	899,588
Tax debit	(2)	7,566,829	6,518,951
Control debit	(3)	562,538	583,297
Total debit memorandum accounts		8,851,913	8,001,836
Contingent liabilities	(4)	1,376,389	254,144
Tax credit	(5)	20,467,385	19,021,106
Control credit		1,127,121	991,323
Total credit memorandum accounts		22,970,895	20,266,573
Total memorandum accounts		14,118,982	12,264,737
Amounts stated in millions of Colombian pesos			



(1) The contingent rights correspond mainly to litigations in administrative processes for \$531,228 (2013 – \$78,416), the balance worth mentioning are a litigation against the Ministry of Defense for a value of \$441,249, a capitalization recorded by the affiliate EPM Aguas Nacionales S.A. E.S.P. of the Wastewater Treatment Plant (PTAR) project of Bello (in accordance with the contractual obligations acquired with the Inter American Development Bank for the disbursement of USD450 million for the construction thereof) for \$91,672 (2013 – \$91,672) and \$35,778 (2013 – \$39,492) of the trust that supports the contingent obligations of EADE at the time of liquidation.

(2) Tax debit memorandum accounts refer to the differences between accounting and tax regulations. They include mainly the difference in the depreciation, inflation adjustments to property, plant and equipment, shares and contributions and addition to tax goodwill. In general, differences in asset, cost and deduction accounts.

(3) This account records the operations that the companies of the EPM Group have with third parties or for internal control, without their nature affecting its financial situation. These accounts include the totally amortized assets, obsolete inventories and others. It includes receivables written-off for \$158,290 (2013 – \$158,290), the self-insurance fund for \$68,106 (2013 – \$68,106).

(4) The contingent liabilities correspond to civil proceedings in which the companies of the EPM Group are sued by third parties, generally contractors that are considered to have failed to comply with their contractual obligations.

As of December 2014, the main processes included were:



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Main processes

Third	Claim	2014	2013
José Luis Padilla Sundhein	Obtain the protection of the law and collective interest to administrative morality and that currently is being contravened and threatened by EMP and the CRA, on occasion of the unfair charge of the sewage service.	213,800	-
Sociedad Minera Peláez y Hermanos S.C.S, José Alirio Zamora Ardila	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and order them to pay the equity damages.	146,955	138,411
National Federation of Coffee Growers.	Recognition and payment of investments made by the National Federation of Coffee Growers in electric Infrastructure works of EPM.	80,145	-
Alba Nancy Madrigal Maya	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and order them to pay the equity damages.	4,377	-
Compañía Minera La Cuelga	Indemnification for economic damages caused to Compañía Minera La Cuelga, which originate in the works of execution, filling of dam and start up of the hydroelectric project Porce III of EPM.	24,370	23,283



Main processes

CSS Constructores S. A.	Indemnification of damages caused for the loss of the right that the consortium had to be awarded the public works contract in the bidding process PC-009013, construction of the dam and works associated to the hydroelectric project Porce III of EPM.	-	22,853
To transporters	To order EPM to enable and classify the Transportation within the contracting process PC-2009-0480, rendering of people land transportation services. .	16,424	15,576
Amounts stated in millions of Colombian pesos			

(5) Tax credit memorandum accounts are made up by the differences between accounting and tax regulations. They refer especially to the recording of appreciation of investments, the deferred monetary indexation and accumulated depreciation of properties, plant and equipment.

(6) This account records the operations payable that the companies of the EPM Group could have with third parties or for internal control, without their nature affecting their financial situation. It includes the following credits to be disbursed:

- IADB USD 301.2 million for the Sanitation program of the Medellin River –wastewater treatment plant project of Bello. 25-year term.
- AFD (French Development Agency) USD 69.2 million, for growth and expansion projects in the Energy Generation, Transmission and Distribution businesses. 15-year term.

Statement of financial, economic, social and environmental activities.



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Note 24 – Operating income, net

As of December 31, operating income is comprised as follows:

Operating income,			
		2014	2013
Rendering of services			
Electric power service	(1)	9,817,586	9,083,011
Fuel gas service		524,372	539,813
Sewage service	(3)	427,796	373,779
Water service	(3)	363,131	346,017
Other service		214,642	378,857
Cleaning service	(4)	151,684	26,650
Insurance and reinsurance service		4,800	5,561
Computation service		412	1,838
Telecommunications service	(2)	-	1,892,943
Communications service	(2)	-	323,158



Total service rendering		11,504,423	12,971,627
Sale of goods		52,667	100,338
Total sales of goods and rendering services		11,557,090	13,071,965
Discounts			
Sales of services			
Electric power service		(37,162)	(85,184)
Water service		(606)	(4)



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Sewage service		(8)	-
Telecommunications service	(2)	-	(217)
Other service		(37,776)	(85,405)
Total sale of services		(11)	(94)
Sale of goods		(37,787)	(85,499)
Total discounts and returns		11,519,303	12,986,466
Amounts stated in millions of Colombian pesos			

(1) Energy services include the services of generation, transmission, distribution and commercialization. There was a growth for \$734,575 (2013 – \$73,647) compared to the previous year, due mainly to:

- ENSA reported a higher demand and increase in the price of energy.
- EPM had increases in the Generation business, due mainly to the increase in the rendering of the AGC service and a higher participation in the Pool with a better price; and in the distribution business, because there was a higher demand of power with an increase in the price.

(2) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).

(3) The increase in waters is explained by the increase in the number of users and the rate increase.

(4) The increase in cleaning and sanitation is explained by the incorporation of Empresas Varias de Medellín S.A. E.S.P. in November 2013.



Note 25 – Costs for rendering of services

As of December 31, costs for rendering of services, are comprised as follows:

Costs for rendering of services			
		2014	2013
Cost of goods and public utilities – Sales	(1)	5,063,270	4,851,810
Personnel cost		459,037	898,210
Orders and contracts on account of other services		421,445	472,627
Maintenance and repair	(2)	271,427	413,715
Cost of distribution and marketing of gas natural		188,691	198,072
Materials and others operation costs		148,685	133,476
Licenses, contributions and royalty		111,838	180,744
General costs		100,354	205,382
Direct inputs consumption	(3)	62,523	81,137
Fees		58,156	65,998
Insurance		51,899	62,279
Taxes		48,223	46,092



Costs for sale of goods		44,578	118,720
Public utilities		20,471	36,822
Leases		18,993	123,235
Cost for services rendering loses		3,082	3,005
Access charge and interconnection for telecommunication services		-	232,127
Total rendering services loses	(4)	7,072,672	8,123,451
Amounts stated in millions of Colombian pesos			

(1) Includes energy purchases, payment for the use of networks and pipelines and restrictions.

(2) Includes maintenance and repairs of lines, networks and ducts and maintenance and repairs of buildings.

(3) Includes purchases of fuel for generation of the thermal plant La Sierra and chemical products for the treatment of drinkable water.

(4) Due to the merger process of UNE, the telecommunicatins services are not consolidated as of September 2014 (see note 2.1.3.).



Note 26 – Depreciation, provisions and amortization

As of December 31, depreciation, provisions and amortization are comprised as follows:

Depreciation, provisions and amortization			
		2014	2013
Depreciations			
Depreciation of transmission networks and lines		208,479	352,374
Depreciation of plants, pipelines and tunnels		182,028	257,558
Depreciation of buildings		44,404	41,913
Depreciation of machinery and equipment		21,159	23,719
Other depreciations		17,299	15,202
Depreciation of communication and computing equipment		8,837	89,819
Total depreciation costs		482,206	780,585
Amortization costs			
Amortization of improvements in third party properties		13,654	12,409
Amortization of intangibles		10,291	77,990



Amortization of goods given to third parties		2,999	64,913
Projects and studies		495	9,934
Amortization of futures pension actuarial computation		395	215
Depletion		303	274
Total amortization costs		28,137	165,735
Total costs of depreciations and amortizations		510,343	946,320
Depreciations			



Depreciation of communication and computing equipment		18,146	17,517
Depreciation furniture and fixtures		3,646	6,270
Depreciation of buildings		2,836	5,170
Depreciation of machinery and equipment		2,804	4,972
Depreciation transportation equipment		1,935	1,886
Other depreciation		1,052	1,077
Total depreciation expenses		30,419	36,892
Actuarial computation			
Udpate of retirement pensions		78,380	74,872
Udpate of bonds and pension payment quotas		25,372	15,697
Udpate future pension		6,075	12,052
Udpate of quotas in other parts		3,540	21,917
Udpate of pension commutation		2,454	10,081
Total actuarial calculation expense		115,821	134,619
Amortizations			



Amortization of intangibles		7,838	10,789
Goods given to third parties		16	86
Goods given to third parties		7,854	10,875
Provisions			
Provision for receivable		39,178	110,882
Provision for property, plant and equipment		3,148	29,811
Provision on inventories		507	2,319
Provision of industrie tax and trade		12,177	12,966
Other provisions		55,010	155,978
Total provisiones expenses		209,104	338,364
Total depreciation, amortization and provisions expenses	(1)	719,447	1,284,684
Figures in millions of Colombian pesos			

(1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).



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Note 27 – Administration expenses

As of December 31, administration expenses are comprised as follows:

Administration Expenses			
		2014	2013
Personal expenses			
Salaries and wages		292,928	354,832
Effective contributions		37,152	59,239
Imput contributions		41,998	48,193
Payroll contributions		3,588	6,029
Total personnel expenses		375,666	468,293
General expenses			
Commissions, fees and services		113,597	132,472
Leases		44,706	48,766
Maintenance		43,566	44,208
Promotion and disclosure		19,293	23,313



Advertisement		16,198	20,070
Intangibles	(1)	15,538	41,494
Project and studies		14,120	11,458
Monitoring and security		12,327	11,035
General insurances		10,187	7,868
Public utilities		9,950	8,597
Materials and supplies		6,250	10,882
Transportation and communication		5,213	6,148
Cleaning elements, laundry and cafeteria		1,347	3,481
Other administration expenses		59,903	47,968
Total general expenses		372,195	417,760
Industry and commerce tax		51,539	65,409
Financial movements lien		39,078	48,182
Supervision and audit fee		22,683	27,627
Contributions	(2)	17,018	17,790
Equity tax		1,123	2,176
Other taxes		8,835	22,443
Total taxes, levies and contributions		140,276	183,627



Other taxes		8,835	22,443
Total taxes, levies and contributions		140,276	183,627
Total administrative expenses	(3)	888,137	1,069,680
Amounts stated in millions of Colombian pesos			

(1) Value of licenses and software of an administrative nature used in the support activities.

(2) Corresponds to the tax on equity that was accounted for by the companies that did not have any balance in the account “revaluation of equity” as of December 31, 2010 (see note 23).

(3) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).



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Note 28 – Non-operating expense, net

As of December 31, non-operating expense is comprised as follows:

Non-operating expense, net			
		2014	2013
Financial			
Dividends and participations		56,729	50,483
Other financial revenue		53,511	48,577
Profit from the appraisal of liquidity administrative investments in debt securities		45,692	40,622
Default interest		22,222	26,874
Interests on financial institutions deposits		16,449	1,390
Yields on administrative deposits		1,301	1,390



Accounts receivable interests		73,049	48,714
Others ordinary revenue		64,598	178,864
Extraordinary			
Recoveries	(2)	71,827	199,900
Uses		11,504	7,404
Compensations		5,810	13,279
Other Extraordinary income	(3)	32,097	42,915
Adjustment from previous years		(631)	363
Total non-operating income		454,158	691,225
Amounts stated in millions of Colombian pesos			

(1) Dividends received from companies associated or not controlled (see note 11).

(2) Includes recovery of provisions of receivables, litigations and lawsuits, generated by the change in methodology in 2013. Among the most significant amounts that generated variation are recoveries in EPM of receivables for \$2,315 (2013 -\$14,630), of litigations and lawsuit for \$13,157 (2013 – \$56,065), properties, plant and equipment for \$11,597 (2013 -\$2,338) and investments for \$33 (2013 – \$2,819) and \$0 (2013 – \$876) of goodwill. In addition, UNE and affiliates contributed \$54,754 in 2013.

(3) Includes income for recovery in the valuation of the trust the supports previous litigations of EADE in EPM for \$5,016 and income for reimbursement of the premium on placement of shares of CHEC in EPM Inversiones for \$24,522.



Note 29 – Non-operating income, net

As of December 31, non-operating income is comprised as follows:

Non-operating income, net			
		2014	2013
Interests			
Domestic public credit transactions		253,799	226,880
Foreign public credit transactions	(1)	143,856	200,679
Other interests		132,914	95,614
Commissions			
		23,008	8,852
Exchange differences adjustments	(2)	291	169,899
Financial Expenses			



Loss for investments valuation		3,902	3,374
Discount on financing bonds and securities		2,868	2,868
Securities administration and issuance		1,463	9,648
Other financial expenses		1,039	1,211
Other ordinaries expenses	(3)	63,464	28,356
Extraordinary		954	4,281
Provision on equity investments		1,171	4,097
Provision for tax obligations		4,140	3,648



Provision for contingencies			
Litigation	(4)	97,466	57,134
Other provisions		-	1,206
Intangible expenses amortization	(1)	19,627	40,856
Adjustment from previous year		8,376	15,503
Total non-operating expenses, net		758,338	874,106
Amounts stated in millions of Colombian pesos			

(1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).

(2) During 2014 there was a devaluation of the peso in respect to the US dollar of 24.17% (2013 – devaluation of 8.97%), which represents a net expense by exchange difference for \$291 (2013 expense for \$169,899).

(3) Includes the contributions to the EPM Foundation for \$23,593 (2013 – \$9,168) for the Alliance AMA (Alliance Medellin- Antioquia for higher education scholarships), the programs Library Networks, Spaces for Culture, Park Los Deseos, Casa de Musica and Buscando Navidad, among others.

(4) Corresponds to the provision of litigations rated as probable and its increase in 2014 was due to the change of loss probability in the estimation of occurrence.



Note 30 – Minority interest

As of December 31, the minority interest for each of EPM Group subsidiaries was comprised as follows:

Minority interest				
Company	2014		2013	
	Percentage	Value	Percentage	Value
Electrificadora de Santander S.A. E.S.P. (ESSA)	25.95%	255,975	25.95%	227,591
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	19.90%	128,285	19.90%	166,850
Elektra Noreste S.A. (ENSA)	48.84%	206,234	49.00%	146,709
EdateI S.A. E.S.P.	N.A.	N.A.	44.00%	126,799
Empresa Eléctrica de Guatemala S.A. (EEGSA)	19.10%	139,033	19.10%	100,970
Transportista Eléctrica Centroamericana S.A. (TRELEC)	19.10%	65,078	19.10%	46,035
Tecnología Intercontinental S.A. de C.V. (TICSA)	20.00%	31,356	20.00%	44,020
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	8.48%	43,780	8.48%	41,721
Aguas de Urabá S.A. E.S.P.	24.55%	15,092	36.58%	15,244





Distribuidora de Electricidad del Sur (Delsur)	13.59%	19,125	13.59%	15,832
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	7.15%	11,169	7.15%	10,774
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	19.48%	9,457	19.48%	6,280
Regional de Occidente S.A. E.S.P.	37.89%	5,591	37.89%	5,123
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	19.10%	6,771	19.10%	5,081
Aguas de Malambo S.A. E.S.P.	11.27%	2,315	12.01%	2,508
Empresas Públicas de Oriente S.A. E.S.P.	42.69%	2,303	42.69%	2,296
Enérgica S.A. (ENÉRGICA)	19.10%	2,714	21.81%	2,021
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	43.99%	1,370	43.99%	1,251
Crediegsa S.A. (CREDIEGSA)	19.10%	1,131	19.10%	1,018
Empresas Varias de Medellín S.A. E.S.P.	0.10%	87	0.10%	67
Hidroecológica del Teribe S.A. (HET)	0.81%	3,418	0.96%	25
Empresa de Telecomunicaciones de Pereira S.A. E.S.P. (ETP)	N.A.	N.A.	0.01%	18
Sistema de Aguas de Tecmán S.A. de C.V.	50.40%	(2,041)	50.40%	-
Desarrollos Hidráulicos de TAM S.A. de C.V.	20.71%	319	20,71%	-
Aguas Nacionales EPM S.A. E.S.P.	0.00%	1	0.00%	16
Others	-	(387)	-	49
Total minority interests		948,176		968,297

Amounts stated in millions of Colombian pesos



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Note 31- Transactions with related parties

The balances of transactions with related parties as of December 31 were:

- With administrators and board of directors:

During 2014 EPM paid to its executive group for salaries and other fringe benefits \$42,788 (2013 \$41,439) and for fees to the members of the Board of Directors \$320 (2013 \$326).

With the executive group there are accounts receivable corresponding to loans for \$1,226 (2013 \$755), mainly for mortgage credits agreed in accordance with the collective bargaining agreement applicable to EPM employees.

- At December 31, transactions with related parties were as follows:

Transactions with related parties						
Company	December 2014			December 2013		
	Income for sale of goods and services	Other income	Costs and expenses	Income for sale of goods and services	Other income	Costs and expenses
Área Metropolitana del Valle de Aburrá	1,861	1	-	1,566	-	-
Comisión de Regulación de Energía y Gas	-	-	-	-	1,586	-



Corporación Autónoma Regional de las Cuencas de los ríos Negro y Nare	-	3,196	-	34	2,240	-
Corporación Autónoma Regional del Centro de Antioquia	-	5,954	-	-	5,451	-
Corporación Ruta N Medellín	140	335	-	1,700	737	-
Departamento de Antioquia	680	8,558	53	210	9,437	-
Dirección de Impuestos y Aduanas Nacionales	28	159,146	804	-	92,102	813
E.S.P. Empresa de Energía del Casanare - Enerca S.A.	120	154	-	112	156	-
E.S.P. Generadora y Comercializadora de Energía del Caribe S.A.	304	1,065	-	483	-	-



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E.S.P. Transportadora de Gas Internacional S.A.	-	6,201	-	-	8,926	-
E.S.P. Enviaseo	-	-	1,342	-	10	1,310
E.S.P. XM Compañía de Expertos en Mercados S.A.	54,450	55,231	-	30,731	37,704	-
Ecopetrol S.A.	163	7,919	27	171	3,874	27
Electrificadora del Huila S. A. E.S.P.	245	217	-	661	394	3
Electrificadora del Meta S. A. E.S.P.	272	99	-	7,420	326	26
Electrificadora del Tolima S. A. E.S.P. en Liquidación	1,180	-	-	1,180	-	24
Empresa de Energía Eléctrica de Arauca	1,942	96	-	111	99	-
Empresa de Vivienda de Antioquia	1,586	1,993	-	1,820	-	-



Empresa Urrá S.A. E.S.P.	-	-	-	-	1,394	-
Empresas Municipales de Cali E.I.C.E E.S.P.	22,232	2,523	-	7,827	2,790	94
E.S.P Epm Telecomunicaciones S.A. - Une	2,131	14,454	133	N.A	N.A	N.A
Fundación Empresas Públicas de Medellín	5,449	-	-	5,675	4,506	-
Isagen S.A.	2,884	5,606	-	3,311	20,118	-
Interconexión Eléctrica S.A. - Isa	13	-	-	105	156	-
Ministerio de Minas y Energía	65,175	33,391	-	58,052	2,611	-
Municipio de Amalfi	160	1,208	-	13	1,191	-



Municipio de Arboletes	1	57	-	13	34	-
Municipio de Barbosa	68	670	-	68	1,598	-
Municipio de Bello	352	1,029	1	495	2,169	1
Municipio de Caldas	896	423	-	292	583	-
Municipio de Envigado	591	1,770	-	208	1,388	-
Municipio de Itagüí	1,507	557	6	937	1,269	7
Municipio de Medellín	17,561	987,413	5,547	6,209	159,912	4,429
Municipio de Necoclí	-	90	-	72	76	-
Municipio de San Rafael	582	795	-	437	891	-



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Municipio de Turbo	272	380	-	116	213	-
Municipio de Yolombó	433	278	-	421	333	-
Municipio de Yondó (Casabe)	-	16	-	1,405	31	-
Superintendencia de Servicios Públicos Domiciliarios	-	2	-	-	-	-
Universidad de Antioquia	4,302	1,979	3,022	5,290	1,462	2,356
Universidad Nacional de Colombia	-	372	14	373	1,663	-
Other	16,082	25,896	1,634	11,054	18,741	1,724
Total	203,662	1,329,074	12,583	148,572	386,171	10,814
* Numbers in millions of colombian pesos						



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Company	Diciembre 2014			Diciembre 2013		
	Income for sale of goods an services	Other income	Costs and expenses	Income for sale of goods an services	Other income	Costs and expenses
Área Metropolitana del Valle de Aburrá	459	-	6,074	-	-	9,343
Asociación Canal Local de Televisión de Medellín - Telemedellín	17,604	-	1,580	-	-	771
Centrales Eléctricas de Nariño S. A. E.S.P..	2,274	-	5,605	1,529	-	3,680
Comisión de Regulación de Energía y Gas	-	-	3,701	-	-	1,954
Corporación Autónoma Regional de las Cuencas de los ríos Negro y Nare	5	-	9,143	-	-	7,630
Corporación Autónoma Regional del Centro de Antioquia	251	-	22,287	-	-	12,028
Departamento de Antioquia	2,407	-	832	1,884	-	519



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E.S.P. Empresa de Energía de Pereira S.A.	1,977	-	1,413	1,323	-	933
E.S.P. Empresa de Energía del Casanare - Enerca S.A.	1,412	-	1,973	868	-	1,387
E.S.P. Empresa Distribuidora del Pacífico S.A.	1,191	-	3,009	15,114	-	1,755
E.S.P. Epm Telecomunicaciones S.A. - Une	22,158	2,839	23,233	N.A	N.A	N.A
E.S.P. Generadora y Comercializadora de Energía del Caribe S.A.	5,211	-	12,372	540	-	-



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E.S.P. Transportadora de Gas Internacional S.A.	-	-	106,582	-	-	69,604
E.S.P. XM Compañía de Expertos en Mercados S.A.	584,445	-	16,510	-	-	9,142
Electrificadora del Caquetá S. A. E.S.P.	16,823	-	744	428	-	394
Ecopetrol S.A.	950	-	64,716	532	-	9,100
Electrificadora del Huila S. A. E.S.P.	2,758	-	5,197	11,208	-	3,265
Electrificadora del Meta S. A. E.S.P.	3,154	-	4,374	37,158	-	3,373
Empresa de Energía de Cundinamarca S. A. E.S.P	6,769	-	2,838	1,498	-	1,842
Empresa de Energía Eléctrica de Arauca	11,062	-	989	12,082	-	1,287
Empresa de Transporte Masivo del Valle de Aburrá Ltda.	21,268	-	-	1,399	-	-



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Empresas Municipales de Cali E.I.C.E E.S.P.	128,885	-	5,591	132,977	3	6,741
Empresas Municipales de Cartago	495	-	118	9,270	-	47
Empresas Varias de Medellín	N.A	N.A	N.A	222	4,259	15
Emtelco	-	579	21,130	N.A	N.A	N.A
Instituto Colombiano de Bienestar Familiar	-	-	1,839	-	-	1,790
Isagen S.A.	19,333	20	61,935	15,479	15	35,347
Ministerio de Defensa Nacional	1,497	-	-	41	1	-
Ministerio de Transporte	21,565	-	-	-	-	-
Municipio de Amalfi	141	36	5,024	100	19	1,889



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Municipio de Bello	465	734	2,924	208	592	2,423
Municipio de Carolina del Príncipe	-	7	3,381	-	7	2,084
Municipio de Envigado	1,467	-	1,986	876	-	1,347
Municipio de Guatapé	70	16	3,235	161	4	1,827
Municipio de Itagüí	1,750	563	3,072	1,218	463	1,598
Municipio de Medellín	59,522	39	69,954	10,444	-	48,436
Municipio de Santa Rosa de Osos	213	88	2,962	-	34	1,818
Municipio de Yondó (Casabe)	1,163	19	369	325	6	22
Superintendencia de Servicios Públicos Domiciliarios	14	-	12,043	-	-	10,954
Universidad de Antioquia	6,152	175	3,922	4,289	184	3,839
Other	29,264	7,161	59,672	18,884	3,681	38,994
Total	974,174	12,276	552,329	280,057	9,268	297,178

Figures in millions of Colombian pesos



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Note 32 – Financial Indicators

Indicators	Description	2014	2013
Liquidity and coverage			
current ratio	Ability to pay short-term debts	1.46%	1.39%
Current assets / current liabilities			
Ebitda/ gastos financieros Ebitda / financial expenses	Identifies how much of my cash flow is represented in financial expenses	6.91%	6.33%
Ebitda / financial expenses			
Debt / Ebitda (years payment)		2.45%	2.84%
Financial / Ebitda obligations			
Profitability			
Profitability of total assets	Retribución por asumir el riesgo del activo de la empresa.	4.24%	4.60%
Surplus for the year / active			
Return on equity	Compensation for assuming the risk of ownership of the company.	7.37%	8.43%
Surplus for the year / equity			
Ebitda margin	Revenue contribution in cash operating surplus.	29.23%	30.92%
EBITDA / Operating income			



Operating margin	Efficiency according to income level.	19.32%	24.65%
Operating income / operating income			
Net margin	Contribution to operating income in the income statement.	12.51%	15.48%
Surplus on the year / Operating income			
Indebtedness Index	Percentage of the company corresponding to the creditors.	42.43%	45.40%
Passive / active			
Borrowings	It represents the percentage of debt to total assets of the company.	24.28%	26.09%
Total financial liabilities (financial obligations / total assets)			



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