

Introduction

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.

This growth has driven the company to implement an explicit improvement strategy in this field, using the highest international standards for public companies as references.

In compliance with the corporate governance practices, EPM presents this report as a commitment to the disclosure of information and transparency with the investors and other stakeholders.

This document describes the main advances and achievements regarding the corporate governance of the EPM Group in 2013. For such purpose, this report has been divided into five chapters:

Chapter 1: Conceptual Framework of the corporate governance in EPM.

Chapter 2: Management of the EPM governance bodies.

Chapter 3: Management of the EPM Group governance bodies.

Chapter 4: Compliance, control environment and accountability.

Chapter 5: Corporate governance activity plan.

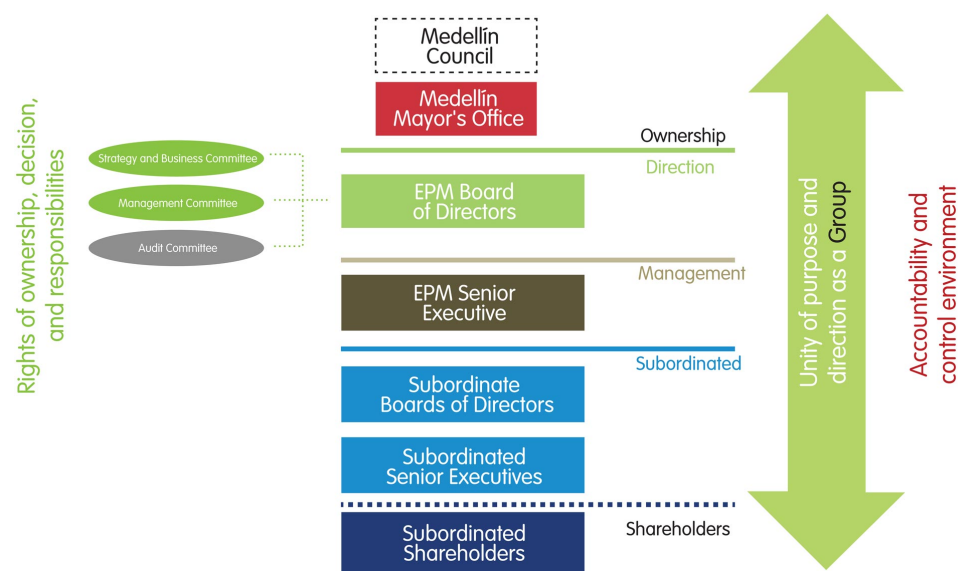


Conceptual Framework of the corporate governance in EPM

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 amongst 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

business group.



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

Ownership

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 No. 69 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: Relations Framework Agreement

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 highest personal and professional qualities;
- ♦ The maintenance of the independence in the operating management of the financial resources; and,
- ♦ 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; and, specially
- ♦ always act with transparency, impartiality and objectivity.

Moreover, the Municipal Administration intends EPM to:

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

That is why both entities are working jointly to strengthen the current Agreement. This joint work includes an amendment proposal that has been revised by the EPM Board of Directors and is currently under revision by the Mayor's Office.

Such amendment will be a path to strengthen the Municipality-EPM relations by including public measurement and monitoring mechanisms into the commitments agreed therein by both parties.

Transfers to the Municipality of Medellín



The Medellín Council determined that the percentage of EPM's financial surplus that should be ordinarily transferred to the Municipality should be equivalent to 30%.

Moreover, the Relations Framework Agreement established that additional transfers could be made, taking into consideration the financial requirements of the Municipality for specific investment programs and EPM's financial needs for its own management to avoid putting the business viability or its expansion projects at risk.

Additional transfers must be authorized through and agreement of the Municipal Council, with the prior approval by the Mayor of the social investment for which the transfers are intended, and supported by analysis of the impact on EPM's investment plan and its credit risk rating.

In 2013, the ordinary surplus transferred was equivalent to COP \$526 billion, which corresponds to 30% of the 2012 profits. In addition, extraordinary contributions totaling COP \$657 billion 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 Municipal Council with a prior assessment of the need stated by the city Mayor, and the investment plans of the company.

In 2013, EPM transferred to the Municipality of Medellín a surplus that totaled COP \$1,183,493 million.

Transfers of the last three years

Transfers to the Municipality of Medellín

| | 2011 | 2012 | 2013 |
|---------------------------|----------------|----------------|------------------|
| Ordinary transfers | 437,346 | 458,095 | 526,122 |
| Extraordinary transfers | 360,154 | 381,746 | 657,371 |
| Total transfers | 797,500 | 839,841 | 1,183,493 |
| Transfer variation | -6% | 5% | 41% |

Transfers to the Municipality of Medellín

The following were the payments of extraordinary transfers:

- COP \$388,435, equivalent to the second installment for the funding of the priority projects of the Municipality of Medellín, according to what was established in the article 1.2.7 of the Agreement 07 of 2012 from the 2012-2015 Development plan labelled "Medellín, a home for life".
- Payment of the last installment for the EPM Higher Education Fund equivalent to COP \$50 billion, according to the Agreement No. 53 of 2010 of the Municipality of Medellín Council (three annual installments of COP \$50 billion each paid over 2011-2013).
- Extraordinary surplus from the resources resulting from the transformation of UNE EPM Telecomunicaciones equivalent to COP \$218,936 million, according to what was established in the Agreement of approval of the budget of the Municipality of Medellín for 2014 (Agreement 74 of 2013) and the Minutes of the Compes of December 23, 2013.

Total extraordinary transfers

| Total extraordinary transfers | 2011 | 2012 | 2013 |
|---|----------------|----------------|----------------|
| Medellín Development Plan Priority Projects | 187,500 | 51,746 | 388,435 |
| Higher education credits | 50,000 | 50,000 | 50,000 |
| Social investment | 122,654 | 280,000 | 218,936 |
| Total | 360,154 | 381,746 | 657,371 |

Total extraordinary transfers

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.

Report from EPM Board of Directors

In compliance with the provisions of the Bylaws (Agreement 12 of 1998) and the Corporate Governance Code, the following information about the management of the Board of Directors in 2013 is presented with its corresponding sections:

- Composition of the Board of Directors
- Management of the Board of Directors
- Management of the Board of Directors support committees
- Compensation of the Board of Directors
- Evaluation of the Board of Directors
- Conflicts of interest

Go to the Report from EPM Board of Directors to see the entire content.

Composition of EPM's senior management

EPM implemented the EPM Group without Borders program in 2013 with the purpose of improving the competitiveness of the business group, obtaining benefits for the customers, the owner and the employees, and being closer to its stakeholders.

This program has enabled the EPM Group to design and implement a new organizational model that will help it achieve the goals of its new strategic planning, making the best use of the individual strengths of the Group companies and taking advantage of the strengths that may be achieved by working collectively.

The organization has significantly grown and requires a new structure that enables it to be consolidated as a group, and to integrate its operations in order to strengthen the capability of working jointly and keep growing, ensure and focus clear responsibilities, maintain an effective governance, and balance the loads through the functions.

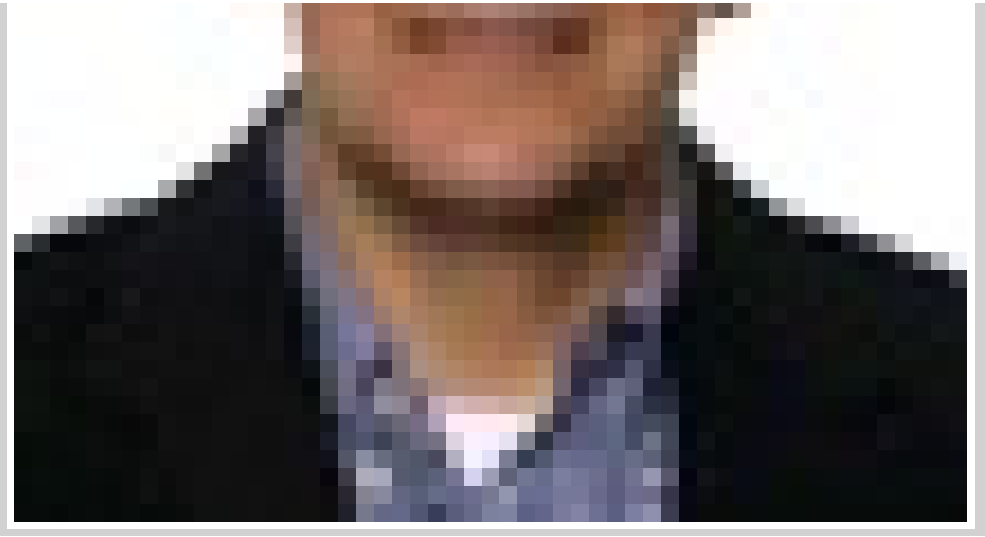
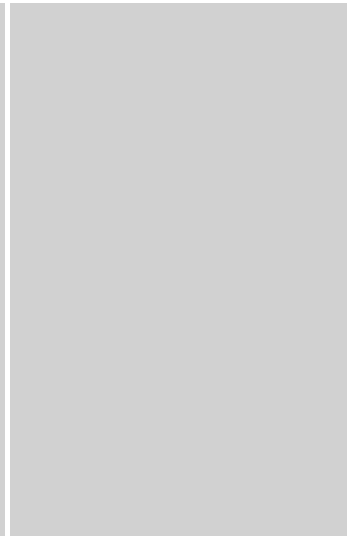
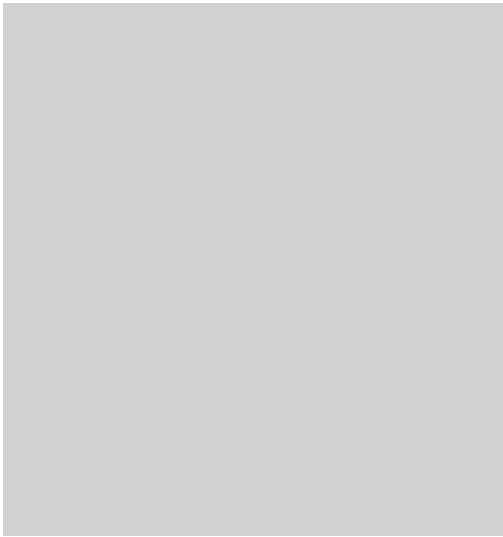
The new structure of the EPM Group took effect on November 4, 2013. This structure will boost the philosophy of decentralized integration and matrix work.

Composition of EPM's Senior Management

CEO

Juan Esteban Calle Restrepo

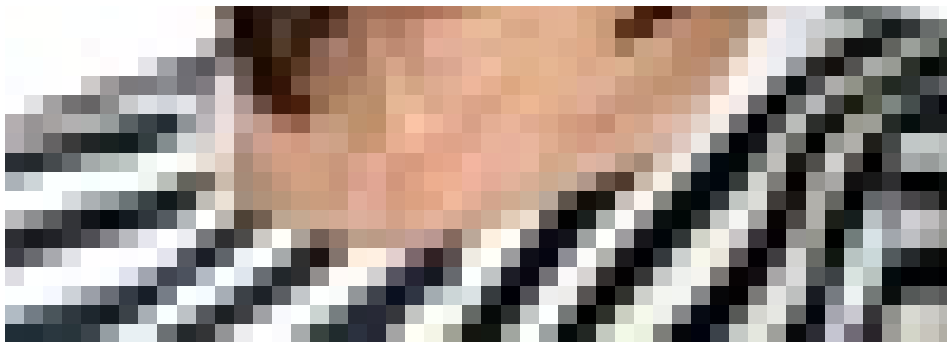




Business Management Executive Vice-President

Ana Mercedes Villegas Mejía

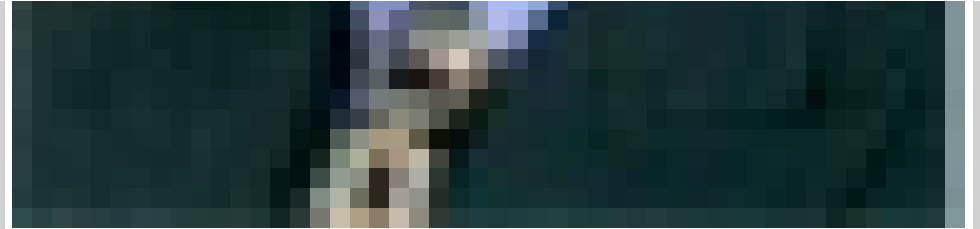




Projects and Engineering Executive Vice-President

Wilson Chinchilla Herrera





Strategy and Growth Executive Vice-President

Gabriel Jaime Betancourt Mesa

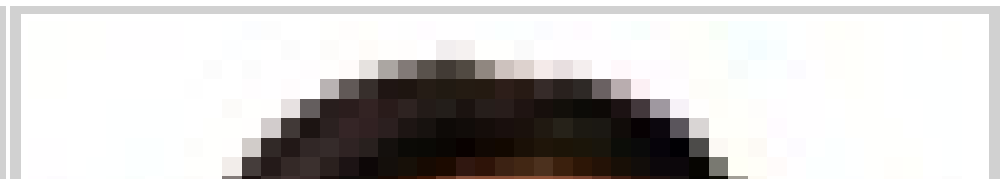


Corporate Finance Vice-President

Diana Rúa Jaramillo



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



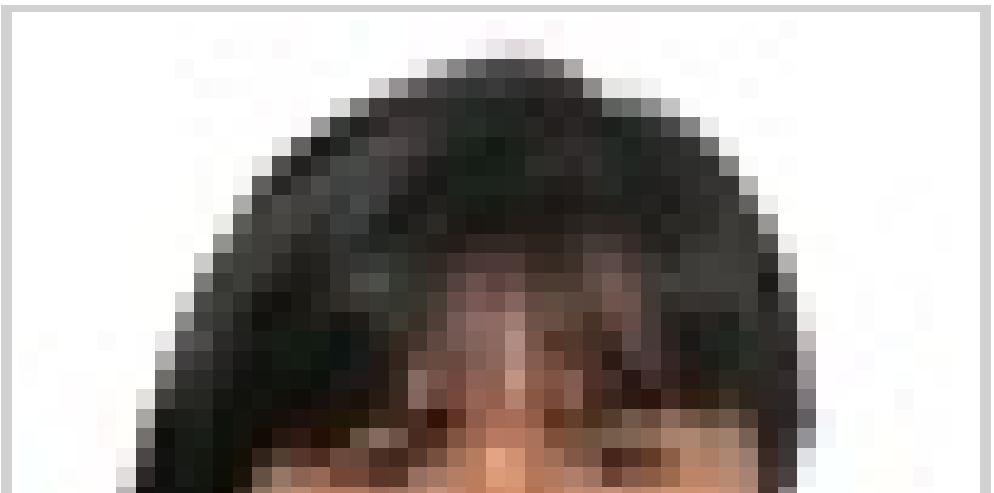
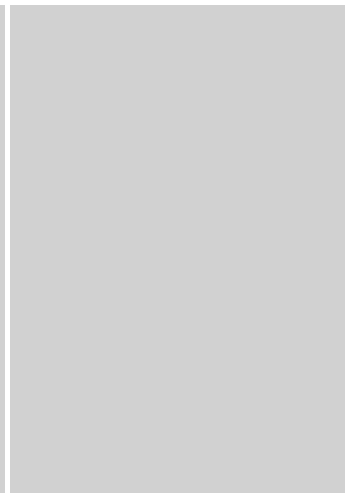
Shared Services and Supplies Vice-President

María Fanery Sucerquia Jaramillo



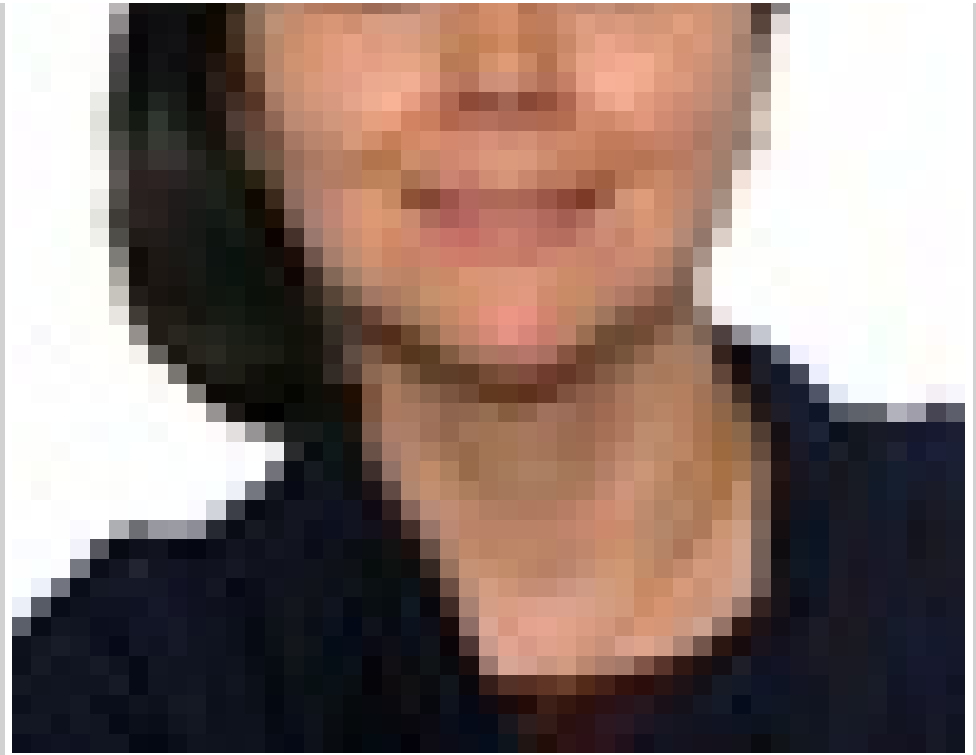
Communication and Corporate Relations Vice-President

Luz Mónica Pérez Ayala



Secretary General

Maritza Alzate Buitrago



Corporate Auditing

Hernán Darío Vergara Castro





Composition of EPM's Senior Management

Go to [EPM Directors](#) to find out more about the new organizational structure.

Evaluation of the CEO



Juan Esteban Calle — EPM CEO and leader of the EPM Group.

The methodology for evaluating the CEO on a yearly basis, approved by the Board of Directors in a session held in November 2012, has been implemented for two consecutive years.

Through this evaluation, not only the results achieved by the company in each term are revised, but also the methods used to achieve them, which will evidence the alignment of the CEO's management with the values of the company and the strategic planning established by the Board of Directors.

The evaluation instrument is still the same because it allows promoting the reflection about both the CEO's and the company's management, in such a way that relevant aspects can be identified for strengthening the management and aligning the governance bodies of the company.

The methodology consists of three chapters:

- ◆ Evaluation of the internal management of the company, measured by means of indicators from the Balanced Scorecard (BSC).
- ◆ Evaluation of the perception that external audiences have about the management of the company.
- ◆ Evaluation of the CEO's competencies and the values and behavior he is promoting in the company through his management aiming to achieve future goals and, therefore, the objective of sustainability.

In 2014, the CEO assessment methodology was implemented. It was used by the Board of Directors to visualize the main management achievements in 2013 and set the goal for 2014. As a result, the Board of Directors published the following statement:

Statement on the assessment of the administration of the EPM CEO in 2013

Medellín, April 2014

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 compliance with our responsibility and following the corporate governance practices of the Group, we have assessed the performance of EPM's CEO in 2013, and that we have a high opinion of him. It is not only because of the important results that were achieved, which place the EPM Group as the most important public utilities corporate group in Colombia, but also because he has been a leader who has known how to direct the corporate transformation process that started in 2012.

In the opinion of the Board of Directors, the work of Juan Esteban Calle Restrepo has been marked by coherence between the corporate management and the corporate values, clearly showing a deep responsibility in every one of his acts as EPM's CEO. His character, calm and reflexive, and his great listening capabilities are leaving an important mark in the Corporate Group administration.

This coherence stands out in the way he led the consolidation process of EPM, through the project "EPM without Borders". In 2013, this project resulted, not only in a management reorganization that prepared the necessary skills for the challenges the international and domestic growth had presented, but also in a stronger direction, combining the best talents from our companies with the arrival of new directors. With them, we hope to successfully reach our goal in 2022: being one of the most important 55 multi-Latin companies in the region, generating well-being and development in the areas where the EPM Group operates, through responsible and comprehensive provision of electricity, gas, water, sanitation, and Information Technology solutions.

In agreement with the definitions of the Board of Directors, sustainability is the ultimate purpose, guiding the most important corporate decisions of EPM, led by Mr. Calle. This concept has become a reality through tangible actions, such as: the comprehensive project for the Ituango Hydroelectric Plant, including a substantial investment in an innovative program focused on the local population; the protection of Colombian historical heritage with the execution of the power transmission project called "Nueva Esperanza"; the strategic decision, approved by the Board of Directors, to search for a partner to ensure the sustainability of the telecommunications business unit in the UNE-Millicom merger; the commitment to the environment, represented by the progress made with the Bello Treatment Plant, completing the treatment cycle for the Medellín River; the strengthening of the EPM Foundation to foster sustainable development in the regions where our corporate group is present.

We believe the administration of the CEO has complied with the expectations of the Board of Directors and the all-important challenges that EPM faces as a public asset for Medellín, Antioquia, and Colombia. Thus, we trust that the CEO will continue working relentlessly on the promotion of a more human and greener EPM, combining direct actions and communication with all the stakeholders, the strengthening of the ethical behavior and zero tolerance to illegal acts.

We thank and congratulate Juan Esteban Calle Restrepo for his 2013 administration as a leader of EPM. We are also sure that 2014 will be a year to apply the acquired knowledge, 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.

Compensation of EPM's senior management

Within the framework of the program EPM Group without Borders, a study was conducted in 2013 on the salaries of the new executive-level positions, resulting from the new organizational structure.

This work was done by an external consultant. Using internal equality and external competitiveness criteria, 243 new positions were assessed. The results were presented to the persons responsible for the program EPM without Borders, and adjustments were implemented according to their recommendations.

The new salary structure was approved in the meetings of the Board of Directors on August 20 and September 3, 2013, respectively.

The salary raise for the senior management was estimated based on the decision taken on the session of the Board of Directors on December 4, 2012. In this meeting, it was established that it would equal the National Consumer Price Index certified by DANE for 2012 plus 1.5%. In EPM, the raise for 2013 was 3.94%, in which 2.44% corresponds to the National Consumer Price Index for 2012.

Compensation of the EPM senior management

| Senior management compensation | Salary per hour (2014) |
|--|------------------------|
| CEO | 109,781 |
| Business Management VP | 98,347 |
| Projects and Engineering VP | 98,347 |
| Strategy and Growth VP | 98,347 |
| Corporate Finance VP | 82,074 |
| Human Development and Organizational Capabilities VP | 82,074 |
| Shared Services and Supplies VP | 82,074 |
| Communication and Corporate Relations VP | 74,977 |
| Secretary General | 82,074 |
| Corporate Auditor | 82,074 |
| Average | 89,017 |

Compensation of EPM's senior management

Compensation practices

EPM corporate practices in salary matters are based on competitiveness and internal equality. In order to do so, the market is monitored with salary surveys and the positions are assessed to be assigned a compensation in accordance with its responsibility level. Besides the fixed compensation (salary), the company provides the employees with several benefits that improve their quality of life.

The compensation is aligned with the corporate strategy, seeking to balance the financial, economic, social, and environmental results that contribute to the sustainability of the company, the society, and the environment.

Management support committees

Within the framework of the program EPM without Borders, all the operating committees were revised, including the Corporate Committee that supported the administration of the CEO.

As a result, through General Management decree 1965 dated October 30 2013, the following strategic committees were created:

- ♦ **Planning committee.** Its mission is designing, adjusting, and following up on the strategy of the EPM Group. It is composed by the CEO, the VPs of Business Management, Projects and Engineering, and Strategy and Growth. The latter is in charge of the Technical Secretariat of the Committee.
- ♦ **Direction Committee.** Its mission is ensuring the compliance with the purpose of the EPM Group and the decision-making involving the realization of the strategy. It is composed by the CEO, the VPs of Business Management, Projects and Engineering, Strategy and Growth, and Corporate Finance. The General Secretariat is in charge of the Technical Secretariat of the Committee.
- ♦ **Corporate Coordination Committee.** Its mission is articulating the actions of the core departments of the EPM Group, making decisions that foster corporate synergy. It is composed by the CEO, the Secretary General, the VPs of Business Management, Projects and Engineering, Shared Services and Supplies, Corporate Finance, and Communication and Corporate Relations. The Technical Secretariat is performed by the Vice President of Human Development and Organizational Capabilities.

The **Contracting Committee** supports the work of the CEO and it was created through General Management Decree 1969 dated October 30, 2013.

This committee seeks to analyze the contracting issues related to the Goods and Services Procurement process of the company. According to the current delegation, the company shall be notified beforehand and, for those procurements that are not delegated due to their amount, the CEO shall be notified in order to facilitate the decision-making in such process.

It is composed by the CEO, the Corporate Audit Vice-President and the Director or Vice-President of the department responsible for the contracting process. The Secretariat General is in charge of the Technical Secretariat of this Committee.

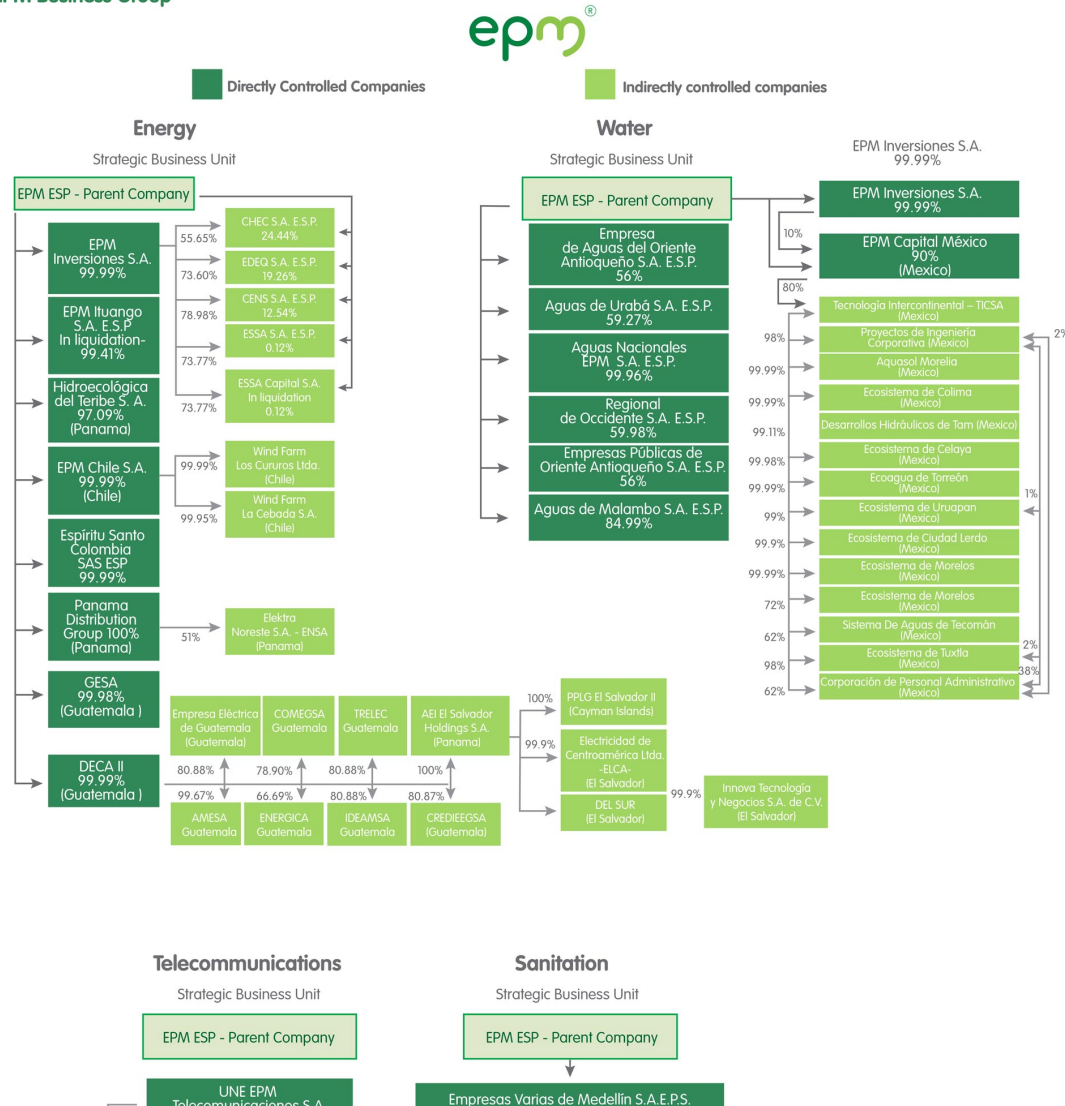


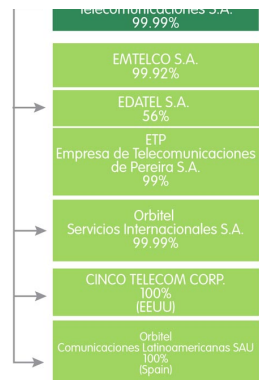
Planning Committee

EPM Group Ownership

The EPM Group comprises 56 companies, 22 located in Colombia and 34 in countries such as Panama, Mexico, Cayman Islands, Bermuda, Spain, United States, Guatemala, and El Salvador. 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 Business Group





99.99%



Introduction - Direction of EPM Group Board of Directors

As a result of the change in the administrative structure at EPM, in force since November 4, 2013, changes were made in the Boards of Directors of some of the companies in the Group, in order to align them with the structure designed by these governance bodies.

Due to this administrative change, it was necessary to call extraordinary meetings in order to adjust the composition of the boards of directors of the following Colombian subsidiaries: CHEC, EDEQ, CENS, ESSA, and EPM Inversiones. In addition, adjustments were made in the following international subsidiaries: ENSA, EPM México, Ticsa, HET, and PDG.

In the rest of the subsidiaries, in which changes were not needed, the adjustments were decided at the Ordinary General Shareholders Meeting of 2014. In general terms, the main criterion to appoint the boards of directors of the operationally integrated subsidiaries was the fact of being composed of the same decision makers of the EPM Group inside the Corporate Core. The goal is to articulate the actions of the one who decides at the core and who effectively makes the decision at the Board of Directors.

Water Service Companies

Boards of Directors of water service companies

Boards of Directors of water service companies

| Country | Company | Director | Category |
|----------|---|----------------------------------|----------|
| Colombia | Aguas de Malambo S.A. E.S.P. | Jorge William Ramírez Tirado | Internal |
| | | Edgardo Martínez Echeverri | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| | | Enrique Escobar Uribe | External |
| | | Víctor Manuel Escorcia Rodríguez | Partner |
| | | Jorge Antonio Yepes Vélez | Internal |
| Colombia | Aguas de Oriente Antioqueño S.A. E.S.P. | Luz Stella Ángel Escobar | Internal |
| | | Jaime Tobón Villegas | External |
| | | Elkin Darío Villada Henao | Partner |
| | | Carlos Mario Salazar Bermúdez | Partner |
| Colombia | Regional Occidente S.A. E.S.P. | Víctor Rodrigo Vélez Marulanda | Internal |
| | | Carlos Eduardo Quijano | Internal |
| | | Enrique Escobar Uribe | External |
| | | Cesar Augusto Hernández Correa | Partner |
| | | Frey Rodríguez Vargas | Partner |
| | | Víctor Rodrigo Vélez Marulanda | Internal |
| Colombia | Aguas de Urabá S.A. E.S.P. | Jorge Alberto Cadavid | Internal |
| | | Luis Fernando Arango Arango | External |
| | | William Palacio Valencia | Partner |

| | | | |
|----------|--|------------------------------------|----------|
| | | Astrid Helena Barrera Roldán | Partner |
| Colombia | Empresas Públicas de Oriente S.A. E.S.P. (EPO) | Jorge Antonio Yepes Vélez | Internal |
| | | Luz Stella Ángel Escobar | Internal |
| | | Marta Lucía Londoño Toro | Internal |
| | | Rafael Nandares Ospina | Partner |
| | | Hernán de Jesús Ospina Sepúlveda | Partner |
| | | Eduardo Esteban Cadavid Restrepo | Internal |
| Colombia | Aguas Nacionales EPM S.A. E.S.P. | Juan Carlos Castro Padilla | Internal |
| | | Edgardo Martínez Echeverri | Internal |
| | | Jorge Mario Pérez Gallón | Internal |
| | | Tatyana Aristizábal Londoño | External |
| Mexico | EPM Capital México S.A. DE C.V. | Juan Esteban Calle Restrepo | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Santiago Ochoa Posada | Internal |
| | | Juan Esteban Calle Restrepo | Internal |
| Mexico | Tecnología Intercontinental S.A.P.I. de C.V. (Ticsa) | Santiago Ochoa Posada | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | José Alfredo Primelles Williamson | Partner |
| | | Gilberto Escobedo | External |
| Mexico | Proyectos de Ingeniería Corporativa S.A. de C.V. (Proinge) | Javier Ruíz Porte Petit | External |
| | | Deyanira García Espinoza | External |
| | | María Teresa de Jesús Valdés Gómez | External |
| | | José Alfredo Primelles Williamson | Partner |
| Mexico | Aguasol Morelia S.A. de C.V. | Roberto Luis Primelles Gingele | Partner |
| | | José Alfredo Primelles Gingele | Partner |
| Mexico | Ecosistema de Colima S.A. de C.V. | Stefano Sacchi Cuomo | External |
| | | José Alfredo Primelles Gingele | Partner |
| | | José Alfredo Primelles Williamson | Partner |
| | | Roberto Luis Primelles Gingele | Partner |
| Mexico | Desarrollos Hidráulicos de TAM S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| | | Roberto Luis Primelles Gingele | Partner |

| | | | |
|--------|---|------------------------------------|----------|
| | | José Alfredo Primelles Williamson | Partner |
| Mexico | Ecosistema de Celaya S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| Mexico | Sistema de Aguas de Tecomán S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| Mexico | Ecosistema de Uruapan S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| | | José Alfredo Primelles Gingele | Partner |
| Mexico | Ecosistema de Ciudad Lerdo S.A. de C.V. | Roberto Luis Primelles Gingele | Partner |
| | | Vacant | |
| Mexico | Ecosistema de Morelos S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| Mexico | Ecosistema de Tuxtla S.A. de C.V. | José Alfredo Primelles Gingele | Partner |
| | | Gilberto Carpiñeyro González | External |
| Mexico | Corporación de Personal Administrativo S.A. de C.V. | Deyanira García Espinoza | External |
| | | María Teresa de Jesús Valdés Gómez | External |
| | | José Alfredo Primelles Gingele | Partner |
| Mexico | Ecoagua de Torreón, S.A. de C.V. | Roberto Luis Primelles Gingele | Partner |
| | | José Alfredo Primelles Williamson | Partner |
| | | José Alfredo Primelles Gingele | Partner |
| | | Roberto Luis Primelles Gingele | Partner |
| | | José Alfredo Primelles Williamson | Partner |
| Mexico | Aquasol Pachuca S.A. de C.V. | Cristo Resendiz | External |
| | | Rodolfo Ruíz Pérez | External |
| | | Stefano Sacchi Cuomo | External |
| | | Vacant | |

Energy service companies

Boards of Directors of energy service companies

Boards of Directors of energy service companies

| Country | Company | Director | Category |
|----------|---|----------------------------------|----------|
| Colombia | Centrales eléctricas del Norte del Santander S.A. E.S.P. (CENS) | Inés Helena Vélez Pérez | Internal |
| | | María Isabel Jaramillo Fernández | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| | | Federico Arango Toro | External |
| Colombia | Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC) | Edgar Jesús Díaz Contreras | Partner |
| | | Inés Helena Vélez Pérez | Internal |
| | | María Isabel Jaramillo Fernández | Internal |
| | | Luis Alberto Sanín Correa | External |
| | | Gilberto Saffón Arango | External |
| Colombia | Empresa de Energía del Quindío S.A. E.S.P. (EDEQ) | Julián Gutiérrez Botero | Partner |
| | | Inés Helena Vélez Pérez | Internal |
| | | María Isabel Jaramillo Fernández | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| Colombia | Electrificadora de Santander S.A. E.S.P. (ESSA) | Luis Alberto Sanín | External |
| | | Oscar Jaramillo García | External |
| | | Inés Helena Vélez Pérez | Internal |
| | | María Isabel Jaramillo Fernández | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| | | Federico Arango Toro | External |

| | | | |
|----------|--------------------------------------|------------------------------------|----------|
| | | Governor of Santander | Partner |
| Colombia | ESSA Capital S.A. | Valeria Restrepo Abad | Internal |
| | | Luis Gonzalo Gómez Gómez | Internal |
| | | Mauricio Castaño Vargas | Internal |
| Colombia | EPM Ituango S.A. E.S.P. | Diana Rúa Jaramillo | Internal |
| | | Carlos Mario Méndez Gallo | Internal |
| | | José Luis Yate Ramírez | Internal |
| | | Carlos Alberto Osorno Giraldo | External |
| | | Mauricio Alberto Restrepo Terreros | Internal |
| | | Jorge Mario Pérez Gallón | Internal |
| Colombia | Espíritu Santo Colombia S.A.S. E.S.P | Mónica Morales Londoño | Internal |
| | | Juvenal Darío Espinal Betancur | Internal |
| Chile | EPM Chile S.A. | Wilson Chinchilla Herrera | Internal |
| | | Gabriel Jaime Betancourt Mesa | Internal |
| | | Diana Rúa Jaramillo | Internal |
| | | Diana Rúa Jaramillo | Internal |
| Chile | Parque Eólico Los Cururos LTDA. | Gabriel Jaime Betancourt Mesa | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Juan Carlos Castro Padilla | Internal |
| | | Diana Rúa Jaramillo | Internal |
| Chile | Parque Eólico La Cebada S.A. | Gabriel Jaime Betancourt Mesa | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Juan Carlos Castro Padilla | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| Panama | Hidroecológica del Teribe S.A (HET) | Luis Javier Vélez | Internal |
| | | Ramiro Valencia Cossio | External |
| | | Jorge Mario Pérez Gallón | External |
| | | Javier Ernesto Ortiz | External |
| Panama | Panamá Distribution Group S.A. (PDG) | Diana Rúa Jaramillo | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| | | Carlos Mario Tobón Osorio | Internal |

| | | | |
|-----------|--|----------------------------------|----------|
| Panama | Elektra Noreste S.A. (ENSA) | Teresita Álvarez Dávila | Internal |
| | | Juan Esteban Calle Restrepo | Internal |
| | | Ramiro Valencia Cossio | External |
| | | Claudia Jiménez Jaramillo | External |
| | | Jayson Pastor | Partner |
| | | Virgilio E. Sosa V. | Partner |
| Guatemala | Gestión de Empresas Eléctricas S.A. (GESA) | Ramiro Valencia Cossio | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Ramiro Valencia Cossio | External |
| Guatemala | Almacenaje y Manejo de Materiales Eléctricos S.A. (Amesa) | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| Guatemala | Comercializadora Eléctrica de Guatemala S.A. (Comegsa) | Ramiro Valencia Cossio | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Lizardo Arturo Sosa López | External |
| | | Ramiro Valencia Cossio | External |
| Guatemala | Credieegsa S.A. | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| Guatemala | Distribución Eléctrica Centroamérica Dos II S.A. (DECA II) | Ramiro Valencia Cossio | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |

| | | | |
|----------------|---|----------------------------------|----------|
| Guatemala | Empresa Eléctrica de Guatemala S.A. (Egsa) | Ramiro Valencia Cossio | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| Guatemala | Enérgica S.A. (Enérgica) | Wilson Chinchilla Herrera | External |
| | | Ramiro Valencia Cossio | External |
| | | Wilson Chinchilla Herrera | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| Guatemala | Inmobiliaria y Desarrolladora Empresarial de América S.A. (Ideamsa) | Ramiro Valencia Cossio | External |
| | | Wilson Chinchilla Herrera | Internal |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Hugo Villalobos | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| Guatemala | Transportista Eléctrica Centroamericana S.A. (Trec) | Ramiro Valencia Cossio | External |
| | | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Lizardo Arturo Sosa López | External |
| | | Ana Mercedes Villegas Mejía | Internal |
| El Salvador | Delsur S.A. de C.V. (Delsur) | Álvaro de Jesús Castaño Otálvaro | Internal |
| | | Wilson Chinchilla Herrera | Internal |
| | | Tatyana Aristizábal Londoño | External |
| | | Gilberto Saffón | External |
| | | John Jairo Isaza Mesa | Internal |
| El Salvador | Electricidad de Centroamérica LTDA (ELCA) | Juan Camilo Martínez | Internal |
| | | Ángela María Moreno Maya | Internal |
| | | | |
| El Salvador | Innova Tecnología y Negocios LTDA | Roberto Miguel González Flores | Internal |
| Cayman Islands | AEI El Salvador Holding Ltda. | Carlos Mario Tobón Osorio | Internal |
| | | Juan Camilo Martínez | Internal |
| | | Olga Johana Uribe Parra | Internal |

Cayman Islands

PPLG El Salvador II Ltda.

Gabriel Jaime Betancourt Mesa

Internal

Alejandro José Jaramillo Arango

Internal



Sanitation service companies

Sanitation service companies

Boards of Directors of sanitation service companies

| Country | Company | Director | Category |
|----------|----------------------------------|-----------------------------|----------|
| Colombia | Empresas Varias de Medellín S.A. | Juan Esteban Calle Restrepo | Internal |
| | | Carlos Alberto Mesa Posada | Internal |
| | | Ana Mercedes Villegas Mejía | Internal |

Telecommunications service companies

Boards of Directors of telecommunications service companies

Boards of Directors of telecommunications service companies

| Country | Company | Director | Category |
|----------|--|------------------------------|-------------|
| Colombia | EPM Telecomunicaciones S.A. E.S.P. (UNE) | Juan Esteban Calle Restrepo | Internal |
| | | Aníbal Gaviria Correa | External |
| | | Federico Arango Toro | External |
| | | David Escobar Arango | External |
| | | Juan Rafael Arango Pava | Independent |
| | | Luis Carlos Uribe Jaramillo | Independent |
| Colombia | Emtelco S.A. | Beatriz Uribe Restrepo | Independent |
| | | Marc Willy Eichmann Perret | Partner |
| | | John Jairo Marín López | Internal |
| | | Carlos Duque Uribe | Independent |
| Colombia | Empresas Departamentales de Antioquia S.A. E.S.P. (Edatel) | Marc Willy Eichmann Perret | Partner |
| | | Carlos Duque Uribe | Independent |
| | | Luis Felipe Hoyos Vieira | Independent |
| | | Diego Quintero Vásquez | Independent |
| | | Alba Luz Hoyos Naranjo | Partner |
| | | José Vicente Blanco Restrepo | Partner |
| | | Luis Hernando Berrio Osorio | Partner |
| | | Marc Willy Eichmann Perret | Partner |
| | | Nibaldo Toledo Takahashi | Internal |

| | | | |
|----------|--|---|----------|
| Colombia | Empresa Telefónica de Pereira S.A. E.S.P. (ETP) | Empresa Telefónica de Pereira S.A. E.S.P. | Internal |
| | | Claudio S. Jiménez Ospina | Internal |
| | | Enrique Antonio Vásquez Zuleta | Partner |
| | | Mauricio Vega Lemuz | Partner |

Institutional companies of the EPM Group

Boards of Directors of institutional companies

Boards of Directors of institutional companies

| Country | Company | Director | Category |
|----------|----------------------|------------------------------|-------------|
| Colombia | EPM Foundation - NGO | Juan David Echeverri Rendón | Internal |
| | | Luz Mónica Pérez Ayala | Internal |
| | | John Henry Valencia Quintero | Internal |
| | | Amalia Arango Toro de A. | External |
| | | Alexandra Peláez Botero | External |
| Colombia | EPM Inversiones S.A. | Diana Rúa Jaramillo | Internal |
| | | Claudia María Ángel Agudelo | Internal |
| | | Carlos Mario Tobón Osorio | Internal |
| Bermuda | Maxseguros EPM Ltda. | Diana Rúa Jaramillo | Internal |
| | | Sergio Toro | Internal |
| | | Timothy Faries | Independent |
| | | Jorge Mario Londoño | External |
| | | Andrés Mejía Valencia | External |

The results show a performance improvement at the individual level of the members of the boards of directors, and the performance of these collegiate bodies. This improvement could be interpreted as a result of the individual improvement plans created in 2013 and the integrated improvement plan by EPM Group for all the members of the boards on relevant topics.

Evaluation of the Boards of Directors of the EPM Group

In 2013, EPM combined the self-evaluation methodology for the boards of directors of the companies that are part of EPM Group, including the following aspects.

- The relations between the Board of Directors and the company administration.
- Self-assessment of the performance of the Board of Directors as a collegiate body.
- Self-assessment of the individual performance of the members of the Board of Directors.
- Self-assessment of the work of the Committees of the Board of Directors.

The evaluation included 40 qualitative questions in a scale ranging from 1 to 4, including N/A. **1:** completely disagree; **2:** partially disagree; **3:** partially agree; **4:** completely agree; and **N/A:** Not Applicable.

The self-evaluation was performed in 20 companies of EPM Group. The average score was 3.83 out of 4.

The following Table presents the results for each one of the mentioned sections, as well as the score for the same group in 2012:

2012-2013 self-assessment results

| Components | 2012 | 2013 |
|---|----------------------------------|-------------|
| a. Relationship between the Board of Directors and the company administration. | 3.73 | 3.74 |
| b. Self-assessment of the performance of the Board of Directors as a collegiate body. | 3.75 | 3.83 |
| c. Self-assessment of the individual performance of the member of the Board of Directors. | 3.73 | 3.87 |
| d. Self-assessment of the management of the committees of the Board of Directors. | This component was not assessed. | 3.87 |
| Total | 3.74 | 3.83 |

Resultados autoevaluación 2012-2013 self-assessment results

The results show a performance improvement at the individual level of the members of the boards of directors, and the performance of these collegiate bodies. This improvement could be interpreted as a result of the individual improvement plans created in 2013 and the integrated improvement plan by EPM Group for all the members of the boards on relevant topics.

It is expected that by 2014 the boards of directors will design and implement a joint improvement plan based on the results of 2013, at the individual and corporate level for the EPM Group Companies.

Relations with the partners

Here are the most important milestones of EPM Group companies and their partners during 2013, classified by business unit. It also contains the main changes of members and the dispute resolutions.

Relations with the partners

| Water Services | Energy Services | Telecommunications | Institutional |
|--|--|---|--|
| <ul style="list-style-type: none"> * During 2013, in the execution of the capitalization plan established in the Shareholders Agreement, EPM invested COP \$7,554,6 million in its subsidiary Aguas de Malambo S.A. E.S.P., reaching a 84.01% equity share. * In compliance with the guidelines established by EPM Group for the companies and arising from the merger of the subsidiary UNE Telecomunicaciones and Millicom, we became shareholders of Aguas Nacionales EPM S.A. E.S.P. and EPM Inversiones S.A. In total, we acquired 800 Aguas Nacionales shares that UNE Telecomunicaciones possessed. These shares represent 0.0008% of the share capital of Aguas Nacionales. * It is worth mentioning that EPO handled in the most adequate way the share sale by the shareholders: Municipality of Rionegro and Aguas de Rionegro, S.A. E.S.P., which jointly possess 7.33% of its capital. Meetings were held to establish their expectations in economic terms, but by the end of 2013 the negotiation had not ended. | <ul style="list-style-type: none"> * ENSA was awarded the concession to serve the electricity distribution market in the Republic of Panama until 2008. * The National Authority for Public Services of Panama (ASEP) promoted the participation in the public bidding for 51% of ENSA's shares. * EPM applied through Panamá Distribution Group (PDG), its investment company in Panama, which is a majority shareholder, owner of (51%) of ENSA's shares. * PDG became the only prequalified firm to participate in the bidding. This resulted in the electricity distribution concession being extended for other 15 years, starting October 2013. * At the General meeting of Shareholders of ESSA, in its session 066 on May 24th 2012, the demerger project was approved. As a result, the nominal value of ESSA's shares dropped to nine pesos cero cents (\$9) (Colombian legal currency) and the company ESSA Capital S.A. (in liquidation) was created on January 2013. * Substantial changes in the shareholders composition of ESSA were observed. The highlight was the incorporation of Empresas Públicas de Medellín as direct shareholder, which currently owns 41,939,223 of the total registered shares. | <ul style="list-style-type: none"> * "Administrador del Patrimonio Escindido de Empresas Varias de Medellín" (APEV) has been a shareholder of UNE EPM Telecomunicaciones S.A. since the Municipality of Medellín transferred the ordinary shares held by Empresas Varias de Medellín S.A. E.S.P. The transference was based on the approval given on Municipal Agreement No 21 dated May 15th 2013, which authorizes the transference of the capital of Empresas Varias de Medellín E.S.P to the Municipality of Medellín. * EPM is in the process of an eventual integration in the telecommunication business with Millicom International Cellular in Colombia. This Swedish company is a leader in digital lifestyle solutions in emerging markets of Latin America and Africa. It is also the biggest shareholder of Colombia Móvil-TIGO in Colombia. This integration would involve UNE EPM Telecomunicaciones. * Together with the aforementioned process, the General Meeting of Shareholders of UNE EPM Telecomunicaciones S.A. approved in its session of November 25th 2013 the Merger Commitment between UNE and Millicom Spain Cable, S.L., which corresponds to the document agreed between EPM Group and Millicom Group. | <ul style="list-style-type: none"> * In 2013, EPM Foundation received the resignation letter of one of the members of the Board of Trustees representing UNE EPM Telecomunicaciones, because this person started working for EPM Group on one of its most important projects. This position was later filled by one of the substitute members while a new appointment was made at an Extraordinary Meeting of the Board of Trustees. Such meeting was held on November 27th, 2013. * As a result of this meeting, a new appointment of the Board of Directors was made in accordance with a new request from the Corporate Governance seeking to move forward its appointment and re-composition based on the changes the corporate group underwent. |

Relations with the partners.



EPM Group Partners

Compliance

ML/TF Risk Management

Legal Risk and Reputation

For each and every third party, the Compliance Unit runs identity checks on public information sources, both national and international, in order to identify possible legal and reputation risks that must be controlled at the time of building relations with these parties. Starting April 4, 2013, an application called NEON was implemented for the inquiries of processes related to ML/TF activities. As of December 3, 2013, the result is: A 72% of the processes looked up in ML/TF correspond to contracts over 500 legal minimum salaries in force (LMSIF). Out of these, 190 correspond to the PCT module and 71 to the PES module, for a great total of 261 processes.

Procesos consultados de acuerdo a su cuantía en SMLMV

| PROCESOS | Contratos > 500 SMLMV | Contratos < 500 SMLMV | TOTAL |
|--------------|-----------------------|-----------------------|------------|
| PES | 71 | 25 | 96 |
| PCT | 190 | 76 | 266 |
| TOTAL | 261 | 101 | 362 |

Inquiries in the PES module: work minutes and renovations. Inquiries in the PCT module: request for public and private offerings, real estate asset acquisition, real estate asset disposition by direct sale and non-binding offerings.

Raising Awareness among EPM Staff

In order to make the legal framework and the guidelines of the risk prevention policies on ML/TM (Money Laundering and Terrorism Financing) known to the staff, the Compliance Unit organized awareness raising and training programs for EPM officers; they took part in the sessions and attended several department meetings in different divisions of the company.

Pre-emptive Measures for ML/TM-related Processes

As part of its pre-emptive work, the Compliance Unit participated in the ML/TF risk assessment in key processes of the company, supporting the design and implementation of measures to manage those risks, as follows:

- Definition of the contract clauses in the tenders of the contracting processes.
- Search for people in the blacklists before they are hired as EPM public officers.
- Due diligence works in acquisition or merger processes.

- ◆ Due diligence work in the real estate asset acquisition processes, including the last owner and the parties of the last 20 years. Additional assessment on matters related to Asset Forfeiture processes, declared victims, and restitution of land rights.
- ◆ Participation in the discussions led by the legal team of Ituango Project on Act 1448 of 2011 (Act for Victims Assistance and Reparation).
- ◆ Design of forms and procedures for the inquiries.
- ◆ Preparation of a ML/TF booklet for EPM.
- ◆ Preparation of a Virtual Course on ML/TF for EPM.

Due diligence in the Ituango Project

- ◆ Construcción ABC was used for the due diligence in the acquisition of land for Ituango project in relation to the due diligence, complemented by the inquiry before the Unit for Assistance and Reparation of Victims and the Unit for Restitution of Land Rights.
- ◆ Participation in the preparation of a booklet for the purchase of land within the framework of the initiative called "Guías Colombia".

Reports from external entities

Monthly report of Suspicious Operations and Cash Operations submitted to the UIAF (Unit for Financial Information and Analysis). No suspicious operations were reported in 2013. Eleven reports on cash operations have been prepared; all of them correspond to resources for travel expenses abroad.

Management of fraud and corruption-related risks

Compliance with the provisions of Decree 2641 of December 2012, in relation to the Anti-corruption and Citizen Assistance plan, which includes the following components:

- ◆ Creation, with different areas inside the company, of the map of risks related to fraud and corruption, as well as the identification of mitigating actions.
- ◆ Development of a Procedure Reduction Plan (strategy) to keep on identifying, prioritizing, and rationalizing the red tape in each one of the processes inside the company.
- ◆ Identification and dissemination of all the channels through which citizens and other stakeholders receive information (Accountability).
- ◆ Identification and dissemination of all the mechanisms through which citizens in general receive assistance.

According to the requirements of the aforementioned decree, in April 2013 the Plan was posted on the Web Page for the first time. In August and December of that year, a follow-up was done.

- ◆ Preparation of the guidelines for accepting gifts, invitations, and the like by EPM officers.
- ◆ Preparation of an announcement to all the third parties EPM has business relations with, in relation to the guidelines for accepting gifts, invitations, and the like by EPM officers.
- ◆ Promoting on different internal channels the International Anti-Corruption Day - December 9.
- ◆ Management of the incidents reported on the channel called "Transparent Contact".
- ◆ Participation in the collaborative network: ISA, ISAGEN, and EPM to create an anti-fraud protocol.

Transparent Contact

- ◆ Launch of the ethics line "Transparent Contact". Advertising campaign, and sustainability of the channel.
- ◆ Administration of the contract with Emtelco for the phone line of the channel.
- ◆ Management and operation of the reported incidents since the launch. The statistics are summarized as follows:

Total Incidentes Registrados

| Total Incidentes Registrados | 308 |
|---|-----|
| Ingresados vía web (aplicativo CRM dynamics). | 227 |
| Ingresados vía buzón de correo electrónico | 81 |

- ◆ Monthly incidents report for the CEO.
- ◆ Feedback on the related incidents with each one of the established supporting committees (Ethics, Disciplinary Control, Internal Audit).
- ◆ Biannual publication of the results and progress of the channel for the internal public.
- ◆ Revision and analysis of the formal requirements of the complaints (completeness, coherence, and relevance), requesting the complainant to expand the information, when possible and needed.
- ◆ Forwarding issues that can be answered or handled in the Corporate Mailbox or the corresponding divisions.
- ◆ Reasoned replies to the complainants.
- ◆ Work with the Loss Control teams of the business units on the complaints related to electric energy fraud and the corresponding follow-up.
- ◆ Joint work with the business units responsible for loss management and Security to create a forum on electric energy fraud and follow up on the progress of the reported incidents.

Personal data protection

The process is based on the General Management Decree 1946 dated July 26 2013 "by which the guidelines of personal data protection at EPM are approved". There was participation in meetings to identify the tasks aimed at complying with the law, in the following areas:

- ◆ Unit for Comprehensive Management of Corporate Services.
- ◆ Marketing and Water Service Sales Area.
- ◆ Corporate Legal Subdivision.
- ◆ Corporate Learning Unit.
- ◆ Human Management planning unit.
- ◆ Corporate Legal Subdivision.
- ◆ Services and Corporate Relations Unit.
- ◆ Unit for Comprehensive Management of Corporate Services.
- ◆ Strategy and Architecture Unit.
- ◆ Communications Unit.
- ◆ Corporate Learning Unit.
- ◆ Corporate Identity Subdivision.
- ◆ Corporate Legal Subdivision.

Awareness raising workshops and focus workshops were held to create databases with the following departments:

- ◆ Commercial Energy Generation.
- ◆ Energy distribution and transmission.
- ◆ Commercial water supply.
- ◆ Commercial gas services.
- ◆ Corporate Identity.
- ◆ Services and Well-being.
- ◆ Corporate Learning Unit.
- ◆ Insurance, Employee Stores, Community, and Contractors.

External consultants performed the corresponding revision of the business rules related to video surveillance, information use by EPM, use of the e-mail, teleconferencing and information technology resources. In order to do this, the business rule on video surveillance was publicly discussed with the director of the Monitoring Center Unit. The rule was approved, officialized, and published.

In addition, inquiries were addressed, forms were created for information submittal and different clauses were included for several areas of the organization. The work front "On-line Government" was supported. There was participation in meetings on special matters related to personal data and database handling, in order to comply with the law (Medical Department, Marketing, Corporate Identity, Commercial).

Control outlook

Its legal nature (state-owned public utilities company with 100%-public capital), 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 bodies regulated by the law, as well as those that have been voluntarily adopted.



Juntas directivas empresas institucionales

EPM implemented the Standard Internal Control Model for State entities (MECI for its abbreviation in Spanish) as its internal control system, which is regulated by the General Management Decree 1573 of 2006.

Likewise, as part of the Corporate Governance Model of the EPM Group, the Internal Control Model was established and approved, aligned with the Internal Control Policy that states: "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."

Comprehensive risk management

Comprehensive Risk Management (CRM) has been an essential variable in the decision-making process at EPM because of its features:

- ♦ Dynamic - It considers the changes in the internal and external environment.
- ♦ Systemic - It follows a sequence of stages that feed back one another.
- ♦ Proactive - The risk analysis considers a vision of the future, keeping in mind the lessons learnt from the past, in order to make assertive decisions now.
- ♦ Inclusive - It is based on the principle that every officer of the Group manages the risks related to his/her duties. In addition, different stakeholders that might participate in the risk analysis are considered, depending on the level it is to be applied at.

The Comprehensive Risk Management System of EPM was custom-made to respond to its needs and specifications. It is based on specific standards, but it is not strictly limited to them, and takes into account components of the best practices of comprehensive risk management at international and domestic level.

For the design of the system, experiences of different companies in the sector were taken into account: the Colombian Technical Standard for Quality in Public Management NTC GP 1000:2004, the Standard NTC ISO 31000:2011, the definitions of the Standard Model for Internal Control MECI 1000:2005, the Guide for risk management issued by the Department of Public Administration, among others.

The challenge for 2014 is to completely implement the system at the different levels inside EPM, and to take it to the rest of the companies in the Group, according to the guidelines of the program EPM Group without Borders.

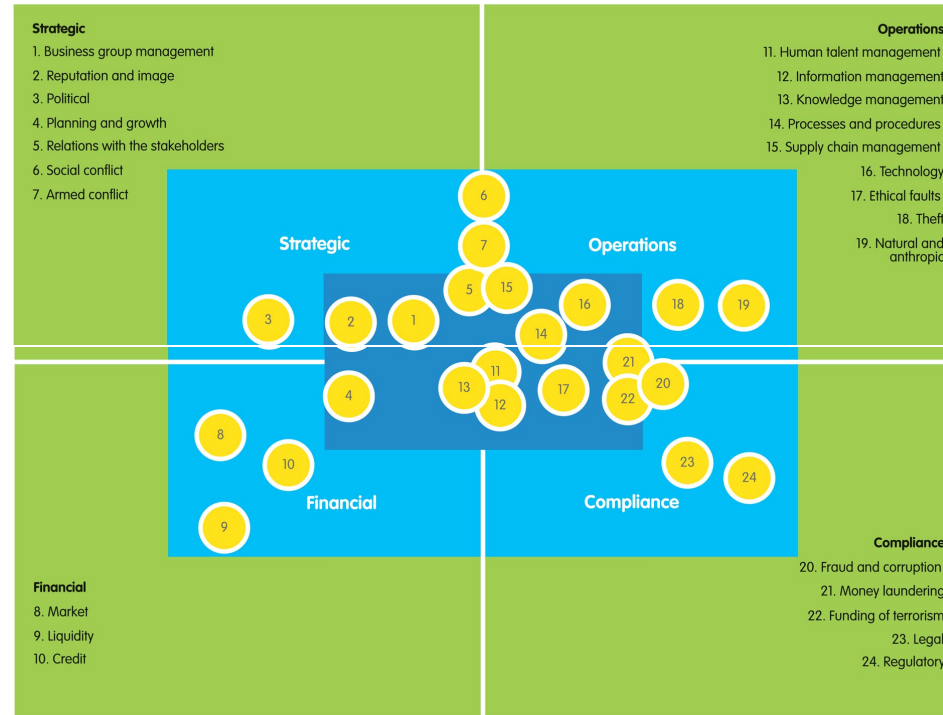
EPM Risk Map

EPM risk map was created taking the 2011 risk matrix as the starting point, the references of other companies in the sector, and the study of every risk.

The map is divided into four categories: Strategic, Operational, Financial y Compliance. Each one of these categories frames big risk groups, in which the origin and the category of the risk can be classified:

- ♦ Internal risks are usually associated to processes. Therefore, the measures are mainly pre-emptive (lowering the occurrence probability).
- ♦ The external risks are usually associated to events beyond the control of the company; they are situations the company can rarely do anything to prevent. Therefore, the measures are aimed at mitigating the consequences of its realization; i.e. corrective measures.
- ♦ Internal-external risks require a combination of both of them.

EPM risk map



Juntas directivas empresas institucionales

Internal audit

The Internal Audit Subdivision performs an independent check of the Internal Control System, through regular and systematic auditing and monitoring of the improvement plans created to solve the control weaknesses that were identified. It also carried out activities to strengthen the Control systems and control consulting through the Control Planning and Design Subdivision.

The auditing is carried out every year, in order to cover the IT processes, projects, and assets that represent the most important risks to EPM. In order to do so, the Internal Audit Subdivision organized work teams by knowledge field and business unit, thus covering the following areas: finance, processes, human resources, IT, and stakeholders.

The control consultants, the Control Planning and Design Subdivision, and the Internal Audit at the moment created the following work teams: Consulting services. Consulting work on the interaction with external control bodies, as well as the implementation and improvement of the Control Model of the EPM Group.

In November 2013, thanks to the program EPM Group without Borders, a restructuring of the Internal Control Division was carried out. The goal was to establish the difference between internal control and internal auditing activities. As a result, the name was changed to Corporate Audit Vice-Presidency and five divisions were created, covering all the areas inside EPM. They are:

- ♦ Human Development and Organizational Capabilities Audit Management Office.
- ♦ Business Management Audit Management Office.
- ♦ Corporate Audit Management and Development Direction Office.
- ♦ Legal and Financial Audit Direction Office.
- ♦ Growth and Supply Audit Direction Office.

In 2013, the auditing evaluations were implemented, focused on three main activities:

| Actividades de auditoría | |
|--------------------------|-----------|
| Actividades | Cantidad |
| Evaluación | 36 |
| Monitoreo | 35 |
| Seguimiento | 21 |
| Total: | 92 |

Actividades de auditoría

Here is the number of activities carried out, classified by process:

Activities by process

| Processes | Number of activities |
|---|----------------------|
| Rendering of electric energy services | 16 |
| Business Verification | 13 |
| Information Technology Management | 13 |
| Projects | 12 |
| Provision of Water Supply and Sanitation Services | 11 |
| Financial Management | 8 |
| Provision of value-added services | 4 |
| Supply and Administration of Goods and Services | 3 |
| Relations Management | 3 |
| Human Talent Management | 3 |
| Natural Gas Service Provision | 2 |
| Development and Management of Growth Investments in Water/Energy Services | 1 |
| Legal Management | 1 |
| Provision of Corporate Services | 1 |
| Provision of Special Services | 1 |
| Total | 92 |

Activities by process

In relation to the consulting works, the activities were:

- ◆ Advisory on due diligence for the acquisition of Ticsa.
- ◆ Diagnosis of Ticsa's Internal Control System.
- ◆ Consultancy on real estate assets acquisition.
- ◆ Social networks consultancy.
- ◆ Advisory for the optimization of the procedure of mortgage loans.
- ◆ Evaluation of the protocol for entrance and exit (personnel, supplies, and equipment).

In 2013, an international certification was granted to the Internal Audit activities at EPM by The Institute of Internal Auditors (IIA).

IIA, working with IIA Colombia, performed the Quality Evaluation (QE) of the Internal Audit Activity at EPM, in order to establish the compliance with international standards, comment on its efficiency, and identify improvement opportunities and the value added for the organization.

After the exhaustive work composed of interviews, surveys for the directors of EPM, and document revision, the concept of IIA was positive and the highest score was given: "It usually complies" meaning that the internal auditing inside the company comprises guidelines, goals, and procedures that comply with the standards.

According to the Global Internal Audit Professional Practice Framework, the audit must be done every five years by a qualified team, independent from the organization. EPM will develop a quality assurance and improvement program, and it will also standardize the practices in order to obtain the certification for the auditing activities of all the companies inside the EPM Group.

Here are the additional achievements related to internal audit activities:

- ♦ Harmonization of the basic responsibility of internal auditing with the hierarchical level of the activity inside the EPM Group.
- ♦ Activities for the strengthening of the Internal Control System of the EPM Group.
- ♦ Organization of the 21st EPM Group Auditors Meeting in order to strengthen the technical and business knowledge, as well as the skills of the auditors in the organization.
- ♦ Development of an evaluation tool for EPM Corporate Governance.
- ♦ Development of a tool for the evaluation of the internal control system in subsidiaries and investments of the EPM Group.



IIA Award

External audit

Due to its condition of official public utilities company incorporated as an industrial and commercial state-owned company, EPM is not bound to be financially audited by an external fiscal reviewer or auditor.

EPM contracted an external financial auditor as a good corporate governance practice, and in order to fulfill the commitments the company has with multilateral banks. The audit scope includes, besides the verdict on the financial statements, an annual evaluation of the company's Internal Control System.

In 2013, EPM and its corporate group hired the firm Deloitte & Touche Ltda. for the external audit.

Deloitte & Touche Ltda.

Founded in 1895, Deloitte is nowadays the biggest firm in accounting, audit, tax, and consulting services around the world, among the Four Big Auditors.

It provides services to its clients through a global strategy, locally executed in nearly 180 countries. With more than 193,000 people around the world, this firm provides professional services in: Audit, Tax, Consulting, and Financial Advisory. It serves more than half of the big global companies, as well as big national companies, public organizations, and successful companies with fast global growth.

Contrato, objeto y pagos realizados en el año 2013

| Contrato | CT2013000094 |
|------------------------------|---|
| Objeto del Contrato | EPM encarga al CONTRATISTA la prestación de los servicios de auditoría externa que requieren las Empresas Públicas de Medellín E.S.P. |
| Valor total ejecutado | COP 678,666,665 (*) |

(*) No incluye IVA

Contrato con Deloitte

Benefits:

For the provision of external financial audit services in EPM Parent Company and fiscal audit in national subsidiaries, the following activities were carried out:

- ♦ Standardizing the financial criteria of the group.
- ♦ Obtaining economies of scale.
- ♦ Following the selection criteria established by the Audit Committee and the Board of Directors.

Achievements:

Financial statements: Activities leading to the submittal of the reports on the financial statement of individual companies inside the EPM Group, and the consolidated reports for EPM Business Group, with the corresponding notes.

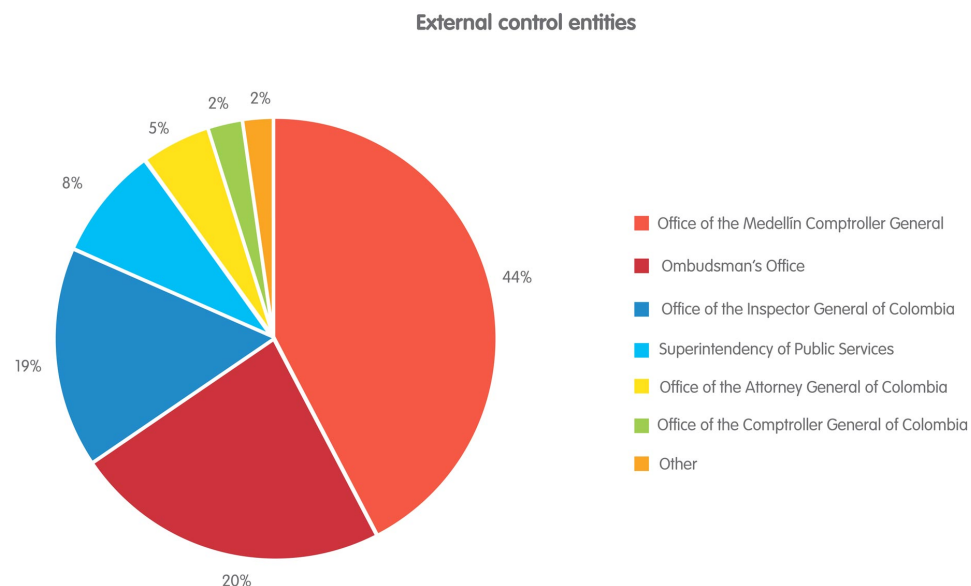
Contract renewal: The Vice-Presidency of Corporate Audit executed the renewal process of contract CT-2013-000094, according to the contractual standards established at EPM.

Control entities

In compliance with the accountability responsibility for the diverse control entities in charge of fiscal and disciplinary monitoring, EPM addressed 815 requirements made by external control entities during 2013.

Most of these requirements came from the Office of the Medellín Comptroller General, the Ombudsman's Office, and the Office of the Inspector General, as shown in the following chart:

Requirements for EPM from external control entities in 2013, listed according to the requesting entity



The requirements were addressed to all the company departments as follows:

Transparency in EPM



2013 public accountability event

EPM voluntarily participated for the sixth time, along with other leading companies in the public utilities sector in Colombia, in the “Measurement of Transparency Policies and Mechanisms,” promoted by the Transparency for Colombia Corporation.

The important evolution of the indicator results in EPM stands out, which is part of the company Balanced Scorecard, notably evidencing that in 2013 EPM exceeded the goal for 2012 by 12%, due to the improvement of the results in the measurement of the variables that compose the indicator: Openness, Discussion, Clear rules, and Control.

Transparency for Colombia

| Measured concept | 2012 | 2013 |
|------------------|------|------|
| Openness | 97 | 98 |

| | | |
|-------------------------------------|-----------|-----------|
| Dialog | 91 | 92 |
| Clear regulations | 78 | 88 |
| Control | 76 | 88 |
| Total Transparency Indicator | 86 | 91 |

Transparency for Colombia

The following are several of the identified strengths:

- ◆ Strengthening of the Corporate Governance Model.
- ◆ Approval of the internal control model for the EPM Group.
- ◆ Creation of new relations channels, such as the investor assistance office and the "Web Assistant".
- ◆ Acknowledgement of EPM by the Colombian Stock Exchange as a company that stands out for its good practices regarding the investors (application of information disclosure management models).
- ◆ Approval of the Policy of Transparency and Integrity by the Municipality of Medellín.
- ◆ Inclusion of transparency and integrity principles in the policies of: Corporate Responsibility, Communications and Human Talent Management.
- ◆ Collective construction of the code of ethics.
- ◆ Ethics Committee.
- ◆ Strengthening of the ethics line.
- ◆ Collective construction and communication of the corporate values.
- ◆ Ethical discussion sessions with distinguished lecturers.
- ◆ Strengthening of the interaction mechanisms.
- ◆ Definition and communication of the Policies of Corporate Responsibility and Communications.
- ◆ Implementation of the social contracting model.
- ◆ Contractor information system of the Medellín Chamber of Commerce Sinco.
- ◆ Implementation of the Policy of Relations with Suppliers and Contractors.
- ◆ Implementation of the principle of responsible contracting behavior.
- ◆ Implementation of structural programs of relations with the community, from which the "Estamos Ahí" and the "Aldeas" programs stand out.

The score obtained by EPM in the Colombian Transparency Indicator was 91, and the score within the "Energy and Gas" sector was 82.

The average score for all the companies that participated was 75.

Credit risk rating - EPM

EPM kept on building trust among the investors with the confirmation of its risk rating at international and domestic level. Based on the independent report of these entities, EPM announced its business profile and payment capacity, contributing to the transparency and stability of the capital market.

Once again, the rating company Fitch Ratings confirmed the investment level rating of EPM: AAA at the local level and BBB at the international level. This rating corresponds to the debt in local and international currency. The outlook is stable for both ratings.

AAA rating: the obligations rated under this category are considered to have the highest credit quality. It represents the highest rating assigned by Fitch Ratings Colombia in the scale of domestic ratings. This rating is assigned to the best credit quality, compared to other issuers or issues in the country, and it usually corresponds to financial obligations issued or guaranteed by the Government.

BBB rating: Adequate credit quality. It includes issuers or issues with adequate credit quality, compared to other countries.

In the report dated September 25, 2013, Fitch Ratings stated that: "the rating reflects the low business risk of EPM, arising from the operational diversification and its status as a utility services provider." Likewise, it considers that "the ratings also reflect the soundness of the credit protection indicators supported on a low leverage, wide interest coverage, and strong liquidity position".

On the regulatory framework, Fitch Ratings considers that EPM is exposed to a low regulatory risk, since the "regulation agencies in Colombia have remained independent from the Central Government and have provided a balanced institutional framework between companies and consumers". In addition, the rating firm foresees that the "the expected regulatory changes are aimed at providing greater transparency to the market and they are expected to have a neutral impact on the credit profile of the company."

The international rating company Moody's Investor Services confirmed the international Baa3 rating, investment grade, for valid international issues in the market and the corporate debt of the company.

Baa3 rating: The obligations show a moderate grade of credit risk and may have certain speculative elements.

According to Moody's, the rating reflects EPM's leadership as the main public utility and the greatest generator of electrical power in Colombia. Likewise, such rating incorporates the predictable cash flows associated to regulated businesses, which operate within a relatively transparent and stable regulatory framework.

It also recognizes, among other things, the benefits of the diversification associated to the international expansion of EPM and the links with the Municipality of Medellín. Additionally, it 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 following table shows the risk ratings granted during 2013:

Credit Risk Rating - EPM

| Name of the Rating Company | Concept | Rating | Outlook |
|---|---|--------|---------|
| Fitch Ratings de Colombia S.A. | Corporate debt | AAA | Stable |
| | Program of issuance and placement of bonds for \$2 trillion. | | |
| Fitch Ratings | Corporate debt | BBB | |
| | International issuance of bonds for USD \$500 million. | | |
| | International issuance of global bonds for USD \$680 million (COP \$1,250,000 million). | | |
| Moody's Investors Service | Corporate debt | Baa3 | |
| | International issuance of bonds for USD \$500 million. | | |
| | International issuance of global bonds for USD \$680 million (COP \$1,250,000 million). | | |
| The international ratings "BBB" and "Baa3" are an investment grade. | | | |

Resume las calificaciones de riesgo recibidas

Information disclosure

EPM carries out two types of information supply management activities for national and international public investors and other parties in the stock market. One activity type has a voluntary character in accordance with the corporate transparency policy regarding the financial market; and the other one has an mandatory character because it is related to the regulations in force (as it is the case of the Relevant Information that must be reported to the Colombian Financial Superintendent, pursuant to Decree 2555 of 2010 by the Presidency of the Republic), or to commitments derived from its funding contracts.

Additional information.

One of the main objectives of EPM's Office of Investor Assistance is to keep the investors informed in a timely, clear, sufficient, and honest way of the strategies, the corporate management, the development of infrastructure and investment projects, the financial and non-financial situation of the corporate group, the business, the investment perspectives, and the relevant facts for the organization.

EPM has different communication channels to inform its investors, such as: the investor's webpage in the corporate portal of EPM (www.epm.com.co), the e-mail address investorelations@epm.com.co and the direct phone line to handle information requirements and inquiries about the company and the EPM Group.

The company publishes press releases in Spanish and English, holds videoconferences and webcasts with quarterly results in both languages, interacts with investors and analysts (in one-on-one and group meetings), and participates in informative road shows in which the corporate group is promoted, in preparation for the placement of the international and national bond issue.

These were the main achievements:

- ◆ Investors webpage www.epm.com.co (Investors section).
- ◆ The English version of the website was published and the content structure of both versions was reorganized.
- ◆ Videoconferences and webcast on the quarterly financial results (along with a presentation and an executive summary). Four quarterly videoconferences were held for national and international investors, led by the EPM CEO and leader of the EPM Group, in order to keep this stakeholder updated on the management and performance of the company. The videoconferences were held in both Spanish and English.
- ◆ The Seventh EPM Group Annual Investors Summit was held on May 16 in Bogotá. Eighty six investors and big players of the national capital market attended. This event was covered in the news of different media.
- ◆ There was participation in 4 events for issuers and investors organized by international banks. EPM displayed the company in booths and in one-on-one meetings with investors.
- ◆ Regular posting of relevant information for the investors, in both Spanish and English (press releases, financial information, and events) on the corporate website: <https://www.epm.com.co/site/inversionistas/Inversionistas.aspx>.
- ◆ There were visits and one-on-one meetings with more than 53 institutional investors. They were interested in learning more about the strategy, administration, business units, and projects of the corporate group.
- ◆ A road show was organized to successfully place bonds in the local capital market for COP \$367,280 million. The company was presented to institutional investors in Medellín and Bogotá, resulting in an attendance of more than 40 people. EPM received requests for COP \$950,090 million from the investors. This amount is 2.6 times the original offer, COP \$350,000 million.
- ◆ The first Issuers' Award IR 2013 was granted to the company by the Colombian Stock Exchange. This award is conferred to the issuers with the best practices in relation to the investors.

See: IR Issuers.

Mandatory Information - Relevant Information

With regard to the public stock market standards in relation to relevant information of the company (Decree 2555 of 2010 by the Presidency of the Republic), there are internal mechanisms aimed at ensuring its compliance and that are also consistent with its communication and transparency policy, such as the referral of Relevant Information to the Colombian Financial Superintendence, with a public or confidential character, depending on its strategic content.

Additionally, each funding contract signed by EPM establishes a series of information disclosure commitments, including the quarterly report of the company financial statements to the National Auditor General's Office, the report of significant changes in the ownership, maintenance of solid financial indicators, among others.

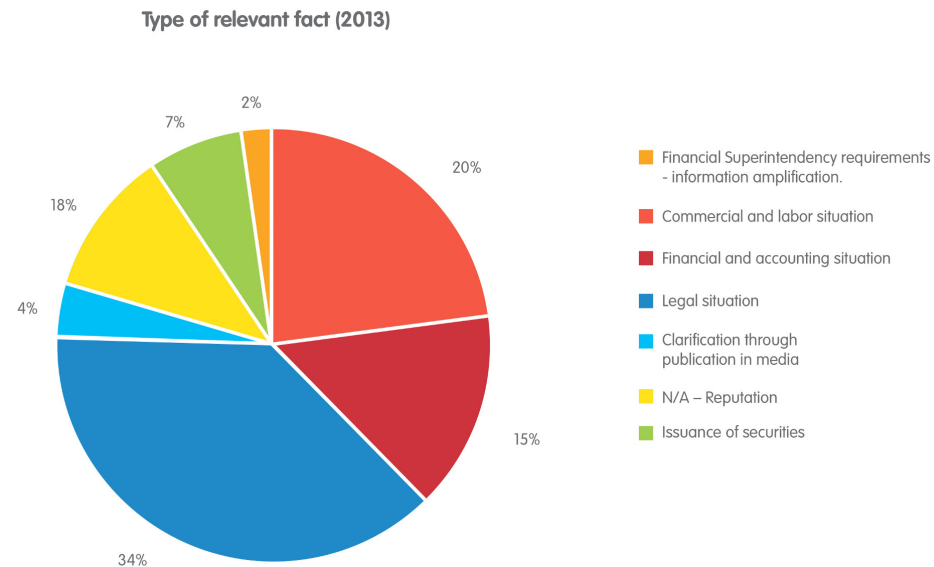
Definition of Relevant Information:

"All situations related to the issuer or its issuance that would have been taken into account by a prudent and diligent expert when purchasing, selling or maintaining securities of the issuer or at the time of exercising the political rights that are inherent to such securities." Decree 2555 of 2010.

EPM reported 92 relevant facts to the Financial Superintendency in 2013.

This information can be consulted on the Financial Superintendency website (www.superfinanciera.gov.co).

The following chart shows the mentioned relevant facts:



Thirty four percent of the relevant facts reported during 2013 are related to the legal situation, 20% to commerce and labor, and 15% to finance and accounting. Another 7% corresponds to the issue of securities in the capital market, 2% to the requirements of the Financial Superintendence of Colombia, and 4% to clarification due to publishing on the media.

That 18% identified as "N/A" (Not applicable) are facts that are considered important by the company, but do not strictly obey the provisions of Decree 2555 of 2010. They are reported in order to provide the stock market with more information about the company, aiming to comply with the transparency principle.

"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 the recommendations of the Colombian Code of better corporate governance practices.

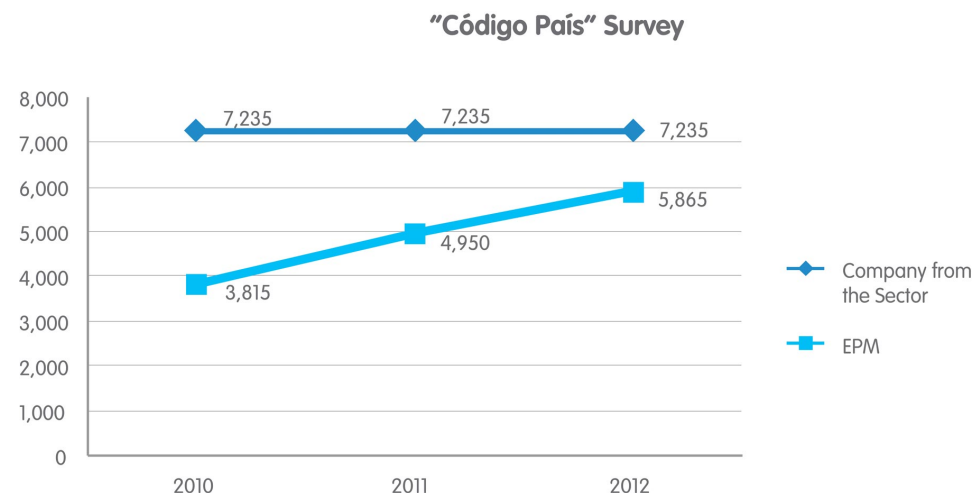
The survey comprises four sections of questions about the practices related to the General Shareholders Assembly, the Board of Directors, the disclosure of financial and non-financial information, and the settling of controversies.

As an issuer in the Colombian stock market, EPM has annually completed the "Código País" Survey, and the results of such survey have been published on the webpage of the Financial Superintendency.

The analysis of the 2012 survey was conducted in 2013 and the results were published in November. EPM obtained a 5,865 score, exceeding last year's goal by 915 points. The company with the highest score in the sector obtained 7,235.

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

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.



In the last 3 years, EPM has seen an important increase in the results of the "Código País" Survey. It is important to highlight that the best practices embraced by the corporate governance facilitate the achievement of the stability, security, and trust goals for our investors.

Operations with economic associates

Como núcleo corporativo, EPM decidió mantener con sus filiales vinculadas operativamente y las empresas Institucionales en las que participa, una relación directa que permita la adecuada transferencia de conocimientos y el apoyo técnico y administrativo necesarios para garantizar, como Grupo empresarial, la prestación de servicios de excelente calidad y la unidad de propósito y dirección.

Para conocer las operaciones con vinculados económicos, ver Nota 40 — Operaciones con vinculados económicos. As the head office of the group, EPM decided to maintain a direct relation with its operating subsidiaries and the institutions in which it participates. This relation should enable an adequate transfer of knowledge and technical and administrative support necessary to guarantee, as a Business group, the provision of services with excellent quality.

In order to learn more about operations with economic partners, read Note 40 — Operations with economic partners.

Corporate governance management achievements

As a voluntary practice implemented since 2006, the "Annual corporate governance activity plan" has been submitted to the EPM Board of Directors, in order to maintain a constant evolution of the business practices in this field.

This plan was approved on April 2, 2013, and its corresponding report presents the fulfillment of the activities and the main goals achieved in the term.

Management achievements

The annual corporate governance plan includes all the activities that must be carried out by the EPM's dependencies that share the objective of improving the relations among governance bodies, thus promoting the unity of purpose and direction, and fostering better conditions of transparency, accountability and control.

The average compliance of the activities proposed within the activity plan was 81.7% in relation to the established plans.

Annual corporate governance activity plan (2013)

| Activities | Person/department in charge | Compliance % in 2013 | | |
|--|--|----------------------|----------|--------|
| | | Projected | Achieved | Status |
| 1 Implementation of the new Corporate Governance Model for the EPM Group | | | | |
| Information to be delivered | 1.1 Implementation of the strengthening plan for the EPM Board of Directors. | 70% | 55% | |
| | 1.2 Implementation of the strengthening plan for the boards of directors of the EPM Group. | 70% | 75% | |
| | 1.3 Signing of the Adjusted Framework Agreement. and its monitoring schema. | 100% | 70% | |
| 2 Unification of management and information related to the boards of directors of the EPM Group. | | | | |
| Information to be delivered | 2.1 Acquisition of a technological platform for the integrated management of the boards of directors of the Group. | 100% | 30% | |
| | 2.2 Design and approval of a work plan for the integrated management of the Group's boards of directors. | 100% | 80% | |
| | 2.3 Implementation of the integrated management of the Group's boards of directors for at least one company in each business and for the parent company. | 100% | 0% | |

| 3 Implementation of the comprehensive risk management system. | | | | | |
|--|---|--|------|------|--|
| Information to be delivered | 3.1 Presenting the sizing proposal and obtaining the resources. | Institutional Services Director | 100% | 100% | |
| | 3.2 Applying the Comprehensive Risk Management methodology in accordance with the priorities. | | 100% | 100% | |
| | 3.3 Continuing the development and implementation of the awareness and communication strategy. | | 100% | 20% | |
| 4 Ethical management, culture and values. | | | | | |
| Information to be delivered | 4.1 Revision of the projection related to ethics with a group scope. | Human and Organizational Management Director | 100% | 100% | |
| | 4.2 Activating the ethics line. | | 100% | 100% | |
| | 4.3 Strengthening the actions of the Change and Culture Network to articulately support the projects of the Group. | | 100% | 100% | |
| | 4.4 Promotion of an adequate environment and events to foster all kinds of exchanges with other ethics committees. | | 100% | 100% | |
| | 4.5 Developing the required managerial level for the new strategic planning-EPM Group without Borders, strengthening the leadership role as an axis that mobilizes the target culture by means of values. | | 100% | 100% | |
| | 4.6 Generation of an adequate dialog environment and events to promote ethical reflections in the organization. | | 100% | 100% | |
| 5 EPM Group International Financial Reporting Standards Program. | | | | | |
| Information to be delivered | 5.1 Execution of the Plan for technical training regarding International Financial Reporting Standards (IFRS). | Institutional Finance Director | 100% | 100% | |
| | 5.2 Recommendations for the management of the data required by the IFRS. | | 100% | 100% | |
| | 5.3 IFRS opening balance. | | 100% | 100% | |
| | 5.4 IFRS financial statements (transition year). | | 100% | 85% | |
| | 5.5 IFRS stabilization program and associated projects. | | 100% | 100% | |
| 6 Implementation of the Model for Relations with the Stakeholders of the UNEP applied to relations with Investors. | | | | | |
| Information to be delivered | 6.1 Implementation and documentation of the stage 2 of the model. | Institutional Finance Director | 100% | 180% | |
| | 6.2 Implementation of stages 3 and 4 of the model. | | | 100% | |
| 7 Centralized internal audit. | | | | | |
| Information | 7.1 Redefinition of basic functions and positions of the Internal Control Director's Office. | | 100% | 100% | |
| | 7.2 Standardization of the auditing activity in EPM - final stage. | | 100% | 100% | |

0%

| | | | | | |
|-----------------------------|---|----------------------------|------|------|--|
| Information to be delivered | 7.3 Implementation of the quality assurance and improvement program (abbreviated PAMC in Spanish). | Internal Control Director. | 100% | 100% | |
| | 7.4 Definition and implementation of the training and development plan for the auditors of the EPM Group. | | 100% | 50% | |

Annual corporate governance activity plan

The work that has been carried out comprised actions focused on strengthening the corporate governance practices in all the governance bodies of EPM and its business group. The following are the main achievements of such work:

- ◆ Design of a proposal for strengthening the Relations Framework Agreement. The company worked jointly with the Municipality of Medellín in such proposal.
- ◆ Revision of European public company management models, which included a trip for studies jointly carried out by the Medellín Mayor's Office, EPM, and the French Federation of Local Public Companies.
- ◆ Strengthening of the processes of evaluation of EPM's main governance bodies, implementing the external consultancy for the evaluation of the Board of Directors, as well as the evaluation of the CEO's management by the Board.
- ◆ Implementation of unified guidelines for the appointment and continuous training of EPM's representatives in the EPM Group companies.
- ◆ Homogenization of the self-evaluation process of members of the EPM Group's boards of directors.
- ◆ Signing of the Governance Agreement by all the operative companies of the EPM Group in Colombia, with the purpose of formalizing the need to work jointly in the achievement of synergies that lead to a better operation at a national scale.
- ◆ Creation of a department within EPM's organizational structure, which will be responsible of implementing, evaluating, and improving EPM Group's Corporate Governance practices.
- ◆ Strengthening of the group vision from the implementation of the "EPM Group without Borders" Program and, within this program, the matters related to functions of the administrative staff, senior management committees, and board of directors committees, among others.
- ◆ International certification of the Internal Audit processes by the Institute of Internal Auditors (IIA).
- ◆ Strengthening of the practices of the relations with the investors, officially highlighted by the Colombian Stock Exchange with the "IR" accolade.

One of the topics that did not have the expected scope in 2013 was the implementation of integrated administration of the Boards of Directors in the Group. This matter was partially discussed in the corporate governance guidelines approved by the program EPM without Borders at the end of the year. However, this activity will be carried out in 2014 based on the roadmap of the General Secretariat.



Signing of the Governance Agreement by the EPM Group directors.

