



Regarding the so-called “Paradise Papers”, EPM states that:

1. Last September El Espectador - a media company which formed part of the so-called “Paradise Papers” investigation - asked EPM in writing about Maxseguros, a member of the EPM group in Bermuda. The company responded to a questionnaire of 20 questions fully and in detail, and attached all documents requested by the Bogotá news outlet, including financial information.
2. Since 2008, Maxseguros in Bermuda has been part of the EPM group, and was created as an advanced risk management tool. This subsidiary participates in different EPM Group risk transfer programs, that is to say, it guarantees suitable insurance of the assets and equity of the business group. EPM cannot avoid being part of the international market for insurance and reinsurance due to its size and value. It is worth noting that this information has always been published within the EPM Group structure.
3. In Colombia there are no rules relating to captive reinsurance companies. However, Maxseguros, as a reinsurer in the EPM group, is registered in the REACOEX (Registro de Reaseguradores y Corredores de Reaseguro del Exterior [Register of Overseas Reinsurers and Reinsurance Brokers]) which allows overseas reinsurers to accept or decline reinsurance responsibilities in Colombia. As such, Maxseguros is headquartered in Bermuda. Over the years, Bermuda has become a financial center that specializes in offshore captives, and has shown its fiscal transparency by signing more than 90 treaties with different countries, including Colombia. Furthermore, it does not appear on the list of 37 countries and/or territories denoted as tax havens in Decree 1966 of October 7th, 2014. Furthermore, it is on the “white list” of the Organization for Economic Cooperation and Development (OECD) of jurisdictions that have implemented internationally accepted taxation standards (not considered a tax haven by the OECD).
4. With its Complete Risk Management Model, EPM has managed to ensure adequate protection of the business group’s assets, equity, and interests, which has a duty to do as a group that manages public fund. Using Maxseguros has allowed the company to improve its insurance conditions and significantly reduce its risk transfer costs. This is reflected, for example, in the insurance payment for the damages that occurred in 2016 at the Guatapé Hydroelectric Center, which rose to more than US \$150 million.
5. If and when it is needed, EPM will allow the authorities and other taxation and supervisory bodies access to all the information they require regarding Maxseguros and the organization’s Complete Risk Management Model.